

Administrative Law and the PTO

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Three big topics

- Adjudications
- Rule making
- Judicial review
- Your right to an explanation
- An agency's procedural obligations and your rights if it neglects them
- How to frame a winning case

Adjudications

Your right to an explanation

- A written explanation that communicates “reasoned decision-making” and “considers the relevant factors”
- “Answer all material traversed”

“Reasoned decision-making”

- Considered. “Promotes careful thought”
- Relevant. Make showings on the relevant factors, eschew irrelevancies.
- Informative. Communicates the agency’s view of the problem, and what to do to fix it.
- Diagnostic. Gives parties the opportunity to diagnose any error in the agency’s reasoning, and to seek correction.
- Reviewable. Permits judicial review.

Right to an explanation

“The examiner cannot sit mum, leaving the applicant to shoot arrows into the dark hoping to somehow hit a secret objection harbored by the examiner.”

In re Oetiker, 977 F.3d 1443, 1449 (Fed. Cir. 1992) (Plager, J., concurring)

“Statement of reasons”

- You’re entitled to an explanation that allows you to discern the point of disagreement. Is your disagreement with the examiner bottomed on—
 - claim interpretation?
 - the content of the reference?
 - some other fact—*Graham* secondary considerations?
 - whether the reference is or is not prior art?
 - the applicable law?
 - application of the law to the facts?

“Statement of reasons”

- You’re entitled to an explanation that tells you how to respond:
 - a claim amendment
 - an argument
 - a cite to appropriate case law or the MPEP
 - a fact declaration on claim interpretation
 - a fact declaration on the content of the prior art
 - a fact declaration on *Graham* secondary considerations.

Address the relevant factors

“[W]e expect that the Board’s anticipation analysis be conducted on a limitation by limitation basis, with specific fact findings for each contested limitation and satisfactory explanations for such findings.”

Gechter v. Davidson, 116 F.3d 1454, 1460, 43 USPQ2d 1030, 1035
(Fed. Cir. 1997)(internal footnote omitted)

Rulemaking

Statutory definition of “rule”

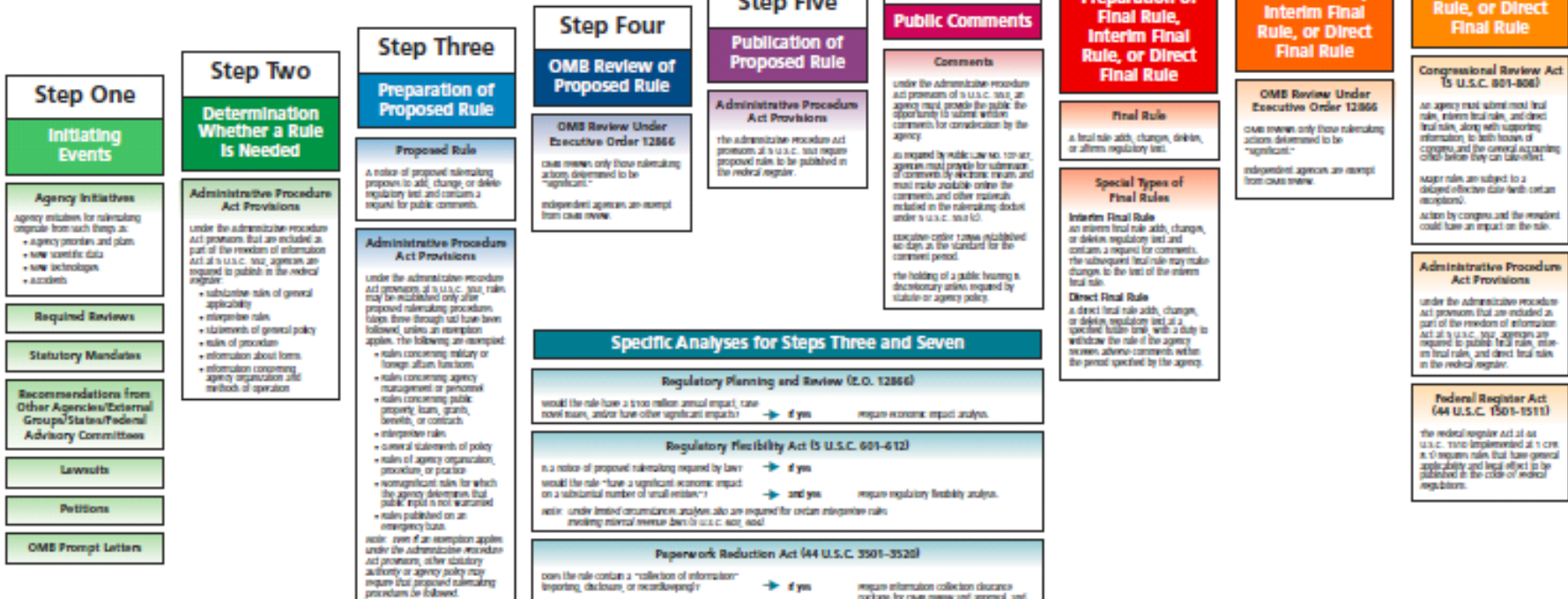
- Comprehensive: 5 U.S.C. § 551(4) defines an agency rule to include “nearly every statement an agency may make:”
 - whole *or a part* of an agency statement
 - Statement of general *or particular applicability* and future effect
 - C.F.R., MPEP, other guidance documents
 - *Ad hoc* requirements in an Office Action
 - Conditions for continued prosecution or to avoid abandonment

