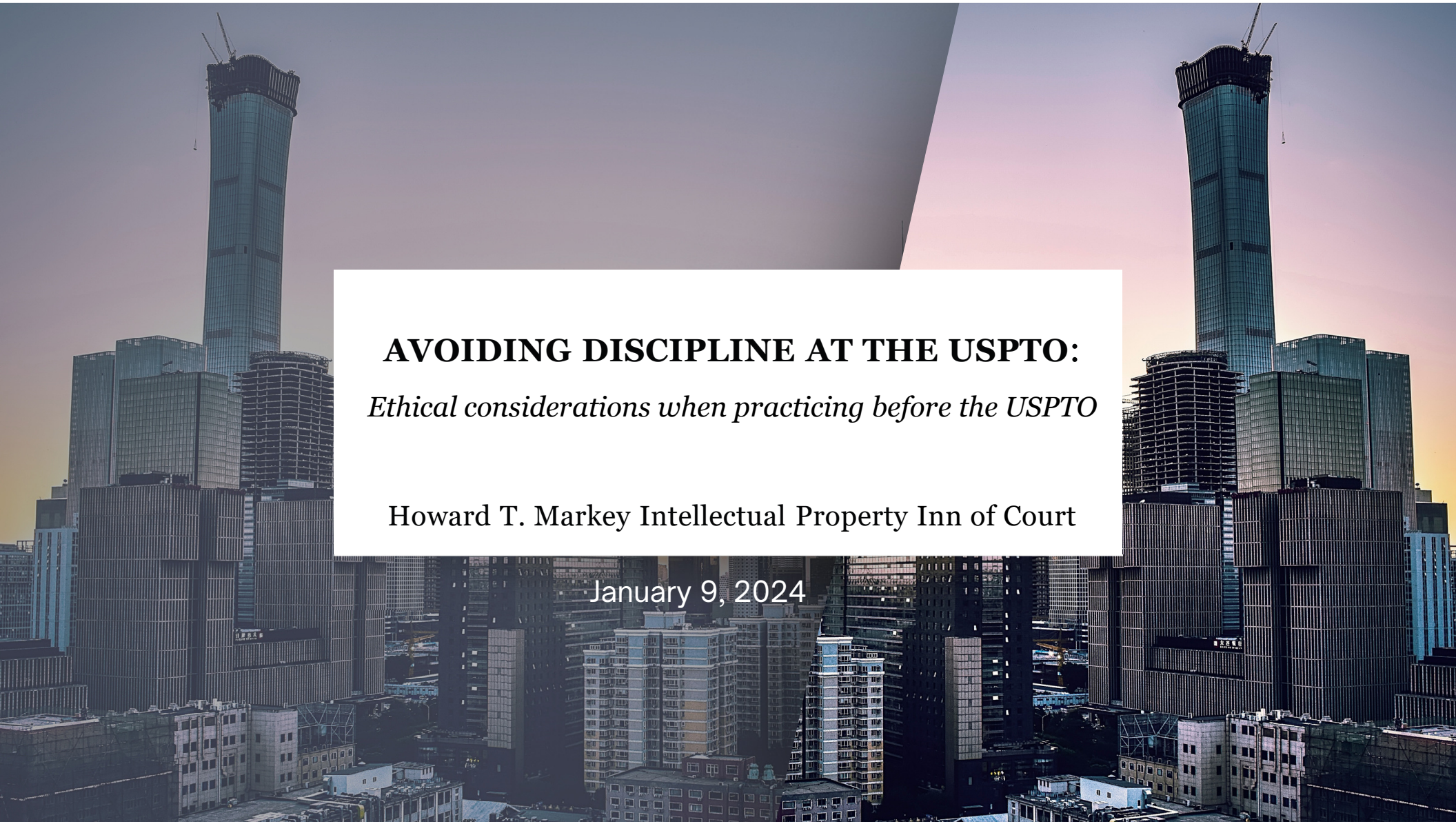
Networking: 6-6:40 PM
Presentation: 6:40 - 7:40 PM
Questions: 7:40 - 8 PM



AVOIDING DISCIPLINE AT THE USPTO:

Ethical considerations when practicing before the USPTO

Howard T. Markey Intellectual Property Inn of Court

January 9, 2024

Presenters: Kainoa Asuega, Cheryl Burgess, Etan Chatlynne, Emil Ali, Mindy Vo, Polina Litvina, Scott Feldmann, Daniel Ginsberg, Linda Krolop-Silverstein, and Judge John Holcombe

OUTLINE

- USPTO's regulatory power over patent and trademark practitioners
- Candor
- Supervision
- Conflicts of interest in IP representation
- The USPTO's Focus on Signatures
- Unauthorized Practice
- Working with Foreign Associates

USPTO POWER TO REGULATE

- USPTO is authorized to establish regulations governing the recognition and conduct of persons representing applicants or other parties before the Office. - 35 USC § 2(b)(2)(D)
- USPTO Director may suspend or exclude "any person, agent, or attorney who does not comply with the regulations established under section 2(b)(2)(D)" - 35 USC § 32
- ABA Model Rules form the basis of the rules in 50 states, DC, and USPTO, but USPTO has its own rules. See 37 CFR 11.101, et seq.

