

# Professional Responsibility for IP Practitioners

OED's Role and Responsibilities in Handling Grievances and Disciplinary Matters Against Practitioners



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# Authority for OED's Regulation of Conduct

- ▶ 35 U.S.C. § 2(b)(2)(D): “The Office may establish regulations, not inconsistent with law, which....
  - (D) may govern the ... conduct of agents, attorneys, or other persons representing applicants or other parties before the Office....”
- ▶ Attorneys and agents are subject to discipline for not complying with USPTO regulations. 35 U.S.C. §32; See *Bender v. Dudas*, 490 F.3d 1361, 1368 (Fed. Cir. 2007)(Section 2(b)(2)(D) and 35 U.S.C. §32 authorize the USPTO to discipline individuals who engage in misconduct related to “service, advice, and assistance in the prosecution or prospective prosecution of applications.”)



# Authority for OED to Pursue Discipline of Practitioners

- ▶ Practitioners are subject to discipline for not complying with USPTO regulations, regardless of whether their conduct was related to practice before the Office:
  - Patent attorney reprimanded for litigation misconduct, i.e., filing and arguing a frivolous appeal and misstating district court record. 37 CFR §§10.23(b)(4)(misrepresentation) and (b)(5)(conduct prejudicial to the administration of justice). See *In re Allen Brufsky*, Proceeding No. D09-09 (May 6, 2009); see also *In re Kevin Imes*, Proceeding No. D09-45 (March 15, 2011)(suspended for 3 months for engaging in malicious prosecution and abuse of process).
  - Patent agent excluded upon consent for misappropriation of non-profit organization's funds and use of organization's credit card for personal use. 37 CFR §§10.23(a) and (b)(3),(4),and(6). See *In re George Reardon*, Proceeding No. D2012-19 (June 4, 2012).



# Sources of Grievances Against Practitioners

- ▶ An investigation may be initiated pursuant to information from any source suggesting possible grounds for discipline.

37 CFR § 11.22(a).

- External to USPTO
  - Clients, Colleagues, Others
- Internally within USPTO
  - Patent Corps, Trademark Corps, Other
- Other
  - Published Decisions, News Articles



# Types of Disciplinary Complaints

- ▶ Predicated on “probable cause” determination by Committee on Discipline (COD) after Committee convenes. 37 CFR §11.32.
- ▶ Reciprocal discipline. 37 CFR §11.24.
- ▶ Interim Suspension based on conviction of a serious crime. 37 CFR §11.25.



# Complaint – “Probable Cause”

Four steps precede the filing of a complaint based on a “probable cause” finding by the COD:

1. Preliminary screening of allegations;
2. Requesting information from practitioner;
3. Conducting investigation after providing practitioner an opportunity to respond; and
4. Submitting complaint to COD for “probable cause” determination.



# Potential Post-Investigation Outcomes

- ▶ Upon completion of the investigation, OED may:
  - Close the investigation without further action;
  - Issue a warning;
  - Enter into a proposed settlement agreement; or
  - Convene the COD to determine whether there is “probable cause” to file a disciplinary action against practitioner.



# Other Bases For OED Disciplinary Action

## ▶ **Reciprocal Discipline - 37 C.F.R. § 11.24**

- Practitioner must notify OED in writing of discipline imposed by other authorities, such as state bars, and OED must obtain a certified copy of the disciplinary record to file with the USPTO Director. The OED Director then files a complaint (without COD authorization) with the USPTO Director based upon that discipline.

## ▶ **Serious Crime - 37 C.F.R. § 11.25**

- Within 60 calendar days of receiving information that practitioner has been convicted of a serious crime, OED shall request a certified copy of that record. The OED Director then files a complaint (without COD authorization) along with proof of conviction with the USPTO Director.





# Statute of Limitations

- ▶ The Leahy-Smith America Invents Act (AIA) was signed into law Sept. 16, 2011.
- ▶ The AIA introduced significant changes to the U.S. patent statutes.
- ▶ The AIA amended the statute of limitations for commencement of disciplinary proceedings pursuant to 35 U.S.C. § 32.



# Statute of Limitations (*cont'd*)

- ▶ Prior to enactment of the AIA, disciplinary actions for violations of the USPTO Code of Professional Responsibility were subject to a five-year statute of limitations pursuant to 28 U.S.C. § 2462. *See, e.g., Sheinbein v. Dudas*, 465 F. 3d 493, 496 (Fed. Cir. 2006).