Laws governing rule making

- “Housekeeping Act,” 5 U.S.C. § 301
- Administrative Procedure Act
- Paperwork Reduction Act, and implementing regulations issued by the Office of Management and Budget
- Regulatory Flexibility Act, and implementing guidance from the Small Business Administration
- Constitutional “taxing” power, Independent Offices Appropriations Act, and OMB Circular A-25 govern fee setting
- Executive Order 12,866 and OMB Circular A-4—requires cost-benefit balancing, and a Regulatory Impact Analysis
- The Information Quality Act, and E-Government Act of 2002
- *Bulletin for Agency Good Guidance Practices*—a directive from the Executive Office of the President to agencies

Lasciate ogni speranza, voi ch'entrate

The Reg Map Informal Rulemaking



Specific Analyses for Steps Three and Seven

Regulatory Planning and Review (E.O. 12866)	would the rule have a \$100 million annual impact, one-time costs, or other significant impacts?	→ if yes	require economic impact analysis.
Regulatory Flexibility Act (5 U.S.C. 601-612)	is a notice of proposed rulemaking required by law?	→ if yes	
	would the rule "have a significant economic impact on a substantial number of small entities?"	→ and yes	require regulatory flexibility analysis.
	note: under limited circumstances, analyses also are required for certain interpretive rules making minimal reference to U.S.C. 552, 552d.		
Paperwork Reduction Act (44 U.S.C. 3501-3520)	does the rule contain a "collection of information" (reporting, disclosure, or recordkeeping)?	→ if yes	require information collection clearance package for OMB review and approval, and prepare request for public comments.
Unfunded Mandates Reform Act (2 U.S.C. Chs. 17A, 25)	does the rulemaking process include a proposed rule?	→ if yes	
	does the rule include any federal mandate that may result in the expenditure (direct costs minus direct savings) by state, local, and tribal governments, or the aggregate, or by the private sector, of \$100 million in any one year (adjusted annually)?	→ and yes	require unfunded mandate analysis (unless an exclusion applies).
Federalism (E.O. 13132)	is the rule a discretionary rule that has federalism implications and imposes substantial, unambiguous direct compliance costs on state and local governments (even the rule has federalism implications and...)?	→ if yes	require federalism sensitivity impact statement.
	does the rule have federalism implications and...?	→ if yes	require federalism sensitivity impact statement.



Using The Reg Map

The Reg Map is based on general requirements. In some cases, more stringent or less stringent requirements are imposed by statutory provisions that are agency specific or subject matter specific. Also, in some cases more stringent requirements are imposed by agency policy.

In a typical case, a rulemaking action would proceed from step one through step nine with a proposed rule and a final rule.

However, if a rulemaking action is exempt from the proposed rulemaking procedures under the

Administrative law is full of asymmetries in favor of the public

- Any short-cutting of rulemaking procedure by the agency may render the rule unenforceable by the agency *against the public*, while the public may rely on the same rule to the degree it operates *against the agency* in favor of the public
- Agencies may exercise administrative discretion only to *relieve* regulatory burdens, not to *increase* the public's, or relieve the agency's favor—not “even to achieve laudable aims”

Guidance—for example the MPEP—is asymmetric, binding *only* against the agency, not the public

- In the MPEP, the word “must” is binding when it refers to examiners; it is entirely hortatory when applied to applicants or the public

Paperwork Reduction Act

- The Paperwork Reduction Act is the law my teams used to quash the 2008 Appeal Rules (and the Continuations, 5/25 Claims, IDS, and *Markush* rules as well)
- The PRA requires notice and comment, and OMB review, for essentially all PTO regulations, at promulgation and triennially thereafter

Final Bulletin on Agency Good Guidance Practices



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 18, 2007

- Restatement of black letter administrative law:
 - Guidance has no force of law against the
 - Guidance *is* binding against agency employees

Final Bulletin on Agency Good Guidance Practices

- A handful of additional requirements for regularity of procedure and information to the public:
 - All revisions to the MPEP require notice and comment
 - The agency must maintain a web page with all significant guidance documents in effect—name, issuance and revision dates, current/withdrawn status
 - PTO must appoint a “Good Guidance” officer, and give a point of contact, “to receive and address complaints by the public that the agency is not following the procedures in this Bulletin or is improperly treating a significant guidance document as a binding requirement”
- PTO was required to hold training sessions for all employees on the asymmetric role of guidance

Practical consequences

- IPO has an easy “ask” to reduce costs, and improve efficiency—simply follow (and enforce) the law
- Most regulations and decisions of PTO rest on a major procedural flaw or short-cut
- Which brings us to—

Judicial review

Judicial review

Three topics:

Chenery

Closed record rule

Deference to agency decisions and interpretations

Chenery

- An agency decision can only be affirmed “on the same basis articulated in the order by the agency itself”

Closed record rule

- Usual rule: the record is closed on judicial review
- Exceptions have all but swallowed the rule
- Most exceptions are triggered by agency neglect or side-stepping of procedure
- Upshot: in most judicial challenges to PTO action, you have some room to add helpful evidence to the record

Deference to agency interpretation of statute or regulation—*Chevron*

- General rule: a court must defer to an agency's interpretation of statute or regulation
- Lots of exceptions, mostly keyed to:
 - agency neglect or side-stepping of procedure
 - excessive “creativity” in interpreting a statutory or regulatory text

Deference to agency findings of fact

- General rule: court must defer to an agency's findings of fact
- Exceptions are triggered by agency carelessness or short-cutting of procedure
- On review of obviousness, the “common sense” that was sufficient in *KSR*—a review of a district court, based on expert *evidence*—does not extend to the Board's exercise of “common sense”

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The U.S. Patent Office and Administrative Law

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Board of Directors, 28 June 2013*

IEEE-USA urges the U.S. Patent and Trademark Office (PTO) to improve its compliance with the administrative law that governs all federal agencies. Various statutes—including the *Administrative Procedure Act*, *Paperwork Reduction Act*, and a number of regulations and executive orders—require agencies to conduct their activities with “reasoned decisionmaking”; to observe certain minimum procedural requirements in their decisionmaking and promulgation of regulations; and to analyze their own operations and proposals, to ensure that the agency’s activities serve the public interest.

