

# AIPLA

---

AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

2001 JEFFERSON DAVIS HIGHWAY ■ SUITE 203 ■ ARLINGTON, Virginia 22202

June 6, 2004

The Honorable Jon Dudas  
Acting Under Secretary of Commerce for Intellectual Property and  
Acting Director of the United States Patent and Trademark Office  
2121 Crystal Drive  
Crystal Park II  
Suite 906  
Arlington, VA 22202

Notice of Proposed Rulemaking  
Revision of Regulations on Representation of Others Before  
the United States Patent and Trademark Office  
68 Fed. Reg. 69442 (December 12, 2003)

Dear Mr. Under Secretary:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to comment on the revisions to the enrollment and discipline rules proposed December 12, 2003 (68 Fed. Reg. 69442), subject to the notices extending the comment period (69 Fed. Reg. 4269 (January 29, 2004) and 69 Fed. Reg. 9986 (March 3, 2004)). The comments and suggestions below address the proposed definitions of Subpart A, Subpart D, and the proposed rules in general as they relate to Subpart D.

AIPLA is a national bar association whose nearly 15,000 members are primarily lawyers in private and corporate practice, in government service, and in the academic community. The AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.

## Overview

The December 12, 2003, notice occupies 122 pages of the Federal Register and represents the first comprehensive overhaul of the enrollment and discipline rules in nearly 20 years. AIPLA recognizes the importance of this undertaking and commends the effort to improve the quality of conduct among practitioners.

While we appreciate the two extensions of time to comment on the proposed revisions, we nonetheless believe that the time provided is simply inadequate for full consideration of this significant and complex rulemaking, especially in view of the many related issues implicated by the governing rules of the states and the courts. The December 12, 2003, notice states that the changes “are intended to bring standards of ethical practice before the Office into closer conformity with the Rules of Professional Conduct adopted by the majority of States.” However, some of the proposed revisions are new and totally foreign to the patent system, and many of those provisions are still being debated in state bar associations around the country.

Moreover, it is untimely for the Office to be proposing a new set of rules based on the “old” ABA rules since the ABA has modified its Model Rules in response to the Ethics 2000 efforts. Several states have adopted the new ABA Model Rules, and many more are debating adoption of them.

Since the state rules will likely undergo significant changes in the next few years, it is unduly optimistic to expect that the current proposal would provide consistent ethical standards supported by case law and ethics opinions.

### **Major Deficiencies**

In general, many of the problems with the proposed rules package can be traced to ambiguities in the language used, the presence of irrelevant passages carried over from source material, and problems of scope arising out of conflicts with other ethics regimes.

The following are examples of some of the major deficiencies:

- The definition of “full disclosure” and the strict new definition of confidentiality under §11.106 suggest that there may be very limited situations where this version of “full disclosure” could be provided.
- The definition of “consent” does not include the essential definition of “informed consent.”
- The term “matter” is defined to include “litigation,” and the term “Tribunal” is defined to include “a court.” For both of these terms, the proposal suggests that the PTO rules would apply to a patent infringement suit in federal district court.
- The phrase “immediate or prospective business before the Office” appears throughout the rules even though it is nowhere specifically defined. It seems to be intended to keep the PTO rules apart from state ethical matters, but often creates the effect of conditioning a requirement that should apply unconditionally.
- The requirement at § 11.102(g) that “fraud” by the client be disclosed does not necessarily extend to conduct that constitutes inequitable conduct, and the

exception for privileged communications may require a much broader disclosure than most state ethics rules permit.

- The requirement at § 11.104(a)(2) of written consent from a foreign client to authorize communications through the referring foreign lawyer would place a substantial burden on practitioners with long-standing relationships with foreign attorneys.
- The provisions of § 11.106(c) on disclosing confidences related to Rule 56 violations fail to address the disclosure of client B's prior art in connection with client A's case.
- The requirement of consent "in writing" to represent a new client with interests adverse to an existing client implies that no consent can be effective until the writing is obtained.
- The limitations on the right to sell a patent or trademark law practice at §11.117 raise several preemption issues that should be addressed by the rules.

### **Recommended Course of Action**

In view of these considerations, AIPLA urges that the proposed rules package be revised in light of these and the other comments that are being submitted, and then republished with those revisions for further comment before final adoption. The bar and registered practitioners need the opportunity to review and comment on the revisions made in response to the initial comments.

The notice invites comments not only on the merits of the proposed rules but also on the overall rulemaking process. While the Office provided two extensions of the initial comment period, it also produced this important rules package with virtually no outreach to those affected, and initially published the proposals for comment over an extended holiday period. The result of failing to engage in adequate consultation is clear from the content of the proposals: the updated ethics provisions were out of date before the ink was dry. This result could have been avoided with a more cooperative approach.

The proposal contains provisions that would affect every registered practitioner in a broad range of areas with which many have little experience. Not only is additional time needed to consider and analyze the PTO proposal, but a substantial transition period—we propose one year—would be essential to inform and educate practitioners as to the new requirements.

### **Detailed Appendix**

Attached to this letter is an appendix detailing problems we have identified with specific sections of this rulemaking, including those highlighted above. We provide these detailed comments to demonstrate the breadth of our concerns about this proposal and

our desire to work toward producing a consistent and effective set of rules to address the important questions of professional conduct among patent and trademark practitioners.

We appreciate the opportunity to provide comments on these proposed rules of practice changes and look forward to working with you on a second iteration of proposed rules.

Sincerely,

A handwritten signature in black ink that reads "Michael K. Kirk". The signature is written in a cursive, flowing style with a large initial 'M' and 'K'.

Michael K. Kirk  
Executive Director

## **Detailed Appendix**

The following detailed comments and suggestions are provided for the proposed rule and practice changes described in Part 11, Subpart D, in the Notice, and the other subparts of Part 11 as they relate to or affect the proposed Subpart D changes:

### **Definitions**

There are several terms or phrases used throughout the proposed rules that are troublesome. Some of these terms are defined in § 11.1, and others are undefined.

#### **“Full Disclosure”**

The term “full disclosure,” which appears a number of times throughout the proposed rules, is defined as “a clear explanation of the differing interests involved in a transaction, the advantages of seeking independent legal advice, and a detailed explanation of the risks and disadvantages to the client entailed in any agreement or arrangement, including not only any financial losses that will or may foreseeably occur to the client, but also any liabilities that will or may foreseeably accrue [sic, accrue] to the client.” This definition imposes an exceptional burden, especially as the increased limits on the use of information learned in the course of representing the client would limit a practitioner’s ability to make the full disclosure that appears to be called for under the rules.

