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October 4, 1984

\*ADMITTED TO A BAR OTHER THAN D. C.

Ms. Lynne M. Lester  
Manager, Divisions Office  
The District of Columbia Bar  
1426 H Street  
Eighth Floor  
Washington, D.C. 20005-2184

Dear Lynne:

Comments by Division 14 (Patent, Trademark & Copyright  
Law) on Proposed Attorney Disciplinary Rules of the  
Patent and Trademark Office

Pursuant to section 13(a) of the Division Guidelines, I  
am enclosing the proposed statement of the steering committee of  
Division 14 on the above-captioned rules. Also enclosed is the  
required one-page summary of the proposed statement and the  
mandatory disclaimer required by the guidelines.

Division 14 feels strongly that the proposed modifications  
to the rules will clarify and improve them. We are asking for  
your review on an emergency basis, because the hearing on the  
rules will take place on October 10, 1984, and our written  
comments must be submitted prior to that date to be considered.  
The steering committee failed to complete the proposed statement  
earlier, because of the complexity of the proposed rules and  
the traveling schedule of the steering committee members.

Respectfully submitted,

*Allen M. Sokal*

Allen M. Sokal  
Chairman, Division 14

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Enc.

To the Board of Governors and Division Chairpersons:

Summary of the Statement on Behalf of Division 14,  
Patent, Trademark and Copyright Law,  
Regarding the Proposed Attorney Disciplinary Rules  
of the Patent and Trademark Office

Attached hereto is the statement of Division 14 (Patent, Trademark and Copyright Law) recommending modifications in the above-captioned proposed rules. The modifications primarily clarify ambiguities in the proposed rules. In addition, Division 14 requests a change in the burden of proof from a mere preponderance of the evidence to "clear and convincing evidence." The sanctions of the proposed rules are punitive in nature and can result in suspension or exclusion of an attorney from practice before the Patent and Trademark Office. Consequently, Division 14 feels that a higher standard than a mere preponderance of evidence should govern.

STATEMENT ON BEHALF OF DIVISION 14  
PATENT, TRADEMARK AND COPYRIGHT LAW  
DISTRICT OF COLUMBIA BAR\* REGARDING  
THE PROPOSED ATTORNEY DISCIPLINARY RULES  
OF THE PATENT AND TRADEMARK OFFICE

To the Commssioner of Patents and Trademarks

Prepared By:

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\*MANDATORY DISCLAIMER

The views exposed herein represent only those of Division 14 (Patent, Trademark and Copyright Law) of the District of Columbia Bar and not those of the D.C. Bar or of its Board of Governors.

STATEMENT ON BEHALF OF DIVISION 14  
PATENT, TRADEMARK AND COPYRIGHT LAW  
DISTRICT OF COLUMBIA BAR REGARDING  
THE PROPOSED ATTORNEY DISCIPLINARY RULES  
OF THE PATENT AND TRADEMARK OFFICE

The District of Columbia Bar, Division of Patent, Trademark and Copyright Law (Division 14), is pleased to submit its comments on the proposed attorney disciplinary rules. As indicated in the attached comments, we have specific proposals that we feel are necessary to clarify and improve the rules.

The District of Columbia Bar, Division of Patent, Trademark and Copyright Law, has a membership of over 900 persons who specialize in intellectual property law, including many who reside and practice in other states. Consequently, these comments should be given careful consideration.

COMMENTS ON AND RECOMMENDATIONS FOR  
CHANGES IN SPECIFIC PROPOSED RULES

§10.14(e): Delete the last sentence. The "Response to and Analysis of Comments" (hereinafter "Response") states that the last sentence should be retained because "prosecution of trademark matters by non-attorneys (those qualified prior to January 1, 1957) has not created any undue administrative problems to date." However, prosecution by such "grandfathered" non-attorneys is authorized by §10.14(b) and the first sentence of §10.14(e). Deletion of the last sentence of §10.14(e) would require firms, corporations, and associations to appear in any trademark case by one of the categories of individuals authorized in §10.14(a), (b), and (c).

§10.15: Change "subpart" to --subchapter--. The Response says this was done, but it was not.