Like other federal agencies, the United States Patent and Trademark Office issues rules in several forms:

- Regulations that bind the public
- Regulations and guidance documents that govern agency employees, advise the public in its interactions with the agency, and sometimes impose regulatory requirements without notice and comment.

Various laws require the PTO to regulate in the public interest; to minimize regulatory burden; to behave in accordance with its published standards, and the like; and to observe certain procedures, to ensure that those policy goals are achieved. Over at least the last decade, the PTO’s observance of administrative law principles has been haphazard, at best (examples provided in the supporting rationale section and endnotes).

Congress, the Executive Office of the President, and the courts established these laws to ensure efficiency and fairness for both agencies and the public. IEEE-USA believes that the functioning of the PTO, as well as fair and effective protection of intellectual property, would be substantially improved, if the PTO complied with existing legal requirements under various administrative laws.

When the Patent Office fails to follow long established administrative laws and procedures (e.g., the *Administrative Procedure Act of 1946*, the *Regulatory Flexibility Act of 1980*, the *Paperwork Reduction Act of 1995*), patent applications become far more expensive and protracted than necessary. Observing procedure is important: it ensures predictability, efficiency, and fairness of proceedings. Regularity of procedure promotes impartiality. It sets a tone in the agency of the importance of doing the right thing, respecting obligations, and working cooperatively with the public.

When the PTO fails to observe longstanding executive branch procedures (e.g., *Executive Order 12866 (1993)* and the *Bulletin on Agency Good Guidance Practices (2007)*), the PTO neglects to prepare (and obtain comments on) Regulatory Impact Analyses (RIAs) that are required of, and routinely prepared by, other federal agencies when promulgating regulations of similar magnitude. RIAs are essential for estimating the social costs, social benefits, and other effects (including unintended consequences) of an array of reasonable alternatives. When the PTO issues a major regulation without the required RIA, the PTO both violates regulatory procedural process and reduces the likelihood that the PTO will select the alternative that maximizes net social benefits. When the PTO departs from *Good Guidance*, applicants and examiners are unable to agree on procedures that will lead to efficient conclusion of patent applications.

Specific Laws and Their Application to the PTO

The rulemaking provisions of the **Administrative Procedure Act** of 1946 (APA) require that the PTO seek notice and comment on almost all regulations. In recent years, the PTO has not complied with the following rulemaking procedural requirements of the APA.

1. **Agencies must publish their rules and interpretations of rules.** 5 U.S.C. § 552(a)(1) requires agencies to publish Federal Register notices of all of their rules, procedures, statements of policy, descriptions of all formal and informal procedures, and each amendment, revision, or repeal thereof.¹ § 552(a)(2) requires agencies to publish opinions, staff manuals, and the like. When an agency fails to do so, § 552(a)(1) and (2) provide that the agency may not rely on the unpublished document in ways that “adversely affect” any member of the public.
2. **To bind the public, the PTO must use the rule making procedures of 5 U.S.C. § 553.** The PTO often sidesteps these procedures, for example, by promulgating rule changes to effectively bind the public via the Manual of Patent Examining Procedure (MPEP), or in memoranda to examiners,² rather than in the Code of Federal Regulations, and then treating the changes as if they were binding rules. The PTO is permitted to use less-formal procedures to promulgate policy statements, but when it does so, it may not apply those policy statements as if they were binding rules.
3. **The PTO is required to use notice-and-comment rule making, even for procedural rules,** according to a recent court that interpreted a statute specific to the PTO, 35 U.S.C. § 2(b)(2).³

4. **A Notice of Proposed Rulemaking must be accompanied by disclosure of the agency's assumptions, factual data and bases, computer models and analyses** to avoid being seen as arbitrary and capricious in its decisionmaking, and the information provided in the Agency's docket must be compliant with Information Quality Guidelines published by the Office of Management and Budget and the PTO.⁴
5. Notices of Proposed Rulemaking and Final Rule Notices must give a "cogent explanation" of the basis for the regulation that considers the relevant factors and demonstrates reasoned decisionmaking.⁵ Agency actions may be set aside by courts when arbitrary and capricious, contrary to constitutional right, in excess of statutory authority, or promulgated without observing required procedures.⁶
6. **The PTO must fairly respond to the public's comments.**⁷

The **Paperwork Reduction Act** of 1995, 44 U.S.C. § 3501 *et seq.* and its implementing regulations at 5 C.F.R. Part 1320, impose the following requirements, which the PTO has been reluctant to observe:⁸