WHO IS REGULATED?

- All “practitioners” and others who practice before the USPTO in patent or TM matters
- Practitioners include:
- Registered attorneys and agents
- Trademark attorneys
- Limited recognition
- Canadian agents


CANDOR

CANDOR

Pat N. Traft and Lita Gator are both licensed to practice before the USPTO. Lita practices patent litigation at a law firm whose malpractice insurance does not cover patent preparation and prosecution. Yet Lita has been reluctant to stop drafting applications. So, with client approval, Lita drafts patent applications and then refers them to Pat so Pat can file. Pat checks the drafts to ensure they are good. She also knows that Lita never investigates prior art or public disclosure before she sends the documents to Pat for filing. Lita's view is "why create more knowledge?" Pat just filed one such application and then learned that some related disclosures were made at a tradeshow over a year ago.

- Does Lita have any duty of candor to the USPTO?
- What should Pat do to ensure no violation of her duty of candor?
- By when must she complete any such tasks?

CANDOR

37 C.F.R. §1.56 -Duty to disclose information material to patentability
37 C.F.R. §1.555 -Information material to patentability in *ex parte* and *inter partes* reexamination proceedings
37 C.F.R. §11.18(b) -Signature and certifications for correspondence filed in the office
37 C.F.R. §11.303(a)-(e) -Candor toward the tribunal
37 C.F.R. §42.11 -Duty of candor; signing papers; representations to the Board; sanctions

CANDOR

Rule 11?

By presenting to the Office or hearing officer in a disciplinary proceeding (whether by signing, filing, submitting, or later advocating) any paper, the party presenting such paper, whether a practitioner or non-practitioner, is certifying that -

(1) All statements made therein of the party's own knowledge are true, all statements made therein on information and belief are believed to be true, and all statements made therein are made with the knowledge that whoever, in any matter within the jurisdiction of the Office, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or knowingly and willfully makes any false, fictitious, or fraudulent statements or representations, or knowingly and willfully makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, shall be subject to the penalties set forth under 18 U.S.C. 1001 and any other applicable criminal statute, and violations of the provisions of this section may jeopardize the probative value of the paper; and

(2) To the best of the party's knowledge, information and belief, formed after an inquiry reasonable under the circumstances,

(i) The paper is not being presented for any improper purpose, such as to harass someone or to cause unnecessary delay or needless increase in the cost of any proceeding before the Office;

(ii) The other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;

(iii) The allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and

(iv) The denials of factual contentions are warranted on the evidence, or if specifically so identified, are reasonably based on a lack of information or belief.

-37 CFR 11.18(b)

CANDOR

The Court found that the most reasonable inference was that Mr. Rubin (not a patent attorney or inventor) possessed the specific intent to deceive the PTO by not only withholding the three disclosures, but by giving implausible testimony at trial, having a posture that lacked credibility, having detailed knowledge about the NDA and patent prosecution, and making statements during prosecution regarding the criticality of the pH range to overcome obviousness that were contrary to the data in the NDA. *Belcher Pharm., LLC v. Hospira, Inc.*, No. 2020-1799, 2021 (Fed Cir Sep. 1, 2021)

CANDOR

While no patent practitioner was listed as having been involved in the inequitable conduct, there are a few lessons:

- Where a regulatory process requires disclosure to another, patent counsel should be promptly informed, so any appropriate disclosure to the USPTO can be arranged.
- Applicant's scientific, product, regulatory, and legal teams should coordinate to avoid inconsistency.

CANDOR

- Entity Certifications
  - Applicant tells you they want micro-entity status
  - What steps do you take to ensure your submission to the USPTO is accurate?
  - Do you verify whether there are 4 prior filed applications?
  - Do you ask for the client's tax returns?