More particularly, the proposed definition may place an insurmountable burden on practitioners who are required to make “full disclosure” to obtain waivers in circumstances involving potential conflicts of interest. When taken in conjunction with the strict new definition of confidentiality proposed in § 11.106, 68 Fed. Reg. 69549, it may mean that the Office’s version of full disclosure (and therefore waivers of conflict) could be obtained in only very limited situations. *See* the discussion below with respect to §§ 11.106 and 11.107 on Confidentiality and Conflicts of Interest, respectively.

#### **“Business Before the Office”**

The phrase “immediate or prospective business before the Office” also is used many times throughout the proposed rules. As they are used, the terms “immediate” and “prospective” are vague and confusing. This confusion is exacerbated by the appearance of the phrase “immediate, prospective, or pending business before the Office” in § 11.104(a)(2), which suggests that “immediate” and “prospective” must mean something other than “pending,” lest the latter term add nothing to the phrase. In the context of most occurrences of “immediate or prospective business before the Office,” however, the phrase appears to apply to pending matters.

The importance of a clear understanding of what is “immediate or prospective business before the Office” cannot be overstated, as this phrase in many instances defines the applicability of the proposed rules to the actions of practitioners. The Office should

make clear the meaning(s) intended by this phrase, and should consider removal of the reference to “pending” in § 11.104(a)(2).

The preceding comment also raises a much more important but more general concern. The proposed rules repeatedly (upwards of 30 times) use the phrase “immediate or prospective business before the Office” in an apparent effort to avoid imposition of the PTO rules to state ethical matters, which are not implicated by the Office’s federal objectives. The current PTO rules achieve this result through a much more elegant means, by simply stating that the PTO rules are not intended to preempt state law beyond that necessary for the Office to achieve its federal objectives. Indeed, during adoption of the current PTO rules, the Office repeatedly refused to put into specific rules language like “immediate or prospective business before the Office,” instead relying on the general preemption provision which, in turn, relied upon the scope of federal preemption recognized by the Supreme Court in *Sperry v. Florida*, 373 U.S. 379 (1963). *E.g.*, 50 Fed. Reg. 5158, 5163-64; 50 Fed. Reg. 5158, 5165; 50 Fed. Reg. 5158, 5166. The approach the Office took in the mid-1980’s avoided many drafting problems presented by the current draft. That earlier approach should be taken today. Rather than inserting “immediate or prospective business” into various rules—which can lead to awkward and unforeseen issues—the Office should consider whether its adoption of the language of present PTO Rule 10.1 in proposed § 11.1 would provide the choice of law basis to establish the boundaries of Office practice. The current proposal is likely to lead to mischief, as it is a limitation that has not been adopted previously. Further, it may make the question of whether the Office can enforce its rules turn on interests of clients and third parties involved in Office proceedings – rather than on the broad reach identified by the *Sperry* court.

As an additional concern, this “immediate or prospective business before the Office” appears sometimes not to be in places where it “should” be. Each rule, if the Office intends to continue this approach, must be reviewed to see if the phrase has been inadvertently left out, not just incorrectly included.

### **“Informed Consent”**

“Consent” is defined in § 11.1 as “uncoerced assent to a proposed course of action after consulting with the practitioner about the matter in question,” and “consult” is defined as “communication of information reasonably sufficient to permit the client to appreciate the significance of the matter in question.” However, “informed consent” is not defined, although it is basic to §§ 11.106 and 11.107 on confidentiality and conflicts, respectively. The ABA Model Rules define “informed consent” as “the agreement by a person to a proposed course of conduct after the lawyer [practitioner] has communicated adequate information and explanation about the material risks of and reasonably available alternatives to the proposed course of conduct.” [See, ABA Model Rule 1.0(e)]. Use of the same definition in the PTO rules would provide some consistency and make the precedents dealing with the ABA rule easier to apply to interpretation of this rule.

### **“Invention Promoter”**

Many of the Office’s concerns expressed in the proposed rules and comments are directed to perceived problems in dealings involving “invention promoters.” Such firms prey on enthusiastic, but unsophisticated, first-time inventors and we certainly agree that they should be effectively dealt with. However, it may be preferable to simply craft rules specifically applicable to “invention promoters” to more directly deal with these concerns without unnecessarily burdening practitioners in general with the uncertainties that would arise from imposition of the proposed rules as presently written.

### **“Knowingly, Known, or Knows”**

Although this definition of “knowingly, known, or knows” is the same as that in the ABA Model Rules [Rule 1.0(f)], it could impact the burden of proof on the issue by changing an actual knowledge standard to a constructive knew-or-should-have-known standard. If this outcome is not intended by the proposed definition, the definition should be clarified.

### **“Matter”**

As currently contemplated, the definition of “matter” includes “litigation.” It is unclear whether this term is intended to mean that the proposed rules would apply to a patent infringement suit in United States district court, although that would seem inconsistent with the stated scope of the rule. As it is customary that the ethics rules of the state or district court in which the litigation is pending govern proceedings before such courts, the inclusion of “litigation” in this definition is confusing.

### **“Tribunal”**

The definition of “tribunal,” by including a reference to “court,” suggests an inconsistency with the stated intent of the rules in § 11.1, that they govern “solely the practice of patent, trademark, and other law before the United States Patent and Trademark Office.” The inclusion of “court” in this definition suggests a broader applicability. An affirmative statement of the Office’s intent would be helpful, or, in the alternative, the reference to “court” should be dropped.

As suggested by the above comment, the reach of the proposed rules is set out in § 11.1, which states “[t]his part governs solely the practice of patent, trademark, and other law before the United States Patent and Trademark Office. Nothing in this part shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the United States Patent and Trademark Office to accomplish its federal objectives. Unless otherwise clear from the context, the following definitions apply to this part.” The statement that the definitions apply to the defined terms as they are used in “this part,” [Part 11 of the rules] raises the question of why it was thought appropriate to include “court” in the definition of “tribunal” above. The definitions should apply consistently throughout the rules unless there is some

compelling reason to give a specific modified definition to a term in a particular context and, if there are any such instances, the intent needs to be stated.

### **Petitions for Waiver**

Section 11.3(b) provides that “no petition to waive any provision of §§ 11.19, 11.24, 11.100 through 11.901, or to waive the provision in this paragraph shall be granted for any reason.” Although citing as its source 37 CFR 10.170, this provision is a substantial change from that in the cited source. The prior rule contained no blanket prohibition against waivers, and it seems likely that adoption of the proposed rules, especially if they are adopted without thorough study and review, would result in unintended consequences in certain circumstances. The Office should have a mechanism for dealing with such circumstances. For this reason, § 11.3(b) should be removed from the proposed rules.