7. In the process of developing a rule, the PTO must estimate the "burden"⁹ of all "collections of information"¹⁰ contained in its proposed regulation, and consult with members of the public to evaluate the following:¹¹
 - a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency and has actual, not merely theoretical "practical utility"¹²
 - b) The accuracy of the agency's estimate of the burden
 - c) How to enhance the quality, utility and clarity of the information to be collected
 - d) How to minimize the burden of the collection of information on those who are to respond
8. Any proposed rule that would impose or modify the information that the public submits to the agency must be accompanied by a 60-day notice and comment period. This notice must include, inter alia, "objectively supported" estimates of burden and explanations of the practical utility of the information.¹³ The agency then must submit to the Office of Management and Budget (OMB) a formal request for approval, accompanied by a second public notice and request for comment (this time to OMB). This notice must summarize the public comments received in response to the 60-day notice, and explain what actions were taken by the agency in response.¹⁴ Submissions must certify compliance with several statutory requirements, and provide a record in support of the certification,¹⁵ that:
 - a) The information to be collected "is necessary for the proper performance of the functions of the agency"¹⁶

- b) The agency is not seeking “unnecessarily duplicative” collection of “information otherwise reasonably accessible to the agency”¹⁷
- c) The agency “has taken every reasonable step to ensure that the proposed collection of information ... is the least burdensome necessary”¹⁸ and
- d) The regulations are “written using plain, coherent, and unambiguous terminology.”¹⁹

The **Regulatory Flexibility Act** of 1980,²⁰ **Executive Order 13,272** (Aug. 13, 2002),²¹ and implementing guidance from the Small Business Administration to agencies,²² require agencies to consider the needs of small entities, and the economic impact of any regulatory change on small entities. Failure to perform a Regulatory Flexibility Analysis may provide a basis for invalidating rules.

- 9. A Notice of Proposed Rulemaking or Final Rule notice must be accompanied by either a certification of “no substantial economic impact” on small entities; or a Regulatory Flexibility Analysis of the economic impacts on small entities, including how the agency sought to minimize these impacts. Determinations of “no substantial economic impact” may be subject to judicial review.

The **Independent Office Appropriations Act** (IOAA)²³ OMB’s Circular A-25²⁴ set limits on agency fee-setting discretion.

- 10. User fees must be sufficient to allow the agency to be “self-sustaining to the extent possible.” The IOAA bars agencies from setting current fees to recover past costs, or to accumulate a future “reserve fund.”
- 11. Fees must be “fair,” and set to recover costs, cover value to the recipient, or other “public policy or interest served.” Agencies may set fees to realize statutory public policies, but not to advance the agency’s self-interest.
- 12. Because there is nothing in the AIA or its legislative history to create an exception to the IOAA, it must be regarded as being *in pari materia* with the IOAA. Where this principle applies, courts look to the body of law developed under the IOAA for guidance in construing the other statute.²⁵
- 13. Under the IOAA, the PTO has no authority to adjust fees “to encourage or discourage a particular activity,”²⁶ because such charges to achieve *policy* goals are *taxes*, and the PTO would be infringing “on Congress’ exclusive power to levy taxes.”²⁷ Specific and express statutory authorizing language is required for agencies’ encoding of policy through fees. The AIA provides no such express authority and the legislative history forbids the PTO from doing so. It states that the AIA “allows the USPTO to set or adjust all of its fees, including those related to patents and trademarks, so long as they *do no more* than reasonably compensate the USPTO for the services performed.”²⁸ In setting fees not in accordance with the costs to the PTO for providing the associated service, but based on its purposes to discourage certain filing activities, the PTO would be

seeking to *do more* than merely recover its aggregate costs—it would seek to implement policies through the fee structure that Congress did not intend.

The **Information Quality Act**,²⁹ and OMB's and the PTO's implementing Information Quality Guidelines,³⁰ require the PTO to meet specified quality standards, including the standards of objectivity, transparency and reproducibility in the information it disseminates.³¹

14. "Objectivity" requires that information be "accurate, reliable and unbiased," and "presented in an accurate, clear, complete and unbiased manner."
15. "Transparency and reproducibility" require that data and analyses disseminated by the PTO "must be capable of being substantially reproduced" by competent third parties.
16. More demanding information quality standards apply to "influential" information used for policy-making, such as Notices of Proposed Rule Making, Information Collection Requests submitted to the Office of Management and Budget, and Regulatory Flexibility Analyses submitted to the Small Business Administration Office of Advocacy, etc.

Executive Orders 12,866³² and **13,563**³³ require agencies to use cost-benefit balancing, consider alternatives, and base regulations on the best available scientific data:³⁴

17. Each agency shall identify and assess available alternatives to direct regulation, including providing economic incentives to encourage the desired behavior, or providing information upon which the public can make choices.
18. Each agency "shall design its regulations in the most cost-effective manner to achieve the regulatory objective," and "tailor its regulations to impose the least burden on society." "In doing so, each agency shall consider incentives for innovation, consistency, predictability, the costs of enforcement and compliance (to the government, regulated entities, and the public), flexibility, distributive impacts, and equity."
19. If the regulatory action is likely to result in a rule that may have an annual effect on the economy of \$100 million or more, or *inter alia* adversely affect in a material way the economy, a sector of the economy, productivity, competition, or jobs, or raise novel legal or policy issues, then the PTO must prepare, and take public comment on a Regulatory Impact Analysis (RIA) before publishing a Notice of Proposed Rulemaking, or a Final Rule.
20. Certain regulatory principles have been in place since at least 1993, and they were recently reiterated by President Obama:
 - (a) "Our regulatory system must promote economic growth, innovation, competitiveness and job creation. It must be based on the best available science. It must allow for public participation and an open exchange of ideas. It must promote predictability and reduce uncertainty. It must identify and use the best, most innovative and least burdensome tools for achieving regulatory ends. It must take into account benefits and costs, both quantitative and qualitative. It must ensure that regulations are

accessible, consistent, written in plain language, and easy to understand. It must measure, and seek to improve, the actual results of regulatory requirements.”³⁵