# Statute of Limitations (*cont'd*)

- ▶ The AIA amended 35 U.S.C. § 32 to require disciplinary proceedings to be commenced not later than the earlier of:
  - 10 years after the misconduct occurred, or
  - One year from when the misconduct was made known to the USPTO, as prescribed in the regulations governing disciplinary proceedings.
- ▶ “Grievance” means a written submission, ***regardless of the source***, received by the OED Director that presents possible grounds for discipline of a specified practitioner. 37 CFR §11.1



# Possible Ethics Impact of New AIA Provisions

- ▶ **Oath/Declaration Rules**
  - Removal of “deceptive intent” language from various provisions
- ▶ **Best Mode**
  - Revision of 35 U.S.C. §282 to limit this defense in patent litigation
- ▶ **Supplemental Examination**
  - Inequitable Conduct Implications
- ▶ ***Inter Partes* Review – Post Grant Review**
  - Relation to civil action
- ▶ **First Inventor To File**
  - Revision of 35 U.S.C. §102



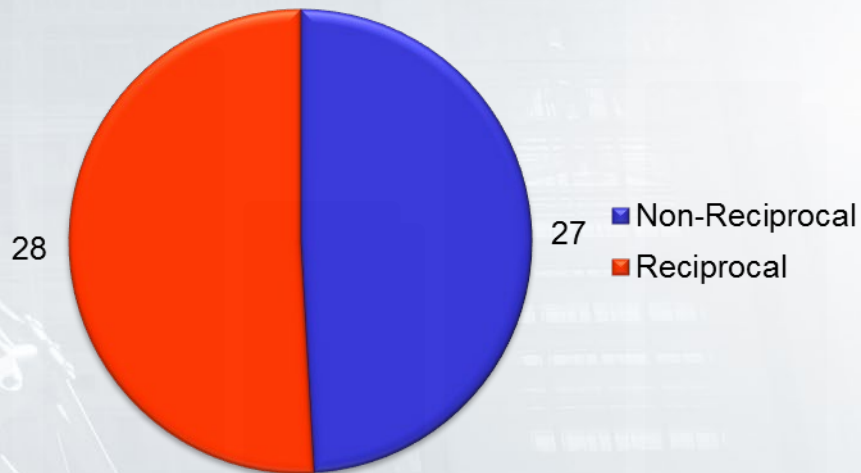
# *Therasense v. Becton, Dickinson & Co.,* 649 F.3d 1276 (Fed. Cir. 2011)

- ▶ “But For” Materiality
- ▶ Affirmative Egregious Misconduct
- ▶ Proposed Revision to 37 CFR §§1.56 and 1.555 (76 Fed. Reg. 43631-43634 (July 21, 2011))
- ▶ 37 CFR § 10.23(c)(10) - it is misconduct to knowingly violate requirements of 37 CFR §§1.56 or 1.555

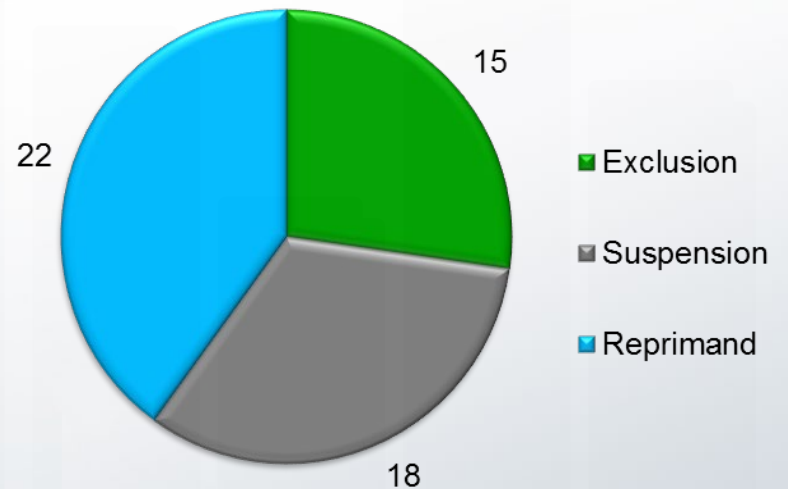


# FY2012 OED Disciplinary Decisions

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



## Types of Disciplinary Action





# Letters of Warning – FY2012

- ▶ To date, the Office of Enrollment and Discipline has issued 100 Warning Letters
- ▶ Warning Letters Are Confidential and Non-Disciplinary. 37 CFR § 11.21