### **USPTO Rules of Professional Conduct**

#### **Scienter and Incompetent Representation**

In § 11.101(c), conduct that constitutes a violation of a practitioner’s duty to provide competent representation to a client includes, without being limited to, the examples of conduct set out in subparagraphs (1) through (4). Paragraph (1) contains a “knows or should know” provision, but there is no corresponding scienter requirement in any of the remaining paragraphs. This lack of a scienter requirement makes these paragraphs overly broad, especially as a violation of the proposed rule is “misconduct” under § 11.804(a). We believe the word “knowingly” should be inserted following the word “practitioner” in the first line of each of paragraphs (2), (3), and (4) of § 11.101(c).

#### **Disclosure of Fraud and Inequitable Conduct**

The requirement at § 11.102(g) that “fraud” by the client be disclosed does not necessarily require disclosure of inequitable conduct which may not be “fraud” within the meaning of §11.1. Under that provision, “fraud” is conduct with “a purpose to deceive” and not merely negligent misrepresentation or the failure to apprise another of “relevant information.” Missing from this definition is an explicit reference to “intent to deceive” and “materiality,” the essential elements of inequitable conduct.

If § 11.102(g) is intended to cover inequitable conduct, it should be re-worded to state: “A practitioner receiving information clearly establishing that the client has, in the course of the representation, perpetrated a fraud upon a person or tribunal, or violated § 1.56 of this Chapter, in connection with practice before the Office . . . .”

In addition, the disclosure requirement of Section 11.102(g) applies “except where the information is protected as a privileged communication.” With this exception, the proposed rule appears to require disclosures that would violate the ethics rules of

many states whose rules extend a lawyer's obligation to protect confidences beyond privileged communications.

Although there is a "fraud" exception in the ethics rules of some states and in ABA Model Rule 1.6, adopted by other states, most state ethics rules have no such provision. A practitioner's obligation of confidence to his or her clients under state ethics rules should not be preempted to any greater extent than may be necessary for the Office to achieve its federal objectives. One such objective might be compliance with 37 C.F.R. § 1.56; if § 11.102(g) means to preempt state law to accomplish this objective, there should be an explicit statement to that effect.

### **Zealous Representation**

The inclusion in § 11.103(a) of a requirement that a practitioner's representation of her client be "zealously" pursued seems inappropriate in these rules. The word "zeal" was deliberately omitted from the Model Rules, and it seems particularly inconsistent with the predominantly ex parte nature of Office practice. It seems further inconsistent with the fact that all matters before the Office are affected with the public interest. Requiring "zealous" representation in the text of the rule seems odd when the Model Rules do not contain that requirement.

### **Client Consent for Communication Through Foreign Attorney**

Section 11.104(a)(2) requires that a practitioner who has been engaged to represent "an inventor or other client . . . as a result of a referral by a foreign attorney or foreign patent agent located in a foreign country" have the "written and informed consent" of the inventor or other client before carrying on communications relating to such representations through the referring foreign attorney or patent agent.

Without disagreeing with the merit of obtaining the type of consent called for in the proposal, this requirement would place a substantial burden on practitioners who have long-standing relationships with foreign attorneys or foreign patent agents. These are practitioners who have long done work for the clients of foreign attorneys or foreign patent agents without any formal "written and informed consent." In many cases the inventor or other client will not speak or read the English language, and has relied on the foreign attorney or patent agent to handle such matters as her or its agent.

The Office should consider excluding from the rule such cases of established course-of-dealing relationships. If the Office decides that the proposed requirement is necessary, there at least needs to be some substantial period of time within which practitioners may obtain the required consents from such parties before finding themselves in violation of the rule.

## **Flat Fees and Contingent Fees**

It appears unnecessary for § 11.105(b) to require the lawyer to distinguish between the rates for preparing an application and for subsequently prosecuting the application, unless the basis for the charges would be different for different aspects of the representation. If the requirement is left in, would it be necessary, to comply with this provision, for a practitioner to state: “My hourly rate for preparing and filing a patent application is \$XXX.00 per hour and for prosecuting a patent application is \$XXX.00 per hour”?

The provision in § 11.105(c) that a fee may be contingent “except in a matter in which a contingent fee is prohibited by paragraph (d) of this section or other law,” is confusing. Paragraph (d) deals with division of fees and does not identify any matters “in which a contingent fee is prohibited.” If the intent is to make division of contingent fees subject to paragraph (d) as well, that can be clearly stated (although it would appear to be covered adequately by paragraph (d) without the confusing language of paragraph (c)). Contingent fees in prosecuting patent applications would clearly be permissible under § 11.105(c). If this is the intent of the Office, then the Office should remind lawyers that entering into a contingent fee arrangement with a patent prosecution client would create some of the same conflicts of interest that arise when a lawyer takes an interest in an application. It may be that § 11.108(j)(3) could be amended to explain that it covers contingent fees. Another way to address this might be to amend § 11.108(a) to provide: “A practitioner shall not enter into a business transaction with a client having immediate or prospective business before the Office, or knowingly acquire an ownership, possessory, security, contingent, or other pecuniary interest adverse to a client having immediate or prospective business before the Office unless: . . .” (adding “contingent” after “security” in the list of conditions). At minimum, the comments to § 11.108(a) should clarify whether that rule applies to contingent fees taken in applications. Contingent fees in patent cases create unique issues not shared with normal litigation contingent fees, and the rules should reflect those unique issues.

## **Confidentiality of Information and Exceptions**

Proposed § 11.106 (a)(1) states in pertinent part that “[a] practitioner, in regard to practice before the Office, shall not . . . [r]eveal information relating to representation of a client unless the client gives informed consent in writing after full disclosure by the practitioner, except for disclosures that are impliedly authorized in order to carry out the representation, and except as stated in paragraphs (b), (c), or (d) . . .” With the exception of the requirement that informed consent to disclosure be “in writing after full disclosure,” an issue discussed further below, this statement of confidentiality seems generally in agreement with ABA Model Rule 1.6, which states that “[a] lawyer shall not reveal information relating to the representation of a client unless the client gives informed consent.”

### **(a) Practitioner’s Claim or Defense**

One of the exceptions in § 11.106 (b) to the practitioner’s obligation of confidence is that information may be used “to the extent the practitioner reasonably believes necessary . . . [t]o establish a claim or defense on behalf of the practitioner in a controversy between the practitioner and **the** client, . . . or to respond to allegations in any proceeding concerning the practitioner’s representation of **a** client.” (Emphasis added). This latter exception appears broader than the first, in that the allegations in the second case need not involve the client whose information may be disclosed. This may not have been intended.