(b) “Regulations shall be adopted through a process that involves public participation. To that end, regulations shall be based, to the extent feasible and consistent with law, on the open exchange of information and perspectives ... experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole. To the extent feasible and permitted by law, each agency shall afford the public a meaningful opportunity to comment through the Internet on any proposed regulation. To the extent feasible and permitted by law, each agency shall also provide, for both proposed and final rules, timely online access to the rulemaking docket on regulations.gov, including relevant scientific and technical findings, in an open format that can be easily searched and downloaded. For proposed rules, such access shall include, to the extent feasible and permitted by law, an opportunity for public comment on all pertinent parts of the rulemaking docket, including relevant scientific and technical findings.”³⁶

21. Although these Executive Orders do not themselves create enforceable private rights, agency failure to follow Executive Orders may supply the basis for legal challenge based on a failure to comply with other laws, including the APA requirements for reasoned decisionmaking.

The **Congressional Review Act** of 1996 (CRA),³⁷ requires agencies to send a copy of each new final rule (and certain analyses that they may undertake related to the rule) to both Houses of Congress and to the GAO, before the rule can take effect. The CRA permits Congress to use expedited procedures to disapprove any rule, prior to its effective date.

22. The CRA requires agencies, before issuing any final rule, to submit to Congress and the GAO a statement including whether the rule is a "major rule."³⁸ The term “major rule” means any rule that is likely to result in “an annual effect on the economy of 100 million dollars or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.”³⁹

23. The CRA's definition of "major rule" is similar, but not identical, to the standard set forth in Section 3(f)(1) of E.O. 12866 for identifying "economically significant rules." However, unlike E.O. 12866 where PTO's failure to designate a rule as “economically significant” has no consequences to the PTO, failure to designate a major rule as such under the CRA constitutes misrepresentation to Congress.

24. The designation of a rule as "major" has several consequences. A major rule may not take effect until 60 calendar days after it has been submitted to Congress. In addition, GAO is to provide a report to the agency's authorizing Committee on each major rule. The PTO's correct designation of “major rules,” when they are so, is essential for public scrutiny, and for facilitating congressional oversight.

The **Bulletin for Agency Good Guidance Practices**⁴⁰ requires agencies to observe certain procedures in promulgation of their guidance documents (such as agency staff manuals, advisory memoranda to the public, and the like—written materials issued without the formality required for a regulation that binds the public). The *Bulletin* is largely a reminder to agencies of long-established Supreme Court precedent arising under the APA, noted above. The *Bulletin* adds the following requirements:

25. Modifications to “economically significant guidance documents,” such as the MPEP, require notice and comment.⁴¹
26. Each agency “shall maintain on its website ... a current list of its significant guidance documents in effect. The list shall include the name of each significant guidance document, any document identification number, and issuance and revision dates. The [agency] shall provide a link from the current list to each significant guidance document that is in effect. New significant guidance documents and their website links shall be added promptly to this list, no later than 30 days from the date of issuance.”⁴²
27. “Employees involved in the development, issuance, or application of significant guidance documents should be trained regarding the agency’s GGP, particularly the principles [barring an agency from promulgating binding regulations through guidance].”⁴³

The **Administrative Procedure Act** of 1946 (APA) and the **Bulletin for Good Guidance Practices** require agencies to use “reasoned decisionmaking” in their regulatory and adjudicatory decisions, such as examiners’ Office Actions, decisions of the Patent Trial and Appeal Board, and decisions on petition.⁴⁴

28. The *Administrative Procedure Act* obliges an agency, in any written decision, to identify the specific legal standard relied on, the facts that are relevant to the decision, the evidence that supports any fact or inference, and a “rational connection between the facts found and the choice made” to apprise a party of the agency’s basis for decision.⁴⁵ An agency may not rely on factors that Congress did not intend it to consider, may not entirely fail to consider an important aspect of the problem, may not offer an explanation that runs counter to the evidence before the agency, and may not offer an explanation that is so implausible that it could not be ascribed to a difference in view or the product of agency expertise. The APA requires the PTO to provide an element-by-element comparison of any rejected claim to the references,⁴⁶ to discuss each element of the *prima facie* case, and to answer all material traversed.
29. Once the PTO issues regulations that purport to govern the PTO’s course of action, the PTO must follow them.⁴⁷
30. Once the PTO issues guidance (such as the MPEP) that purports to govern actions of PTO employees, the employees must follow that guidance. When a guidance document uses mandatory language with respect to agency employees, that language is binding--unless it indirectly or implicitly imposes a regulatory burden on the public. Before departing from guidance, an agency employee must obtain supervisory

preclearance from a senior authority within the PTO, and must provide a written explanation.⁴⁸

31. The Board must issue decisions that “conclude the matter presented to it.” 5 U.S.C. § 555(b). The Board has the authority to remand, but that authority should be exercised sparingly. The Board does *not* have authority to issue decisions that duck the core issue, and effectively result in remands to the examiner, with no guidance on the core issue.
32. Decisions may not be delegated to PTO employees with a financial stake in the decision. Agencies are required to provide “neutral adjudicators” that are untempted by biases built into their compensation schemes.⁴⁹
33. “In accordance with the *Administrative Procedure Act*, the [PTO] must assure that an applicant’s petition is fully and fairly treated at the administrative level, without interim need for judicial intervention.”⁵⁰
34. Guidance documents may not be cited as primary authority to impose any requirement on applicants, and may not be applied as “law” against applicants.⁵¹ As against the public, guidance may, at most, serve an interpretative role.
35. “Each agency shall designate an office (or offices) to receive and address complaints by the public that the agency is not following the procedures in this Bulletin... The agency shall provide, on its Web site, the name and contact information for the office(s).”⁵²

This statement was developed by the IEEE-USA Intellectual Property Policy Committee, and represents the considered judgment of a group of U.S. IEEE members with expertise in the subject field. IEEE-USA advances the public good, and promotes the careers and public policy interest of 210,000 engineering, computing and technology professionals who are U.S. members of IEEE. The positions taken by IEEE-USA do not necessarily reflect the views of IEEE, or its other organizational units.