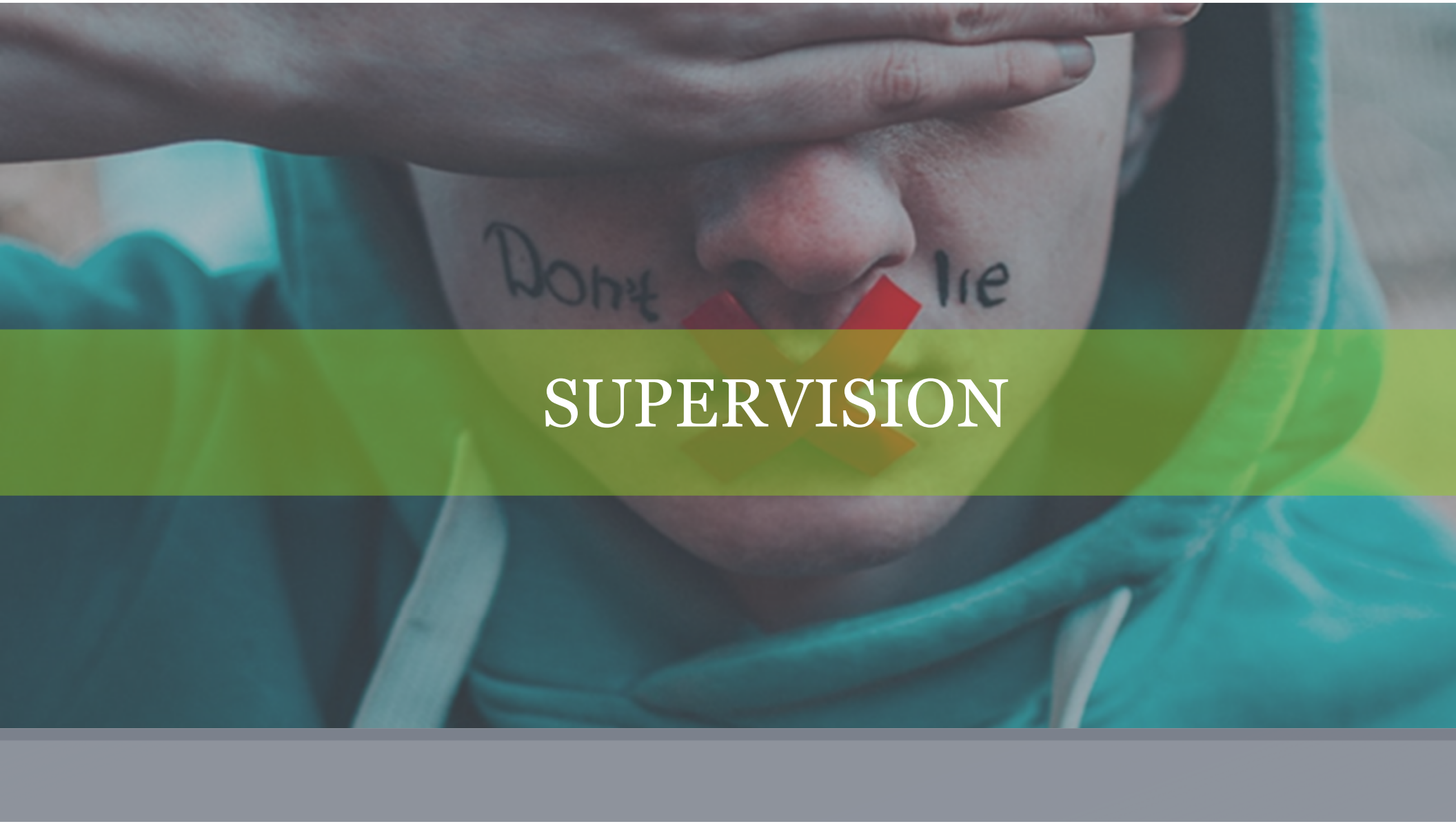
CANDOR

- Candor Before the PTAB
  - "By presenting to the Board a petition, response, written motion, or other paper - whether by signing, filing, submitting, or later advocating it - an attorney, registered practitioner, or unrepresented party attests to compliance with the certification requirements under § 11.18(b)(2) of this chapter."

  -37 CFR 42.11(c)

CANDOR

- Does Lita have any duty of candor to the USPTO?
  - Yes. "Each individual ***associated*** with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office." 37 C.F.R. §1.56 (emphasis added).
- What should Pat do to ***ensure*** no violation of her (and Lita's) duty of candor?
  - During prosecution, disclose relevant prior art learned from, e.g., inventor and related foreign prosecution.
  - Investigate prior public disclosures and disclose them. *See GS Cleantech Corp. v. Adkins Energy LLC*, 951 F.3d 1310, 1331 (Fed. Cir. 2020) (affirming inequitable conduct finding because choosing to avoid disclosing prior public disclosure was choosing "advocacy over candor").
- By when must she complete any such tasks?
  - Before paying the issue fee.