### **(b) Compliance with §1.56: Disclosing Client B’s Prior Art in Client A’s Prosecution**

Another exception to the non-use of client information is found in § 11.106(c), which provides in pertinent part that “[a] practitioner, in regard to practice before the Office, *shall use or reveal* information relating to representation of a client to comply with the provisions of § 1.56 of this subchapter in practice before the Office in patent matters (*see* 11.303(d)).” (Emphasis added).

There is no real dispute that a practitioner should be (and is) required to disclose material prior art from a particular client A in the course of A’s patent prosecution, notwithstanding any obligation of confidentiality owed A, and despite any state confidentiality rules to the contrary. However, if the material prior art belongs to unrelated client B, and that information (such as, for example, a public use known only to a limited number of people including B or prior art under § 102(f) or (g)) is considered by client B to be confidential, then the answer may be different. This is the issue presented but unresolved by the Federal Circuit Court of Appeals in *Molins PLC v. Textron, Inc.*, 48 F.3d 1172 (Fed. Cir. 1995). Neither proposed § 11.106(c) nor proposed § 11.303(d) appears to make a distinction between sources of information in the practitioner’s possession, that is, whether the information belongs to client A or client B. It is likely, however, that most state ethics rules would require that the practitioner’s duty of confidentiality owed to client B take precedence over the duty of disclosure owed to the Office on behalf of client A. If §§ 11.106 and 11.303 are to be taken literally, the patent practitioner may be put in the dilemma of having to violate either the PTO or state rules. The proposed rule should be amended to add the words “of that client or an affiliated client” to the end of § 11.106(c) in order to make it plain that the duty of candor extends only to client A’s confidences.

### **Confidentiality and Government Practitioner**

Proposed § 11.106(e) states that the client of a practitioner employed by a federal government agency is that agency unless applicable law or regulation expressly provides otherwise. This paragraph does not deal directly with confidentiality of information, and perhaps should be placed elsewhere in the rules.

### **Reasonable Care to Prevent Confidential Disclosures**

The provision dealing with the practitioner's duty of reasonable care to prevent the practitioner's employees, associates, et al., from disclosing information of a client, § 11.106(f), refers to exceptions in paragraphs "(c), (d), or (e) of this section," rather than the exceptions of paragraphs (b), (c), or (d) as was stated in § 11.106(a)(1). Paragraph (e) would appear to be inapplicable; paragraph (f) should be checked to be sure the proper paragraphs are cited for the exception.

### **Tension Between Confidential and Publicly Available Information**

There is a tension, especially in patent law, between information that is truly confidential and information that is generally publicly available, such as issued patents, published applications, and the like. The breadth of the obligation of confidence to "information relating to the representation of a client" needs to be tempered perhaps more than merely by the implied authorization for disclosures required to carry out the representation.

The Restatement (Third) of Law Governing Lawyers ("Restatement") § 59 (2000), defines "confidential client information" to be "information relating to representation of a client, other than information that is generally known." This would seem to be a better approach to dealing with the issues of when a practitioner's knowledge may be disclosed in the course of dealings with the Office. For example, the proposed rule, if read literally, would preclude disclosures of information relating to a client that is widely known or published, or even published by the client. Such sources might include the client's own Website, publicly available databases such as Dun & Bradstreet, or published patent applications and issued U.S. patents. This limitation also makes it difficult, if not impossible, for a practitioner to obtain "informed consent in writing after full disclosure" as required by proposed § 11.107 for waivers of conflicts of interest.

### **Disclosures by Transferring Attorney for Conflict Checks**

As written, the proposed rule would seriously burden attorneys seeking to move laterally from one firm to another, as it is necessary to perform thorough conflicts checks to assure the move would not impair the ability of the new firm to continue representing its existing clients and to know of any limitations that may be imposed on its ability to represent new clients by the employment of the laterally moving lawyer. DC Bar Opinion No. 312 (Adopted April 2002) indicates that, in the context of performing a conflicts check for an attorney moving from one firm to another, the transferring attorney may disclose information about his current and former clients as to their identity and general nature of the work for them to the extent it can be done in a way that does not harm the former client. Without such a right to use the necessary information, such conflicts checks could not be done. This situation calls for a common-sense approach, such as providing a "generally publicly known" exception in proposed § 11.106 as well as a recognition that some information about clients needs to be available for use by

practitioners to address and resolve potential conflict of interest questions. Without such provisions, the confidentiality rules, when taken with the disclosure requirements for obtaining informed consent, may be so unworkable as to effectively eliminate a practitioner's ability to obtain any informed consent to use the client information in order to obtain informed consent for use of that information.

### **Disclosures on Compliance with Rules**

The ABA Model Rules provide some exceptions to the confidentiality restrictions that are not carried over into the proposed rules. For example, ABA Model Rule 1.6(b)(2) permits a lawyer to reveal information relating to a representation to the extent he or she reasonably believes necessary to "secure legal advice about the lawyer's compliance with these Rules." A corresponding exception should be added to § 11.106(b)(2) of the proposed rules.

### **Disclosures of Information in Public Record**

Another exception is provided by ABA Model Rule 3.6(b)(2), Trial Publicity. This rule makes it clear that a lawyer may state information contained in a public record. There is no counterpart to this Model Rule in the proposed rules (§ 11.306 is "reserved"). However, this does illustrate that limitations on information that is a matter of public record may be overly restrictive.

The present PTO rule, § 10.57, requires the preservation of "confidences" and "secrets" of a client, and defines those terms as well as the conditions under which disclosures may be permitted. "Confidence" is defined as "information protected by the attorney-client or agent-client privilege under applicable law," and "secret" is "other information gained in the professional relationship that the client has requested be held inviolate or the disclosure of which would be embarrassing or would be likely to be detrimental to the client." These definitions are essentially the same as those contained in D.C. Bar Rule 1.6(b).

The rules of many jurisdictions provide that where information about the client obtained by the lawyer is not otherwise embarrassing, detrimental, or requested by the client to be held inviolate, disclosure should not be so strictly prohibited. At least one commentary, Hazard and Hodes, *The Law of Lawyering* § 9.2, note 1 (3d ed. 2004), has recommended that a "generally publicly known" exception be added to ABA Model Rule 1.6. Such an exception should be included in the new proposed rules.