¹ The PTO issued a major revision of restriction practice in a memo to examiners dated April 2007. The PTO followed none of the required elements of rulemaking procedure, and indeed, kept the memo secret from the public for more than two years. This memo is visible on the Internet Archive of May 11, 2009, at http://web.archive.org/web/20090511001005/http://www.uspto.gov/web/offices/pac/dapp/opla/documents/20070425_restriction.pdf. As of June 2012, however, the memo has been removed from the PTO web site. Yet the PTO continues to enforce it, even though it is now inaccessible to the public through normal channels.

² The PTO issued a major revision to election of species practice in a memo to examiners of January 2010. See http://www.uspto.gov/patents/law/exam/20100121_rstrctn_fp_chngs.pdf. The PTO followed none of the required elements of rulemaking procedure. Similarly, the PTO made substantial

amendments to restriction practice, and imposed increased burden, by amending MPEP § 808.02 in August 2005, without following rulemaking procedure.

³ *Tafas v. Dudas*, 541 F.Supp.2d 805, 812, 86 USPQ2d 1623, 1628 (E.D. Va. 2008) (“The structure of [35 U.S.C. § 2(b)(2)] makes it clear that the USPTO must engage in notice and comment rulemaking when promulgating rules it is otherwise empowered to make—namely, procedural rules”), *criticized Tafas v. Doll*, 559 F.3d 1345, 1352 n.3, 90 USPQ2d 1129, 1134 n.3 (Fed. Cir. 2009), *panel opinion vacated to reinstate district court decision*, 328 Fed. Appx. 658, 91 USPQ2d 1153 (unpublished), *district court decision reinstated on PTO’s motion to dismiss for mootness sub nom. Tafas v. Kappos*, 586 F.3d 1369, 1371, 92 USPQ2d 1693, 1694 (Fed. Cir. 2009).

Though the holding of *Tafas* has been brought to the PTO’s attention several times, the PTO continues to behave as if the decision never existed, relying instead on old case law. *For example: Changes to Implement the First Inventor To File Provisions of the Leahy-Smith America Invents Act*, 77 Fed. Reg. 43742, 43751 (July 26, 2012) (“prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law)” citing *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336–37 (Fed. Cir. 2008)); *Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions*, 77 Fed. Reg. 6879 (Feb. 9, 2012). IEEE’s comment <http://www.ieeeusa.org/policy/policy/2012/041712.pdf> notes the issue at pages 18-20.

⁴ Full disclosure continues to be a problem. *For example*, in *Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions*, 77 Fed. Reg. 6879 (Feb. 9, 2012), the PTO did not disclose underlying data and models. IEEE-USA’s letter <http://www.ieeeusa.org/policy/policy/2012/041712.pdf> discusses the issue at pages 20-25.

⁵ *Motor Vehicle Manufacturers’ Ass’n of the U.S. v. State Farm Mutual Automobile Insurance Co.*, 463 U.S. 29, 43, 52 (1983).

⁶ 5 U.S.C. § 706(2).

⁷ “Unless an agency answers objections that on their face appear legitimate, its decision can hardly be said to be reasoned.” *Mistick PBT v. Chao*, 440 F.3d 503, 512 (D.C. Cir. 2006). In final rule notices in the Federal Register, the PTO frequently mischaracterizes public comments, and thereby fails to fairly respond to the substance of comments. Similarly, when the public offers alternative solutions to the problem identified by the PTO, the PTO sometimes dismisses the alternative as “beyond the scope of this rulemaking.” That is not legally permissible—agencies are required to entertain alternative solutions to the problem. An agency must approach its rulemaking, and conduct its notice and comment procedure, with a “flexible and open-minded attitude towards its own rules.” *Chocolate Mfrs’ Ass’n of the U.S. v. Block*, 755 F.2d 1098, 1103 (4th Cir. 1985). An “agency must consider reasonably obvious alternatives and, if it rejects those alternatives, it must give reasons for the rejection...” *Yale-New Haven Hosp. v. Leavitt*, 470 F.3d 71, 80 (2d Cir. 2006).

⁸ When an agency fails to obtain a valid OMB control number for information it wishes to collect, the agency may not impose a penalty on any member of the public that fails to comply. See 44 U.S.C. § 3512. Both the Office of Petitions and the Board of Patent Appeals have issued decisions declining to honor this statutory protection.

⁹ 44 U.S.C. § 3502(2) and 5 C.F.R. § 1320.3(b).

¹⁰ 44 U.S.C. § 3502(3) and 5 C.F.R. § 1320.3(3).

¹¹ 44 U.S.C. § 3506(c)(2) and 5 C.F.R. § 1320.8(d)(1).

¹² 44 U.S.C. § 3502(11) and 5 C.F.R. § 1320.3(l).