§10.18(a)(1): Change "has been read" to -- has been read and understood by the practitioner--. The proposed language is ambiguous. Is it sufficient if the paper has been read by the secretary who typed it? by the associate who dictated it? Also, even if the intention is that the paper must be read by the practitioner who signs it, is reading it sufficient, or do you really mean "read and understand"?

§10.22(a): Before "made" insert -- knowingly or recklessly--. The Response states that a previous suggestion to insert this language was not adopted because, "When one makes a 'false' statement..., one does so knowingly or recklessly." It is respectfully submitted that that is not necessarily so. A statement can turn out to be false although one had every reason to believe it to be true at the time it was made.

§10.23(a): Change "disreputable or gross misconduct" to --disreputable conduct or gross misconduct--. The phrase "disreputable... misconduct" is redundant.

§10.23(b)(4): Insert --intentional-- before "misrepresentation." This will make it clear that a representation that was not known to be incorrect at the time it was made does not constitute misconduct.

§10.23(c)(5): On line 1, after "disbarment" insert --for disciplinary reasons--. We assume that this is what was intended and that suspension from practice because of failure to pay dues in one state while remaining a member of the bar in another state does not constitute a violation.

§10.23(c)(8): Change the first sentence to read:

--Failing to forward, or failing to timely notify the Office of an inability to forward, to (a) a client or former client, (b) a former partner or associate, or (c) a client or former client of a former partner or associate correspondence received from the Office or an opponent in an inter partes proceeding before the Office and addressed to the practitioner or the practitioner's firm on behalf of the client or former client, the former partner or associate, or the client or former client of the former partner or associate when the correspondence (i) could have a significant effect on a matter pending before the Office and (ii) is correspondence which a reasonable practitioner would believe under the circumstances should be forwarded to the client or former client or the former partner or associate.--

The Response to a similar suggestion made previously states that "the PTO believes that the principal thrust to which the rules should be directed is the practitioner-client relationship. The proposed rules do not purport to solve problems which may arise between former partners and associates." However, the thrust of the suggestion is to require firms to forward PTO-related correspondence received on behalf of a departed partner or associate. That is, firm A used to have a partner X, but X left firm A to join firm B, and firm A thereafter receives correspondence from the PTO or an opponent in an inter partes matter addressed to X or to one of X's clients, but deliberately fails to forward that correspondence to X. The language of the proposed rule does not clearly cover this situation.

§10.23(c)(15): Change "matter" to --arguments--.

If a trademark application is rejected on the grounds that it includes scandalous material, will the attorney who filed the application be prohibited from practicing before the Office? A review of the cases involving scandalous matter will demonstrate that this section should be modified.

§10.23(c)(17): Change the last two sentences to read:

--"Customer" means any individual who enters into a contract for invention development services with an invention developer with respect to a purported invention by which the inventor becomes obligated to pay the invention developer less than \$5,000 (not to include any additional sums which the invention developer is to receive as a result of successful development of the invention). "Contract for invention development services" means a contract for invention development services with an invention developer with respect to a purported invention by which the customer becomes obligated to pay the invention developer less than \$5,000 (not to include any additional sum which the invention developer is to receive as a result of successful development of the invention.)

It should make no difference whether the contract is between the invention developer and the purported inventor or between the invention developer and someone else (e.g., the purported inventor's brother-in-law). Also, the Director should not be required to prove that the subject matter of the contract is actually "an invention"; that it is purportedly an invention should be enough.

§10.23(d): Change "A" to --For purposes both of 37 CFR 1.56 and 37 CFR 10.23, a --. The intended applicability of §10.23(d) is unclear. We assume that it is intended to apply to 37 CFR 1.56 as well as 37 CFR 10.23. If not, can a practitioner be punished for conduct which would not justify a rejection based on 37 CFR 1.56? Also, insert --intentional-- before "concealment". This will eliminate the possibility that an unintentional failure to disclose material facts will be deemed to be fraud.

§10.31(a): After "threaten" insert --other than in a lawful manner--. It should not be a violation of this section for a practitioner to charge a party having a pending trademark application with trademark infringement and to request that he withdraw his application immediately.