### **Written Consent of Present Client for Representation of Adverse Client And Reasonable Belief that Present Client Will Not Be Harmed**

The requirement for "informed consent in writing after full disclosure" also appears in § 11.107 of the proposed rules. Under this provision, the practitioner must obtain the consent of "a present client" prior to representing "a new client" with immediate or prospective business before the Office "if the representation of that client

[the new client] will be directly adverse to another client [the present client] having immediate or prospective business before the Office.” However, consent of the present client may be sought only if the practitioner “reasonably believes the [proposed new] representation will not adversely affect the relationship with the other client.” The practitioner’s ability to discuss with the present client the nature of the proposed new relationship to reach such a reasonable belief, as well as the practitioner’s ability to determine that the new representation would not be adversely affected by continuing to work for the present client and, more importantly, the ability to obtain an “informed” consent, would depend on the extent to which the practitioner can disclose the general nature of the practitioner’s work for each to the other so that each client can give an informed consent.

There are legitimate reasons for getting permission from a current client to “reveal” information relating to the representation, such as for clearing conflicts and obtaining waivers, and the issue should be resolved in this proposed rule.

### **“Consent in Writing” or “Consent Confirmed in Writing”**

There are two specific concerns with respect to this issue, the requirement that the consent be “in writing,” and the requirement that the consent be obtained only after “full disclosure,” as that term is defined in the proposed rules.

As to “in writing,” this proposed requirement goes beyond ABA Model Rule 1.6, which merely requires “informed consent.” It is not clear why the “in writing” requirement is necessary. While in specific fact situations it very well may be preferable for a practitioner to have a writing signed by the client, in many cases it is more likely to impose an administrative burden and create a presumption that if there is no signed consent in the practitioner’s file there was no consent by the client in a particular matter.

The ABA Model Rules’ requirement that waivers of conflicts be “confirmed in writing” goes beyond what is required under almost all of the state rules of professional responsibility.

While there is little quarrel with the notion that waivers of conflicts of interest should be based on “informed consent,” a standard already embodied in the current PTO rules and many state rules, the Office’s stated requirement of “in writing” and “full disclosure” may go too far and—depending upon what is meant—are unduly burdensome and unnecessary, particularly when viewed in light of the requirements for disclosing client confidences as already discussed above with respect to proposed § 11.106. If some type of writing memorializing the conflict waiver is to be required, then the ABA Model Rule requirement of “confirmed in writing” is more reasonable and preferable. This can easily be accomplished by amending the proposed § 11.107 to use the phrase “confirmed in writing.”

Imposing a writing requirement for conflicts waivers, a requirement that currently exists in only three states (California, Washington, and Wisconsin) and that is not present

in the current PTO rules, would impose considerable administrative burdens on clients as well as practitioners and does not appear likely to provide sufficient benefits to justify the burden. This requirement would be especially burdensome on large law firms that have long-standing relationships with many foreign attorneys and patent agents and who have only indirect contact with the clients of the foreign attorneys and agents with whom they work. See the discussion above with respect to § 11.104(a)(2).

It should be noted that proposed § 11.109(a) (the former client conflicts rule) has a different expression for obtaining consents, that is, it requires only that the former client give “informed consent, confirmed in writing, after consultation.” (§ 11.109(a)). In § 11.109(b)(2), the requirement is “informed consent, confirmed in writing, after full disclosure.” It is not clear why these standards should be different than those for §§ 11.106 and 11.107, but it does clearly distinguish the two standards and indicates that the requirement of “informed consent in writing” means something different from “informed consent, confirmed in writing.” If a writing is to be required, the ABA Model Rules standard that requires only that the attorney send a confirmatory writing to the client, memorializing an oral consent, should be more than sufficient.

#### **Reasonable Disclosure under the Circumstances**

Another approach might be to condition the requirement for not only the writing but also the extent of the disclosure on what is reasonable under the circumstances. That is, whether the clients are sophisticated business people, whether they are advised by other (perhaps, in-house) counsel, or whether the client is an individual or a small company without outside business counsel.

#### **Broader Definition of “Writing” and “Signed” Writing**

The term “writing” should be defined in a manner similar to ABA Model Rule 1.0(n), which defines it as “a tangible or electronic record of a communication or representation, including handwriting, typewriting, printing, photostating [sic.], photography, audio or videorecording and e-mail.” A “signed” writing includes “an electronic sound, symbol or process attached to or logically associated with a writing and executed or adopted by a person with the intent to sign the writing.” This would make it clear that a consent forwarded by e-mail or voice mail would comply with the requirement.

#### **Reasonable Disclosure under the Circumstances**

The full-disclosure requirement of proposed § 11.1 should be modified to permit the practitioner to provide prospective clients with a disclosure that is reasonable under the circumstances, and should take into account the need of the practitioner to disclose some information received in the course of representing other clients so that the concerns regarding the practitioner’s obligations of confidence under § 11.106 can be accommodated.

## **Interpretive Comments on ABA Model Rules**

It is noted that the Office proposal has not made references to the “Comments” that accompany the ABA Model Rules upon which the Office purports to base the new rules, even though those comments are regarded by the ABA as very important adjuncts to the ABA Model Rules. Indeed, Comment [21] to the Preamble of the ABA Model Rules states: “The Comment accompanying each Rule explains and illustrates the meaning and purpose of the Rule. . . . The Comments are intended as guides to interpretation, but the text of each Rule is authoritative.”

### **Advance Waivers of Future Conflicts and Informed Consent**

As the ABA recognizes, “[w]hether a practitioner may properly request a client to waive conflicts that might arise in the future is subject to the [informed consent conditions set out in paragraph (b)]. The effectiveness of such waivers is generally determined by the extent to which the client reasonably understands the material risks that the waiver entails. The more comprehensive the explanation of the types of future representations that might arise and the actual and reasonably foreseeable adverse consequences of those representations, the greater the likelihood that the client will have the requisite understanding.” (See ABA Model Rule 1.7, Comment [22]).

The Office should adopt the modern view that advance waivers of the type generally described by Comment [22] to ABA Model Rule 1.7 are permissible, subject to reasonable limitations to assure that the client understands the waivers. This approach is widely accepted today, especially in cases involving sophisticated clients, and such waivers are upheld. Indeed, many law firms include advance waivers in their engagement agreements, both to deal with future conflicts with their representation of their present clients and to provide for limited use of client information to address potential conflicts issues as they arise.