SUPERVISION

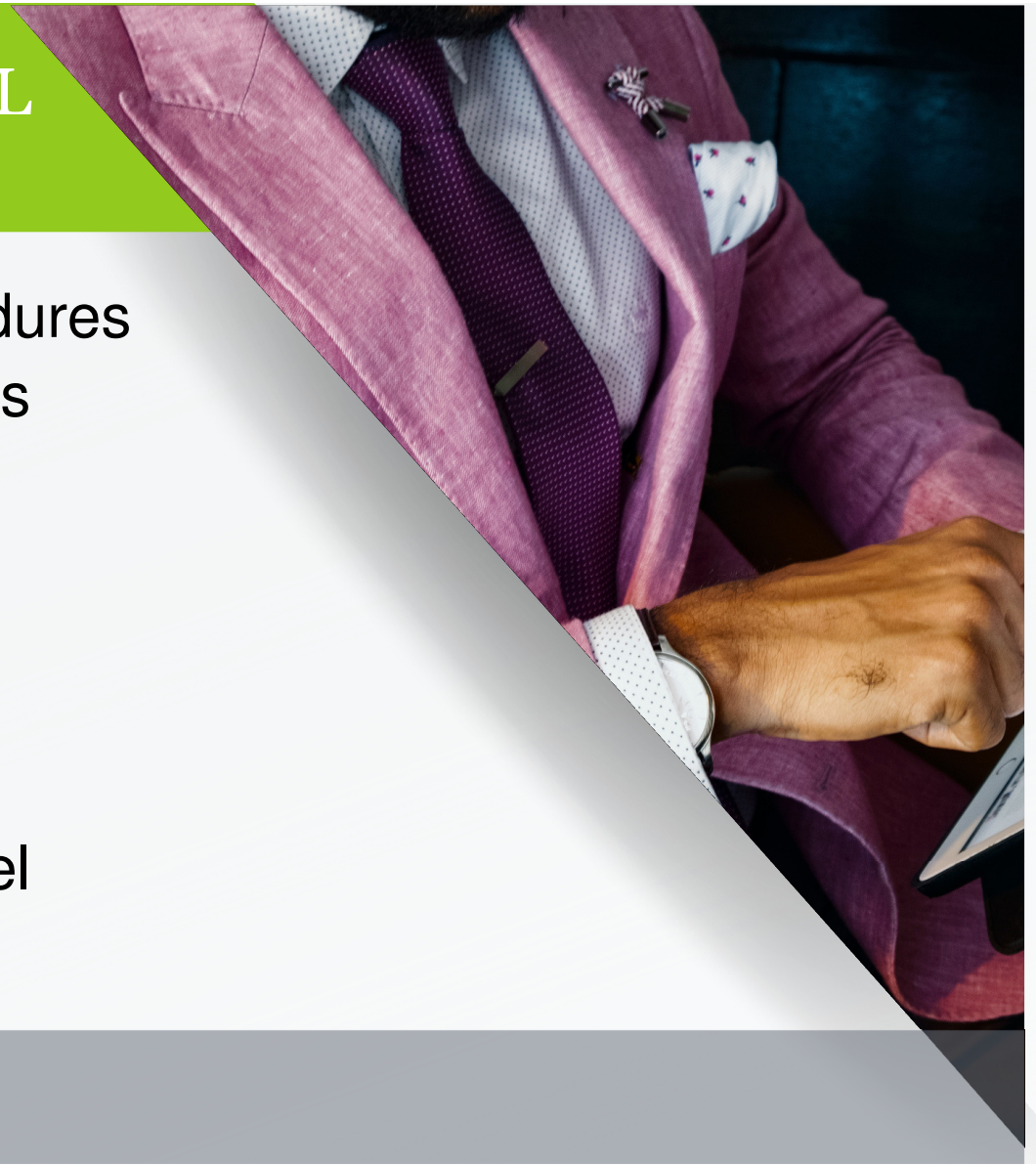
SUPERVISION AND ETHICS

• Practitioners may retain non-practitioner assistants under the supervision of the practitioner to assist the practitioner in matters pending before the Office.
  - 37 CFR 11.5

•IP attorneys must take reasonable steps to ensure that practitioners and non-practitioners whom they supervise are acting in accordance with the practitioner's ethical duties.
  - ABA M.R. 5.1- 5.3
  - 37 CFR 11.501-503

•Non-practitioner conduct may become ethical responsibility of supervisor

SOME ELEMENTS OF ETHICAL SUPERVISION



- Documented practices and procedures
- Regular training, including in ethics
- Hiring practices
- Employee agreements
- A clear chain of command
- Periodic file reviews
- Periodic employee reviews
- Seek guidance from ethics counsel

(UN)ETHICAL SUPERVISION

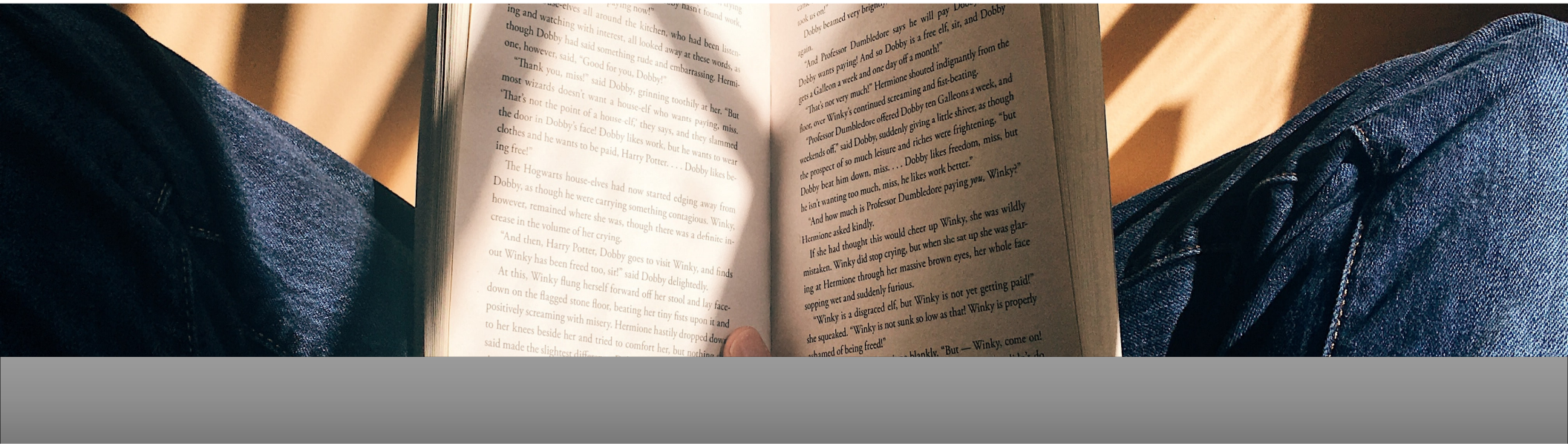
Examples:

- Paralegal provides their own opinion to the client on whether their TM specimen is suitable.
- Non-practitioner erroneously prepares IDS
- The firm has a regular practice that allows a continuing or repeated violation
- One-off “errors” vs. systematic problems
- Civil (malpractice) vs. Disciplinary (ethics)

CONFLICTING INTEREST

BASICS OF CONFLICTS

- Are everywhere.
- Clients will (usually) sign waivers.
- A waiver requires informed consent.
- Can lead to ethics, malpractice, disqualification, and reputational harm



BASICS OF CONFLICTS

- Some sort of client relationship (even just one)
- The representation of another against that client; OR a risk of being limited by literally anyone else (another client, former client, third party, or your own interest)
- Does not require harm, improper result, or damages.
- Think of the optics.

HYPO

BASICS OF CONFLICTS - RULES

	ABA	USPTO - 7 CFR 11.101, *et seq.*
Current Clients	Rule 1.7	Rule 11.07
Current Clients: Special Rules	Rule 1.8	Rule 11.108
Former Clients	Rule 1.9	Rule 11.109
Imputation of Conflicts of Interest	Rule 1.10	Rule 11.110
Former & Current Gov't Emps.	Rule 1.11	Rule 11.111

37 C.F.R. 11.107(a)

A concurrent conflict exists if:
(1) The representation of one client will be **directly adverse** to another client; or
(2) There is a significant risk that the representation of one or more clients will be **materially limited** by the practitioner's responsibilities to another client, a former client or a third person or by a personal interest of the practitioner.

37 C.F.R. 11.107(b)

Notwithstanding, a practitioner may represent a client if
(1) The practitioner reasonably believes that the practitioner will be able to provide competent and diligent representation to each affected client;
(2) The representation is not prohibited by law;
(3) The representation does not involve the assertion of a claim by one client against another client represented by the practitioner in the same litigation or other proceeding before a tribunal; and
(4) **Each affected client gives informed consent, confirmed in writing.**

SUBJECT MATTER CONFLICTS

- Simultaneous representation of clients competing in the same industry or line of business

- Representations are often in
  - (a) different practice areas or
  - (b) same practice area, but on different and not directly opposing matters.

- How do we draw the line between applicants?
  - Economic competitors?
  - Similar (or same) invention?
  - Citing each other (if public)?

SUBJECT MATTER CONFLICTS

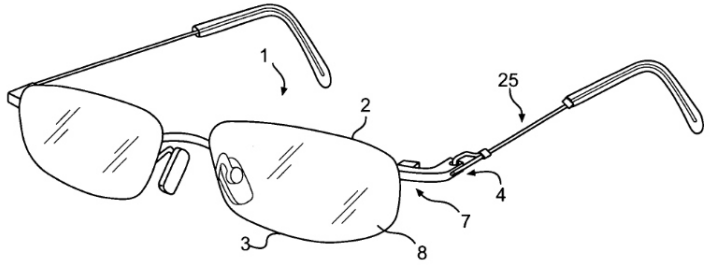
Maling v. Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, 42 N.E.3d 199 (Mass. 2015)

(1) Are **subject matter conflicts** always prohibited? **Not necessarily.**

- "*although subject matter conflicts in patent prosecutions often may present a number of potential legal, ethical and practical problems for lawyers and their clients, they do not, standing alone, constitute an actionable conflict of interest that violates Rule 1.7.*"

(2) What does it mean to be "**directly adverse**"?

- Not merely being in the "same patent space"
- Not merely "conflicting economic interests"
- But rather, actual conflicts as to **legal rights & duties**



Conflict Checks Are Important

"*[N]o matter how complex such a protocol might be,* ***law firms run significant risks, financial and reputational, if they do not avail themselves of a robust conflict system adequate to the nature of their practice***."

CONFLICTS OF INTEREST – OFFICE ACTIONS

In an Office Action (or search), Client A's application is cited against Client B. Conflict?

- ***V.A. Legal Ethics Op. 1774*** (2003):
  - Client A wants atty to write invalidity opinion about a patent.
  - Atty discovers that the patent is held by B, a current client.
  - The patent the firm wrote for Client B involves a different technology than the patent Client A is challenging.

- ***Andrew Corp v. Beverly Mfg.***, F. Supp. 2d 919 (N.D. Ill. 2006):
  - Client A alleges Client B infringed on Client A's patents
  - Law firm had issued opinion letters for Client B, which state opinions adverse to Client A's patents
  - Client B wanted to use opinion letters against Client A.