¹³ The PTO consistently fails to fully disclose all relevant underlying information in its 60-day notices. For example, Patent Processing (Updating) 0651-0031, comment request, 77 Fed. Reg. 16813-17 (Mar. 22, 2012) gives only summary numbers, with no disclosure of underlying data, assumptions, models, or rationale. IEEE's comment letter <http://www.ieeeusa.org/policy/policy/2012/053012.pdf> notes the issues at pages 5-19.

¹⁴ 5 C.F.R. § 1320.5(a)(1)(iii)(F).

¹⁵ 44 U.S.C. § 3506(c)(3) and 5 C.F.R. § 1320.9.

¹⁶ 44 U.S.C. § 3506(c)(3)(A) and 5 C.F.R. § 1320.5(d)(1)(i) (" To obtain OMB approval of a collection of information, an agency shall demonstrate that it has taken every reasonable step to ensure that the proposed collection of information: (i) Is the least burdensome necessary for the proper performance of the agency's functions...").

¹⁷ 44 U.S.C. § 3506(c)(3)(B) and 5 C.F.R. § 1320.5(d)(1)(ii).

¹⁸ 44 U.S.C. § 3506(c)(2)(A)(iv) and 5 C.F.R. § 1320.5(d)(1)(i).

¹⁹ 44 U.S.C. § 3506(c)(3)(D) and 5 C.F.R. § 1320.9(d).

²⁰ *Regulatory Flexibility Act of 1980*, 5 U.S.C. §§ 601 *et seq.*, esp. §§ 603 and 604.

²¹ <http://www.sba.gov/sites/default/files/eo13272.pdf>

²² SBA Office of Advocacy, *A Guide for Government Agencies: How to Comply with the Regulatory Flexibility Act*, http://www.sba.gov/sites/default/files/rfaguide_0512_0.pdf

²³ 31 U.S.C. § 9701.

²⁴ Office of Management and Budget, Circular A-25, http://www.whitehouse.gov/omb/circulars_a025

²⁵ U.S. General Accounting Office, *Principles of Federal Appropriations Law*, Vol. III, Ch. 12, pp. 172–174, (3rd Ed. Sep. 2008) (describing various agency-specific user fee statutes and collecting cases where those were treated by the courts *in pari materia* with the IOAA); *see also FCC v. Nextwave Personal Communications*, 537 U.S. 293, 305 (2003) ("[W]hen two statutes are capable of co-existence, it is the duty of the courts, absent a clearly expressed congressional intention to the contrary, to regard each as effective." Internal quotation and citations omitted).

²⁶ *Seafarers Intern. Union of North America v. U.S. Coast Guard*, 81 F.3d 179, 183 (D.C. Cir. 1996) ("Such policy decisions, whereby an agency could, for example, adjust assessments to encourage or discourage a particular activity, would, according to the [Supreme] Court, 'carr[y] an agency far from its customary orbit' and infringe on Congress's exclusive power to levy taxes"), *citing National Cable Television Ass'n, Inc. v. U.S.*, 415 U.S. 336, 341 (1974).

²⁷ *Seafarers*, 81 F.3d at 183.

²⁸ House Report 112–98, Part 1, (June 1, 2011), p. 49.

²⁹ Pub.L. 106-554, § 1(a)(3) [Title V, § 515] (Dec. 21, 2000), codified in notes to 44 U.S.C. § 3516.

³⁰ Office of Management and Budget, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies; Notice; Republication*

("OMB IQG"), *Federal Register* 67(36): 8452-8460, <http://www.whitehouse.gov/omb/fedreg/reproducible2.pdf>, U.S. Patent and Trademark Office, Information Quality Guidelines ("PTO IQG"), <http://www.uspto.gov/web/offices/ac/ido/ifoqualityguide.html>.

³¹ See endnotes 4 and 13.

³² William J. Clinton, Executive Order 12,866, *Regulatory Planning and Review*, 58 Fed. Reg. 51735 (Sept 30, 1993), <http://www.archives.gov/federal-register/executive-orders/pdf/12866.pdf>

³³ Barack Obama, Executive Order 13563: *Improving Regulation and Regulatory Review*, 76 Fed. Reg. 3821 § 1(a) (Jan. 21, 2011), <http://www.gpo.gov/fdsys/pkg/FR-2011-01-21/pdf/2011-1385.pdf>

³⁴ The PTO's pattern of breach is discussed in one of IEEE-USA's comment letters, <http://www.ieeeusa.org/policy/policy/2012/041712.pdf> at pages 20-25.

³⁵ E.O. 13563 § 1(a)

³⁶ E.O. 13563 § 2(a) and (b).

³⁷ 5 U.S.C. § 801 *et seq.*

³⁸ 5 U.S.C. § 801(a)(1)(A)(ii)

³⁹ 5 U.S.C. § 801(2)

⁴⁰ Executive Office of the President, *Final Bulletin for Agency Good Guidance Practices*, OMB Memorandum M-07-07, <http://www.whitehouse.gov/omb/memoranda/fy2007/m07-07.pdf> (Jan. 18, 2007), 72 Fed. Reg. 3432 (Jan. 25, 2007). The PTO's chief legal implementation officer, the Acting Associate Commissioner for Examination Policy, formally refused on behalf of the PTO to implement this instruction from the Executive Office of the President. Robert Bahr, Decision on Petition, 10/938,143, Oct. 26, 2010, at page 6.

⁴¹ *Bulletin for Agency Good Guidance Practices* (endnote 40) § IV.