### **Representing a Member of an Organization or Its Entities**

The proposed rules should make it clear that representation of one member of an organization is not representation of that organization’s related entities except where the related entities are sufficiently closely related, such as, for example, sharing in-house counsel, that they should be considered as a single entity for conflicts purposes, or where the lawyer has agreed that he or she will avoid representations adverse to the client’s affiliates. This issue was addressed by ABA Ethics Opinion 95-390, and by Comment [34] to ABA Model Rule 1.07. This may be addressed either in §11.107 or §11.113.

### **Conflicts of Interest: Exceptions to Prohibited Transactions** **(a) Advancing Client Costs**

Section 11.108(e)(3) refers to a practitioner advancing costs of medical exams. This appears to have been carried over in error, and should be removed.

While § 11.108(e)(3) permits a practitioner who has caused a problem with respect to a client's application to advance any fee necessary to prevent or remedy an abandonment of the application without requiring that the client remain ultimately liable for such expenses, it does not appear to permit a practitioner who takes over a matter (after another practitioner has withdrawn or been terminated, for example) to advance fees to prevent or remedy the same situation caused by the prior practitioner *unless* the client agrees to be ultimately responsible for those fees. It seems odd to permit a practitioner who fouls up the client's case to advance those costs, but not the lawyer who is brought in to remedy the situation. In an emergency, the rule as written could create difficulties. Consideration should be given to allowing the practitioner to advance fees in certain circumstances to protect the client's interest without first obtaining the client's express agreement to remain ultimately liable.

#### **(b) Taking Interest in "Papers Received from Client"**

Section 11.108(j) refers to "papers received from a client." This appears too narrow, as it seems to permit the practitioner to have a proprietary interest in papers he obtained from third parties (e.g., foreign patent offices; foreign libraries; research facilities) on the client's behalf without complying with paragraphs (1) to (3) of this section. The Office should consider changing the phrase "papers received from a client" to read: "papers received from, or acquired on behalf of, a client."

#### **(c) Taking Contingent Interest in Civil Case or Office Proceeding**

Section 11.108(j)(2) permits lawyers to contract for a reasonable contingent fee "in a civil case." This phrase would appear to be unnecessary, given that representation in civil cases would appear to be governed by state or other law, not these rules. Assuming the provision is intended to permit lawyers to agree with clients that the lawyer will represent the client on contingent basis in proceedings before the Office, that can be accomplished by deleting "civil case or" from the proposed paragraph.

#### **(d) Taking Interest in Patent**

The reference in § 11.108(j)(3) to "In a patent case" is confusing as perhaps suggesting that the rule applies in a patent suit in federal court. The insertion of "in the Office" after "patent case" may eliminate this potential for confusion.

#### **Conflict of Interest: Former Client**

As written, § 11.109(a) does not prevent a lawyer from acting adversely to a former client in a substantially related matter, so long as the lawyer did not represent the former client before the Office. Under the choice of law rules, this would allow lawyers to be adverse in the Office to former clients under circumstances where no state would permit it—where the lawyer is in position to misuse confidential information against the former client, for example.

This appears to be an example of where insertion of the phrase “in practice before the Office” in the first clause creates unintended consequences. Paragraph (b) of this rule, because of the location of that clause, appears to be broader than (a), and would appear to be correct in its application. One way to fix (a) may be to delete “in practice before the Office.” Paragraph (c) creates the same issues as (a), and in combination with the choice of law rules would allow a lawyer to prosecute a patent by using information against a former client – so long as the lawyer gained that information in a representation that was not “in a matter before the Office.” This phrase should be removed. These are further examples of how problems were avoided in 1985 by the Office’s decision not to put these phrases into the rules.

### **Imputed Disqualification: Continuing Association with Invention Promoters**

Under §11.110(a), practitioners associated in a firm or “associated on a continuing basis” with an invention promoter may not knowingly represent a client with immediate or prospective business before the Office when any one of them practicing alone would be prohibited from doing so.

The phrase “associated on a continuing basis” as used in § 11.110(a) is vague. In ethics parlance, “associated” implies that sort of continuing relationship – lawyers in a firm are associated with each other, for example. The use of “on a continuing basis” could also be argued to mean that a practitioner’s temporary association with an invention promoter would not create imputation under § 11.110(a), but a practitioner’s temporary association in a firm would.

In addition, if it is desired to have special rules restricting the practices of invention promoters, then the rules should address those issues directly. The use of limitations greater than those applied under ABA and state ethics rules may give rise to unintentional violation of the rule and would impose upon practitioners an unreasonable burden that would likely greatly outweigh any real benefit to the clients.

Proposed § 11.110 lacks an exception for personal-interest conflicts that do not materially affect the representation, as is provided for in ABA Model Rule 1.10. The ABA rule provides an exception for personal interest conflicts as follows: “While lawyers are associated in a firm, none of them shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so by Rules 1.7 or 1.9, unless the prohibition is based on a personal interest of the prohibited lawyer and does not present a significant risk of materially limiting the representation of the client by the remaining lawyers in the firm.” The PTO rule should be amended to include such an exception. In addition, as lawyers who practice before the Office increasingly find themselves in large law firms, it is important that they have a reasonable and workable mechanism for dealing with and limiting the imputation of conflicts of interest where there in fact has been no exposure to the confidences of a previous employer’s client.

## **Representing an Organization**

With respect to § 11.113, the Office should consider adopting the August 2003 version of Model Rule 1.13, which takes into account various issues created by Ethics 2000, Sarbanes-Oxley, and related law. This most recent version of the ABA's Model Rule 1.13 pertains to the permissive disclosure of client confidences to prevent injury to the corporate client. There seems to be no good reason why the Office should not adopt the August 2003 amendments regarding permissive disclosure, if in fact the Office intends to modernize its disciplinary rules to come more into compliance with modern rules.

## **Safekeeping Property**

Section 11.115(a) is *not* substantially the same as current rule 10.112(a), as the comments state, but it should be. As written, it creates two problems. First, it limits the banks into which client funds may be deposited. The current rule was deliberately written (in response to a comment) to allow lawyers to deposit funds into any bank account in the US (and some foreign accounts). The new rule limits the lawyer to banks licensed to do business in the same state as the lawyer or his firm. The old rule was written the way it was to benefit clients, and the new rule should be the same. The second problem is that, as written, this rule would require lawyers who receive funds from a client to deposit those funds into a limited number of state banks—even if those funds were received by the lawyer in connection with something other than Office-related activities. For example, under this rule as written all money received by a firm representing X Corporation must be deposited into specific banks, even if the money was received for purposes having nothing to do with the Office.