CONFLICTS OF INTEREST – IN-HOUSE

- In *Dynamic 3D Geosolutions LLC, v. Schlumberger Ltd*., a patent lawyer worked at Defendant Schlumberger for seven years with wide responsibility for IP matters.
- While there, Charlotte Rutherford was involved in a project "that evaluated further patentable aspects of Petrel [oil well mapping software] and assessed the risk of lawsuits against it," including the '319 patent, the subject of this case.
- Rutherford left and went to work for Plaintiff, where she was involved in the decision to bring a lawsuit (against her former employer) and hired the outside law firm.

CONFLICTS OF INTEREST – IN-HOUSE

- The trial court granted Schlumberger's motion to disqualify not only the lawyer, the in-house department, and the outside counsel.
- The court also dismissed this case without prejudice and Federal Circuit affirmed because the court agreed that prior work was substantially related to this case.
- In other words, Rutherford's company should not benefit from trying a case through the fruits of "unethical labor."

SIGNATURE ISSUES

TOO HOT IN ARIZONA?

Rachel is admitted to practice in AZ and is an active member in good standing. She routinely assists paralegals in preparing and filing trademark documents with the USPTO, though she has no authority to hire or fire. Recently, Rachel noticed paralegals signing trademark filings with client names (i.e., /Joe Schmoe/). Is this practice permissible?

A. Yes, since the paralegals manually entered all elements of the electronic signature.
B. Yes, since paralegals signed only after obtaining the client's express consent.
C. No, since Rachel, the attorney of record, did not consent to this arrangement.
D. No, since paralegals may not sign the name of an authorized signatory.

ANSWER:

Rachel is admitted to practice in AZ and is an active member in good standing. She routinely assists paralegals in preparing and filing trademark documents with the USPTO, though she has no authority to hire or fire. Recently, Rachel noticed paralegals signing trademark filings with client names (i.e., /Joe Schmoe/). Is this practice permissible?

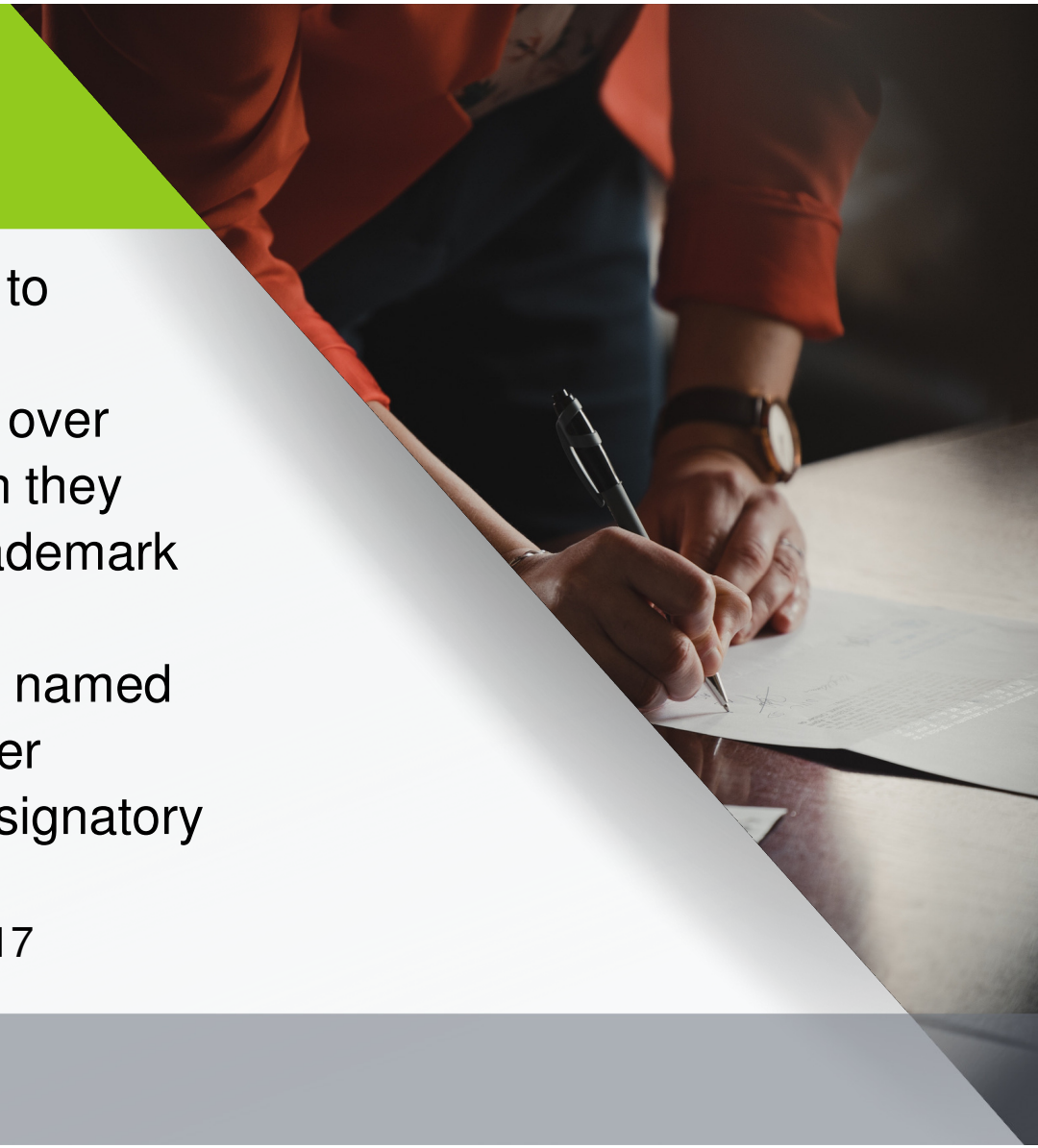
A. Yes, since the paralegals manually entered all elements of the electronic signature.
B. Yes, since paralegals signed only after obtaining the client's express consent.
C. No, since Rachel, the attorney of record, did not consent to this arrangement.
D. No, since paralegals may not sign the name of an authorized signatory.