§10.32(b): Change to read as follows:

--A practitioner shall not give anything of value to a person for recommending the practitioner's services, except that a practitioner (i) may pay the reasonable cost of advertising or written communications permitted by this section, (ii) may pay the usual charges of a not-for-profit lawyer referral service or other legal service organization, (iii) may give moderately priced presents to established clients on appropriate occasions, (iv) may exchange cases with a practitioner before a foreign patent office (i.e., may send that practitioner cases to prosecute before the foreign patent office in exchange for that practitioner's sending him or her cases to prosecute before the PTO), and (v) may pay for ordinary client entertainment.--

If the presently proposed language were taken literally, it could call into question the conventional business practices specifically sanctioned in proposed sections (iii) - (v).

§10.32(c): Change to read as follows:

--Any communication made pursuant to this section shall include the name of at least one practitioner or the name of a firm containing or employing at least one practitioner, which practitioner will be responsible for its contents.--

The rule should make it clear that advertisements can be in the name of a firm as well as in the name of an individual practitioner, so long as the firm contains or employs a practitioner who is responsible for the contents of the advertisement.

§10.37(a): Delete subsections (1) and (2). This proposed section is grossly discriminatory against small firms, which must farm out work from time to time. The Response stated of similar suggestions made with respect to the previous proposed rules that "[n]either individual suggested that farming out occurs without knowledge by the client." However, that is, of course, precisely what occurs, and it is respectfully submitted that two small firms farming out work to each other from time to time is no different than a partner in a large firm having different associates do work for his or her clients from time to time. So long as the practitioner whose client it is takes responsibility for the work, it should make no difference either which associate in a large firm actually does the work or, when two small firms exchange work, whether the work is done in the practitioner's firm or in another firm.

§10.38(a): Change "except as a condition to payment of retirement benefits" to -- except that a partnership or employment agreement may condition payments of retirement benefits to a retiring partner or employee upon the retiring partner's or employee's not continuing to practice before the Office or not representing certain clients before the Office." The present language would permit a firm to require a departing partner or employee to forfeit otherwise vested retirement benefits in order to practice elsewhere even though the departing partner or employee intended to continue his or her practice for many years before retirement.

§10.57: The Response refers to "the reporting requirements of proposed §10.57," but proposed §10.57 does not seem to contain any "reporting requirements." Clarification is requested.

§10.77(c): Change "Neglect" to --Willfully neglect--. For example, inadvertently missing a date should not constitute a violation of this section.

§10.87(a): Add a second sentence as follows: "However, this will not prevent a practitioner from communicating with a witness or a prospective witness for an adverse party or with a nominal party who is really only a witness, such as a named inventor in an interference where the named inventor's interest has been assigned." This sentence would be wholly consistent with existing law (see, e.g. Legal Ethics Opinion No. 347 in the Virginia State Bar Professional Handbook, 1984 Edition), and it would solve a recurrent misunderstanding. (Alternatively, a similar sentence could be added to §10.92.)



§10.89(b)(1): The word "controlling" is objected to as unreasonably vague. Does this mean authority from the CAFC (and its predecessors) and the Supreme Court, which is "controlling" on the PTO in the sense that the decisions of those courts are binding precedent in the PTO? Does it include a precedent from the United States District Court from Guam in an action under 35 USC 146, since that precedent is arguably binding on the PTO in interferences? Or does it mean any legal authority from any court or administrative agency (such as the ITC) which addresses the issue in question? We suggest that this selection should be limited to controlling precedent from the CAFC (and its predecessors) and the Supreme Court.

§10.93(b): Change the introduction to read:

-- In any inter partes proceeding in the Office, a practitioner shall not communicate, or cause another to communicate, as to the merits of the proceeding with the administrative law judge or Office employee before whom the proceeding is pending, except --

First, it is noted that the Response to the comments on this proposed section are erroneously listed as being in response to comments on proposed §10.89. Second, it is recommended that the scope of §10.93(b) be limited to proceedings in the Office. Third, it is strongly recommended that proposed §10.93(b) be amended to specifically authorize ex parte telephone conversations concerning procedural matters. Despite the statement in the response that "[s]uch a provision is not necessary," we feel that explicit authorization in the rules for this long-standing custom would be extremely helpful in avoiding occasional embarrassing misunderstandings.