To remedy the first problem, the existing language of § 10.112(a) should be carried forward to the new rules. If the requirement that the bank be FDIC or FSLIC insured is necessary, then that language could be added in. To remedy the second problem, the phrase “in connection with activities before the Office” could be inserted in existing § 10.112(a) after the first occurrence of “a practitioner’s firm,” and the modified language carried forward to the new rules.

The phrase “practitioner-client relationship” should be used in place of “fiduciary relationship” in § 11.115((f)(4).

## **Declining or Terminating Representation**

Under § 11.116(a)(1), a practitioner may not represent a client before the Office if it would result in a violation of the Rules of Professional Conduct “or other law.” The phrase “or other law” leads to confusion concerning choice of law. Must a lawyer withdraw if the representation violates state ethics rules, but not the PTO Rules? Based on the choice of law provision, the answer would appear to be “no,” but “other law” invites this argument. If the intent is to preclude representations in the Office that violate state law, then the choice of law rule should be modified or this point made clearer. The

PTO Rules, alone, should apply; but this phrase leaves that door open. The comments should, at minimum, shut it. In a similar vein, the comments state that the “court” may need an explanation, again confusing choice of law.

### **Sale of Practice**

Section 11.117, which sets out conditions under which it is permitted to sell a patent or trademark law practice, raises several preemption issues. The proposed rule is substantially more restrictive than its ABA Model Rule counterpart, ABA model Rule 1.17, which has not been widely adopted. As written, the proposed rule would prohibit a practitioner from selling a portion of the practitioner’s patent practice in order to limit future practice before the Office to matters within the practitioner’s special technical expertise, or even from selling the entire patent practice to limit future practice before the Office to trademark matters. There is no federal objective to be served by adopting this rule, and it should be dropped.

### **Duties to Prospective Client**

A recurring concern is the duties owed by a lawyer or practitioner to a person or entity that inquires about a potential engagement. The ABA has addressed this issue in its new Model Rule 1.18, “Duties To Prospective Client.” Adoption of some form of this rule would clarify the duties owed to the prospective client, particularly in those cases where the potential client does not employ the practitioner. The client may give consent to other employments that the practitioner or his or her firm may have ongoing or may undertake in the future, and if not, then prompt screening of the practitioner who received non-public information from the prospective client would protect other practitioners in the same firm from imputed disqualifications arising out of the initial interview. This is particularly important when clients wish to conduct a “beauty contest” for new counsel, and also covers the circumstance when a prospective client might seek to “contaminate” many practitioners so as to preclude them from representing an adverse party or a competitor.

### **Intermediary**

Section 11.202 sets out the conditions under which a practitioner may act as an intermediary between clients, “any one of which” has business before the Office. This provision has a broader “reach” than the other rules by allowing a lawyer to intermediate if only one of two clients has business before the Office. Was this intended? On the other hand, this rule is limited to “business” and not “prospective or impending” business. If this was intended, it should be made clear. The phrase “may make it” in paragraph (d) should be changed to “make it”.

Some commenters may argue that § 11.202 should be deleted because the corresponding provision was deleted in the Ethics 2000 version of the Model Rules. Most states, however, still have a distinct rule 2.02, and it is a useful rule for lawyers. It should be retained.

### **Evaluation of Client’s Matter for Someone Else**

Section 11.203(a) permits the evaluation of a matter affecting a client for use by someone other than the client, implicating the choice of law issue and the authority of the Office to regulate the practice of law. The rule would appear to apply (based on choice of law rules) even where the practitioner’s evaluation does not relate to the matter pending before the Office. For example, it would purport to apply where the practitioner is providing an evaluation for a patent client, even if the matter being evaluated is not before the Office. To remedy this, insert “pending before the Office” between “matter” and “affecting a client” and delete the phrase “where either the client or other person has immediate or prospective business before the Office.” At the same time, as written, it would govern the conduct of a practitioner on behalf of a third party simply where that third party has activity before the Office. Is that necessary for the Office to achieve its federal objectives? Again, these phrases create ambiguity that was avoided in the mid-1980's and that should be avoided again.

### **Candor Toward the Tribunal**

Section 11.303 states that, among other things, a practitioner may not knowingly make a false statement of material fact or law to a tribunal “in regard to practice before the Office.” What does this phrase mean? For example, is § 11.303 violated where a practitioner, while representing an infringer in federal court, misrepresents something concerning practice before the Office? Is that necessary for the Office to achieve its federal objectives? The phrase should be deleted.

Further, § 11.303(a)(3) would not, as written, require a practitioner to disclose to the Office controlling adverse authority not known to the examiner during prosecution or other ex partes proceedings. The rule should require that, by adding “or Office” after “opposing counsel”.

As written, § 11.303(d), last sentence, would require disclosure of information *favorable to* patentability. Is that the intent? The clause “whether or not such information is adverse” should be deleted.

In § 11.303(e)(5)—is “or any employee of the Office” necessary? If it is necessary here, then it probably needs to be inserted in numerous places elsewhere. Deleting it is probably preferable.

### **Fairness to Opposing Party, the Office, and Counsel**

Under § 11.304(a), a practitioner may not unlawfully obstruct another party’s access to evidence. Should the phrase “or the Office’s” be inserted after “another party’s” in order make it unethical for lawyers to unlawfully obstruct the Office’s access to evidence? That would seem to be appropriate.

Section 11.304(e) bars the practitioner from alluding to certain issues not reasonably believed to be relevant. Should “the guilt or innocence of the accused” be deleted as superfluous? Section 11.304(f) would seem to permit lawyers to advise non-clients to refrain from providing to parties during interference proceedings information covered by Rule 1.56, and which should have been submitted to the Office. As worded, for example, a lawyer who represents the corporation, and not a former-employee inventor, could advise the former employee not to submit information (as a former employee, he is not an “agent”) to the opposing party, since doing so would not harm the interests of the inventor. Is this what was intended?

### **Practitioner as Advocate and Witness**

In § 11.307(a), a practitioner is barred from acting as an advocate in a proceeding where the practitioner is likely to be a necessary witness. Should this be limited to inter partes proceedings? If so, insert “an inter partes” in place of “a” between “in” and “proceeding” in the first clause. It may be unworkable if it applies to prosecution, for example, and probably would not normally apply there, anyway, so it should be made clear that it does not.

### **Truthfulness in Statements to Others**

Section 11.401 bars practitioners from making false statements or failing to disclose material facts to third persons. The Office should consider adding a new paragraph (c) to § 11.401, as follows: “(c) Fail to comply with 37 C.F.R. 1.56.” This should reduce the tension between the obligations of § 11.106 (confidentiality) and § 1.56 (candor). *See Molins*, as discussed above.