***In re Sapp,* Proc. No. D2019-31 (May 15, 2019)**

PERSONAL SIGNATURE REQUIRED

- Each piece of correspondence that must be signed must be "personally entered by the person named as the signatory."
  - Patents – 37 CFR 1.4(d)
  - Trademarks – 37 CFR 2.193
- Non-delegable even with practitioner consent
- OED has alleged that personal entry violations may implicate various ethical duties:
  - Rule 11.18 certification
  - False representation to the Office
  - Supervisory duties
  - Competency

SIGNATURE DISCIPLINE CASE EXAMPLE



- Company provided paralegal services to trademark clients.
- Atty had ultimate managerial authority over nonpractitioner assistants even though they were generally supervised by client trademark practitioners.
- Atty mistakenly relied on consent from named signatory and permitted non-practitioner assistants to sign on behalf of named signatory in 35 trademark filings.

In re Meikle, Proceeding No. D2019-17 (USPTO, March 21, 2019)

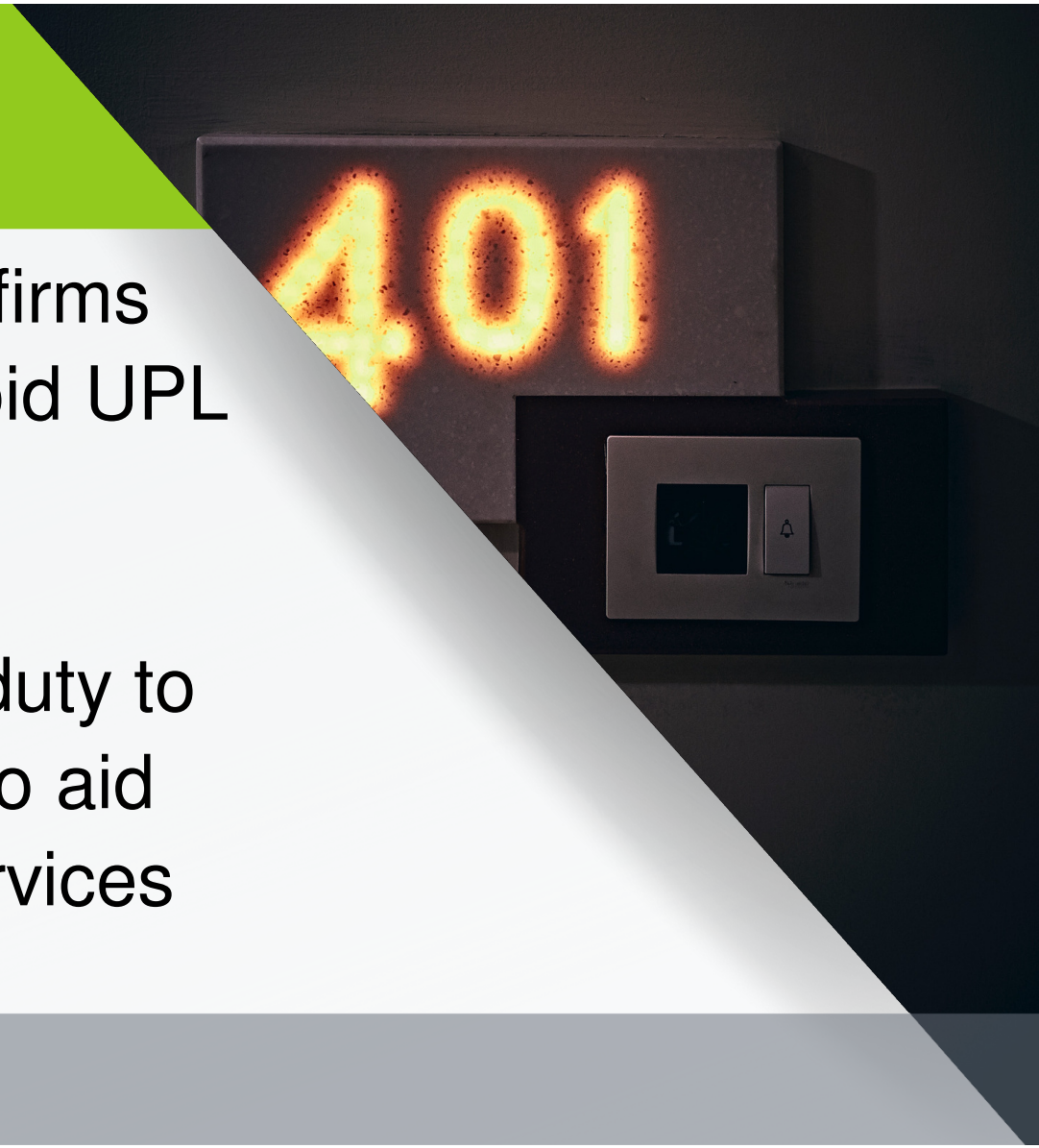
MORE USPTO "SIGNATURE CASES"