§10.101: Change "a client" in §10.101(a)(2) to -- his or her client in a specific case--. First, is a practitioner who is a member of one of the PTO's uncompensated advisory boards or of the governing body of a mandatory bar association (such as the D.C. Bar) "[a] practitioner who holds public office" within the meaning of this rule? If so, has such a practitioner committed a punishable offense if he or she uses his or her position on the advisory board or bar association governing body in an attempt to influence the tribunal he or she is supposedly advising "to act in favor of [a position, such as a proposed rule change, advocated by] the practitioner"? Second, what is meant by "circumstances where the practitioner knows or it is obvious that such action is not in the public interest"? Since each individual has his or her own conception of what "is....in the public interest," this language is either meaningless or unintelligible. Third, we recommend that §10.101(a)(2) should be limited to attempts to influence a tribunal to act in the practitioner's client's favor in a specific case -- as opposed, for example, to attempts to influence the tribunal to issue a rule which would benefit one's client among others.

§10.112: In §10.112(a), change "that" to --than--. This section is still extremely vague. For instance, if a practitioner receives funds (whether denominated a "retainer," "pre-payment," or whatever) from a client, which funds are intended to cover the cost of legal services as well as expenses in connection with the rendering of legal services, is the practitioner obligated to put those funds in one of his or her "identifiable bank accounts" (by which we presume you mean what is conventionally known as a trust account) and not to draw from those funds until he or she has rendered a bill to the client indicating that some or all of the funds are being withdrawn in satisfaction of the bill? See Legal Ethics Opinion #510, excerpted on page 40 in the August 1984 issue of Virginia Bar News.

§10.133(c): Change "discriplinary" to --disciplinary--.

§10.136(d): Change "admissiion" to --admission--.

§10.136(e): Change "deened" to --deemed--.

§10.142(f): Change "the" (first occurence) to --a--.

§10.149: Change "a preponderance of evidence" (first occurrence) to --clear and convincing evidence,--. Although the preponderance of evidence standard may have been used in other areas and be an acceptable standard, it is not the most appropriate standard. Severe sanctions are applied to those who violate the rules, and a high burden of proof, at least "clear and convincing evidence," should apply. Since the sanctions are punitive, an even higher standard than "clear and convincing evidence" would also be appropriate. We strongly feel the burden should be higher than a mere "preponderance of evidence."

§10.150(e): Change "exemption" to --exception--.

§10.151(b): In line 15, after "judge" add --,--; in line 17, after "basis" add --,--.

§10.154(b): Change "penalty of reprimand suspension or exclusion" to --penalty of reprimand, suspension, or exclusion--.

§10.155(c): After "diligence" insert --in time for use during the original proceeding--. The proposed rule lacks any definition of the time frame to which the demonstration must be addressed.

§10.156(a): Delete "as may be" as redundant.

§10.157(b): Change "may stay" to --shall stay, except in exceptional circumstances,--. Because of the severity of the sanctions, they should, except in extreme cases, be postponed pending review. Under the proposed language, the Commissioner would have discretion to apply the sanctions immediately if harm to the public would otherwise be likely to occur.

§10.158(b)(1): After "practitioner" insert --which he currently represents before the Office--. The modification will make it clear that the practitioner need only notify those clients that he is representing before the Office, and need not notify all clients that his firm has ever represented. Many firms consider clients to be clients of the firm rather than clients of individual attorneys. To the extent that all clients of a firm must be notified, this is extremely detrimental to those practitioners in good standing before the Office.

§10.158(b)(2): Change "a client's active case files" to --every active case file of each of his or her clients--. The proposed language is somewhat vague.

§10.158(c): After "may," insert --in connection with practice before the Office, and--. This will clarify that, as apparently intended, the restrictions on the practitioner's practice are to apply only to his practice before the Office. Whether he should be restricted from engaging in the practice of law to any greater extent is obviously the concern of tribunals other than the Patent and Trademark Office.

Also, delete provisos (3)(i) and (3)(iii). Communicating or meeting with a client is a normal function for paralegals and should be permitted.

§10.159(a): In line 11, change "a" to --any such-- for clarity.