### **Communication with Person Represented by Counsel**

Section 11.402 prohibits a practitioner from communicating with “a party” represented by another practitioner. However, § 11.402(b) defines “party” more narrowly than the ABA Model Rules as it does not include either a person (a) who supervises, directs, or regularly consults with the organization’s lawyer concerning the matter, or (b) whose act or omission in connection with the matter may be imputed to the organization for purposes of civil liability. This is a substantial retrenchment of the scope of Model Rule 4.02, and we believe it unwise. The scope should be the same as the Model Rule. To the extent that § 11.402 is not meant to reach *former* employees, as it appears to be, the Office should clarify that this is its intent.

### **Professional Independence of Practitioner**

Section 11.504 sets out exceptions to the general rule that a practitioner may not share legal fees with a non-practitioner. The preemption comments above on § 11.117 are relevant to the exception at § 11.504(a)(3) on including non-practitioner employees in a compensation or retirement plan.

## **Unauthorized Practice of Law**

With respect to § 11.505, does the Office have authority to regulate the practice of law by lawyers in matters that are not before the Office? Paragraph (a) would allow the Office to discipline practitioners for practicing law in violation of state rules. Is that within the scope of the Office’s authority under *Sperry*? The same is true for paragraph (b). Paragraphs (c), (d) and (e) seem appropriate.

## **False Communications About a Practitioner’s Service**

Section 11.701(a), as written, appears to allow lawyers to make false or misleading statements about the practitioner’s services for former clients before the Office. Again, this is an example where insertion of the phrase “business before the Office” and the like has created unintended consequences. To remedy this, delete “for persons . . . .” to the end of the sentence, and replace it with: “before the Office.”

## **Firm Name and Letterheads**

Section 11.705(c) provides that the name of a practitioner holding a public office shall not be used in the name of a law firm, or in communications on its behalf, during any substantial period in which the practitioner is not actively and regularly practicing with the firm. This provision may conflict with state law. What is the federal objective of the Office that supports this rule?

## **Reporting Professional Misconduct**

Section 11.803(a) requires practitioners to report violations of the Rules of Professional Conduct to the appropriate authority. Should this provision include examiners, or “employees of the Office”? It appears that § 11.803(a) should refer to the OED rather than to “the appropriate professional authority.” Also, it would be preferable to require that the Office be informed of such violations in writing.

In § 11.803(b), it appears that the reference to “section” should be to “paragraph”. Here, the rule refers to the PTO Rules by a different term than it does elsewhere. There should be consistency, and clarity, and so perhaps “PTO Rules of Professional Conduct” should be used each time to avoid confusion with state rules, for example.

Is § 11.803(f)(3) intended to apply if a practitioner is representing a party in federal court, and alleges inequitable conduct there? If so, this appears to create separation of powers problems. We believe § 11.803(f)(3) should be limited to alleging, in a proceeding before the Office, that inequitable conduct has occurred.

## **Misconduct**

Section 11.804 lists a variety of acts by practitioners that constitute professional misconduct. As written, there is no scienter requirement for a violation of § 11.804(h)(4)—a lawyer can be disciplined if he or she unwittingly accepts assistance

from a former employee of the Office in certain matters. Scierter should be required by amending this paragraph to insert “Knowingly” at the beginning of the paragraph. The same comment applies with respect to paragraphs (6) and (7). In paragraph (8), which “codes of professional responsibility” are to apply? This provision seems vague, and it may be that the reference was intended to be to the PTO Rules of Professional Conduct.

Subparagraph 10 of § 11.804(h) should be expanded to include, in addition to frivolous complaints about practitioners, frivolous complaints about employees of the Office.

Paragraph (i) of § 11.804 seems to be a definition, not a rule, and as such appears to belong elsewhere. If this definition applies only to § 11.804, it should say so. If it applies more broadly, then it should be moved to § 11.1.

### **Disciplinary Authority: Choice of Law**

Rule § 11.805 does a better job than the old rules of noting when PTO Rules of Professional Conduct apply. However, there is no statement of intent to preempt. If the PTO Rules preempt under § 11.805, that should be stated. As presently written, this section merely states that the PTO Rules apply—and not necessarily to the exclusion of state rules. Is it the Office’s position that the PTO Rules preempt state law when they apply? If there is no intent to preempt, then the PTO Rules should so state, as otherwise practitioners would be left with their existing dilemmas. Indeed, the comments can be read as *not* preempting state law. See 68 Fed. Reg. 69504 (“It would be appropriate to apply . . .”). If the PTO Rules do not preempt state law, they should so state, to avoid lawyers believing they can rely *only* on them if PTO law applies to their conduct.

The choice of law provision in § 11.805(b) raises a concern with respect to its application to § 11.107. Under § 11.805(b)(1), a lawyer who is representing a client before the Office is governed by the PTO Rules for conduct in the Office. Under § 11.107(a) and (b), a practitioner faces a conflict of interest only if he or she is representing *both* clients before the Office.

In light of the choice of law provision, § 11.107(a) would appear to permit a lawyer to represent a client before the Office even where (1) representation of that client is directly adverse to another client, (2) the lawyer does not reasonably believe the representation will not be adversely affected, and (3) the clients do *not* give informed consent—so long as the client to whom the lawyer is adverse is not being represented by the practitioner before the Office. State law would, ostensibly, be preempted. Presumably, in § 11.107(a) the clause “having immediate or prospective business before the Office” following “will be directly adverse to another client” should be deleted, and the same change made to paragraph (b) to remove the clause “where any of the clients or third party have immediate or prospective business before the Office.”

The purpose of § 11.805(b)(2) is not clear. The Office cannot make choice of law determinations for courts. This provision seems inappropriate.

Section 11.805(b)(3)(ii) should be amended to state that where the PTO Rules apply, other law to the contrary is preempted.

### **Sexual Relations with Clients and Third Persons**

The prohibition against sexual relations with clients under § 11.806 includes an exception at 11.806(d) where the practitioner does not “participate in the representation of that client.” The meaning of this phrase is not clear. It should be made explicit that a practitioner does not “participate in the representation of that client” merely because the practitioner receives a share of any profits generated from the firm’s representation of the client.

### **Effective Date**

There is no date stated for the proposed rules to take effect. This issue is not dealt with in the Notice of Proposed Rulemaking, and, especially with respect to the very significant proposed changes to the rules of professional responsibility, an effective date for the rules changes should be provided. As noted in the cover letter, that date should be sufficiently far in the future--we recommend one year from publication of the final rule--that practitioners would have time to modify their practices so the new rules can be implemented without undue risk to them.