# Frequent Causes for Grievances

## ▶ Neglect

- Failure or delay in filing patent application
- Failure to reply to Office actions
- Failure to revive or assist in reviving abandoned applications
- Failure to turn over files to new representative
- Failure to communicate with client
  - Duty to report Office actions
  - Duty to reply to client inquiries





# Recent Examples of Neglect

## ▶ Less Severe

- *In re Kubler* (D2012-04)
  - Neglected to communicate with clients
  - Lacked uniform system of client notification and reply
  - Reprimanded
- *In re Rayve* (D2011-19)
  - Failed to notify clients of correspondence
  - Allowed applications to become abandoned
  - Suspended for 2 years

## ▶ More Severe

- *In re Shippey* (D2011-27)
  - Neglected multiple matters entrusted to her
  - Engaged in multiple counts of professional misconduct
  - Handled matters without adequate legal preparation
  - Failed to seek lawful objectives of client
  - Failed to carry out employment contract with clients
  - Excluded



# Frequent Causes for Grievances (*cont'd*)

- ▶ Dishonesty, Fraud, Deceit or Misrepresentation
  - Concealing from client date of Office action, abandonment, and/or real reason for abandonment
  - Misrepresenting to client status of abandoned application as pending
  - Making false statements to USPTO in petitions to obtain extensions of time or other benefits



# Recent Examples of Dishonesty, Fraud, Deceit or Misrepresentation

## ▶ Less Severe

- *In re Chan* (D2011-21)
  - Had clients sign oaths or declarations prior to any application preparation
  - Thus, violated oath that person reviewed application
  - Reprimanded
- *In re Bollman* (D2010-40)
  - Filed 6 boxes of IDS documents in 4 cases
  - Failed to read, review, or inspect any of them
  - Thus, made false certifications to Office
  - Reprimanded

## ▶ More Severe

- *In re Edelson* (D2011-13)
  - Provided false or misleading status information on patent, PCT, and TM matters to clients
  - Failed to keep himself informed of status and allowed applications to go abandoned without client consent
  - Provided false or misleading information to OED during investigation
  - Suspended for 3 years
- *In re Massicotte* (D2012-22)
  - Provided Office with false or misleading information in connection with petitions to revive three abandoned TM applications
  - Suspended for 2 years



# Frequent Causes for Grievances

## ▶ Fee-Related Issues

- Repeated failure to reply to notices of missing parts of application
- Failure to return client's advanced fees
- Improper commingling of clients' advanced legal fees with practitioner's funds
- Checks returned or EFTs dishonored for insufficient funds
- Failure to disclose fee escrow and business relationship with invention development companies



# Recent Examples of Fee-Related Issues

## ▶ Less Severe

- *In re Scott* (D2011-34)
  - Had 5 checks returned for insufficient funds
  - Agreed to new trust account with Florida bar monitoring
  - Reprimanded
- *In re Johansen* (D2011-35)
  - Had 2 checks dishonored for insufficient funds
  - Each to revive abandoned applications
  - But both applications not revived
  - Reprimanded

## ▶ More Severe

- *In re Ames* (D2011-25)
  - Abandoned applications and clients without consent
  - Failed to refund fees
  - Excluded
- *In re Peterson* (D2011-54)
  - Convicted of theft from client's business checking account by using a check debit card to withdraw funds and writing checks on the account without client's knowledge, permission, or consent
  - Excluded



# Decisions Imposing Public Discipline Available In FOIA Reading Room

- ▶ <http://des.uspto.gov/Foia/OEDReadingRoom.jsp>
  - In the field labeled “Decision Type,” select “Discipline” from the drop down menu.
  - To retrieve all discipline cases, click “Get Info” (not the “Retrieve All Decisions” link).
  
- ▶ Official Gazette for Patents
  - [http://www.uspto.gov/news/og/patent\\_og/index.jsp](http://www.uspto.gov/news/og/patent_og/index.jsp)
  - Select a published issue from the list, and click on the “Notices” link in the menu on the left side of the web page.



# Contacting OED

▶ OED's Telephone Number  
571-272-4097

▶ THANK YOU