- *In re Lou*, Proc. No. D2021-04 (May 12, 2021)
- *In re Sapp,* **Proc. No. D2019-31 (May 15, 2019)**
- *In re Rajan*, Proc. No. D2019-30 (Sept. 5, 2019)
- *In re Mar*, Proc. No. D2019-11 (Aug. 2, 2019)
- *In re Sweeney,* Proc. No. D2019-33 (June 19, 2019)
- *In re Swyers,* Proc. No. 2016-20 (Jan. 26, 2017)
- *In re Bang-er Shia,* Proc. No. D2014-31 (Mar. 4, 2016)

UNAUTHORIZED PRACTICE

UNAUTHORIZED PRACTICE OF LAW

- Not just fake lawyers and firms
- Non-lawyer assistants avoid UPL by being appropriately supervised by practitioner
- In turn, practitioners owe duty to supervise non-lawyers who aid them in providing legal services



UNAUTHORIZED PRACTICE IN IP

- Patent agent "representing" applicants in TM matters before the USPTO
- *In re Shia*, Proc. No. D2014-31 (Aug. 1, 2016)
- Non-law firms providing U.S. IP legal services
- Websites, invention promotors
- Practitioner failing to supervise non-practitioner may be aiding UPL
- Outsourcing permissible provided practitioner exercises appropriate supervision

UNAUTHORIZED PRACTICE OF LAW (CONT'D)

§ 11.505 Unauthorized practice of law.

- A practitioner shall not practice law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction, or assist another in doing so.

SIMON SAYS?

Simon is admitted to practice in CA and is an active member in good standing. He is contacted by a foreign IP agency, asking him to serve as the attorney of record for thousands of trademark applications filed before the USPTO. Simon agrees for a nominal fee of $1,500/month, but the foreign company's lawyers and paralegals must complete all substantive work without his supervision. Permissible?

A. Yes, since Simon personally signed each filing.
B. Yes, since the foreign lawyers diligently supervised the foreign paralegals.
C. No, since each foreign applicant is Simon's client.
D. No, since Simon did not obtain each applicant's consent to this arrangement.

ANSWER:

Simon is admitted to practice in CA and is an active member in good standing. He is contacted by a foreign IP agency, asking him to serve as the attorney of record for thousands of trademark applications filed before the USPTO. Simon agrees for a nominal fee of $1,500/month, but the foreign company's lawyers and paralegals must complete all substantive work without his supervision. Permissible?

A. Yes, since Simon personally signed each filing.
B. Yes, since the foreign lawyers diligently supervised the foreign paralegals.
C. No, since each foreign applicant is Simon's client.
D. No, since Simon did not obtain each applicant's consent to this arrangement.

***In re Yang,* Proc. No. D2021-11 (December 17, 2021)**

FOREIGN CLIENTS & ASSOCIATES

FOREIGN CLIENTS & ASSOCIATES

- Hypo
- Atty calls from Australia, has client, already successfully registered TM w/ IP Australia
- Wants me to sign and file TM w/ USPTO as courtesy because knows foreign client must have US counsel
- Since TM is already registered in Australia, what laws would I be breaking if just sign and file w/ USPTO?

FOREIGN CLIENTS & ASSOCIATES

- Customary in Patent and TM practice
- Foreign TM clients must have U.S. counsel
- Foreign associates, agents and other types of intermediaries frequently serve as local contact and interface between U.S. counsel and foreign clients
  - Understand foreign culture
  - Speak the client's language

FOREIGN CLIENTS & ASSOCIATES

- Practitioner "may rely upon the advice of the corporate liaison or the client/applicant's foreign agent as to the action to be taken so long as the practitioner is aware that the client/patent applicant has consented after full disclosure to be represented by the liaison or agent."
  - 1086 O.G. 457 (Dec. 10, 1987) (Comm'r USPTO)
  - 1091 O.G. 26 (May 25, 1988) (Comm'r USPTO)

FOREIGN COUNSEL AND INTERMEDIARY

- Practitioner may rely upon instructions of, and accept compensation from, corporate liaison or foreign agent

- OG notice suggests Atty must know that owner/applicant "has consented after full disclosure to be represented" by liaison.

JUDGE'S PERSPECTIVE

QUESTIONS