⁴² *Bulletin for Agency Good Guidance Practices* (endnote 40) § III(1)(a).

⁴³ *Bulletin for Agency Good Guidance Practices* (endnote 40) Preamble § C(1).

⁴⁴ The PTO's pervasive breach of administrative law is demonstrated in decisions of the Associate Commissioner for Examination Policy on petitions decisions. Serial numbers on request.

⁴⁵ 5 U.S.C. § 555(e); *SEC v. Chenery Corp.*, *S.E.C. v. Chenery Corp.*, 318 U.S. 80, 93–95 (1943) and 332 U.S. 194 (1948); *Motor Vehicle Manufacturers' Ass'n of the U.S. v. State Farm Mutual Automobile Insurance Co.*, 463 U.S. 29, 43, 52 (1983); *In re Lee*, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002) (citing *State Farm* for definition of "arbitrary and capricious" in review of decision of Board of Appeals).

⁴⁶ *Gechter v. Davidson*, 116 F.3d 1454, 1460, 43 USPQ2d 1030, 1035 (Fed. Cir. 1997):

In sum, we hold that the Board is required to set forth in its opinions specific findings of fact and conclusions of law adequate to form a basis for our review. In particular, we expect that the Board's anticipation analysis be conducted on a limitation by limitation basis, with specific fact findings for each contested limitation and satisfactory explanations for such findings.³ Claim construction must also be explicit, at least as to any construction disputed by parties to the interference (or an applicant or patentee in an *ex parte* proceeding).

³ While not directly presented here, obviousness determinations, when appropriate, similarly must rest on fact findings, adequately explained, for each of the relevant obviousness factors in the Supreme Court's decision in *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17–18, 148 USPQ 459, 467 (1966), and its progeny in this court, see, e.g., *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 872, 228 USPQ 90, 97 (Fed. Cir. 1985).

In re Kahn, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness. This requirement is as much rooted in the Administrative Procedure Act, which ensures due process and non-arbitrary decisionmaking, as it is in § 103.”), *quoted with approval KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418, 82 USPQ2d 1385, 1396 (2007).

⁴⁷ *Berkovitz v. United States*, 486 U.S. 531, 544 (1988) (“The agency has no discretion to deviate” from the procedure mandated by its regulatory scheme); *Vitarelli v. Seaton*, 359 U.S. 535, 539–40 (1959) (invalidating dismissal of an employee for security reasons when the agency's procedures for dismissals were not followed); *Vitarelli*, 359 U.S. at 546–47 (Frankfurter, J. concurring) (“An executive agency must be rigorously held to the standards by which it professes its action to be judged. Accordingly, if dismissal from employment is based on a defined procedure, even though generous beyond the requirements that bind such agency, that procedure must be scrupulously observed.”); *Accardi v. Shaughnessy*, 347 U.S. 260, 265–68 (1954) (Board must still follow its own regulations governing exercise of its discretion); *Reuters v. Federal Communications Comm'n*, 781 F.2d 946, 950–51 (D.C. Cir. 1986) (“[I]t is elementary that an agency must adhere to its own rules and regulations. *Ad hoc* departures from those rules, even to achieve laudable aims, cannot be sanctioned, for therein lie the seeds of destruction of the orderliness and predictability which are the hallmarks of lawful administrative action. Simply stated, rules are rules, and fidelity to the rules which have been properly promulgated, consistent with applicable statutory requirements, is required of those to whom Congress has entrusted the regulatory missions of modern life.”)

⁴⁸ *Bulletin for Agency Good Guidance Practices* (endnote 40) § II(1)(b) and § III(2)(b); *Atchison, Topeka and Santa Fe Ry. v. Wichita Board of Trade*, 412 U.S. 800, 806–08 (1973) (“Whatever the ground for the departure from prior norms, ..., it must be clearly set forth, so that the reviewing court may understand the basis for the agency's action, and so may judge the consistency of that action with the agency's mandate”); *Service v. Dulles*, 354 U.S. 363, 386–88 (1957) (once an agency adopts an employee staff manual, “having done so [the Secretary of State] could not, so long as the Regulations remained unchanged, proceed without regard to them”); *Roberts v. Vance*, 343 F.2d 236, 239 (D.C. Cir. 1964) (any exception to agency's own procedural regulations must exist as an explicit writing, by an official having sufficient authority to do so); *Patlex Corp. v. Mossinghoff*, 771 F.2d 480, 483, 226 USPQ 985, 987 (Fed. Cir. 1985) (“administrative convenience or even necessity cannot override the constitutional requirements of due process”).

⁴⁹ *Concrete Pipe and Products of California Inc. v. Construction Laborers Pension Trust for Southern California*, 508 U.S. 602, 617–18 (1993) (citations and quotations omitted):

Due process requires a “neutral and detached judge in the first instance.” That officers acting in a judicial or quasi-judicial capacity are disqualified by their interest in the controversy to be decided is, of course, the general rule. Before one may be deprived of a protected interest, whether in a criminal or civil setting, one is entitled as a matter of due process of law to an adjudicator who is not in a situation “which would offer a possible temptation to the average man as a judge ... which might lead him not to hold the balance nice, clear and true...” Even appeal and a trial de novo will not cure a failure to provide a neutral and detached adjudicator.

Justice, indeed, “must satisfy the appearance of justice,” and this stringent rule may sometimes bar trial—even by judges who have no actual bias and who would do their very best to weigh the scales of justice equally between contending parties.

See also *Ward v. Village of Monroe*, 409 U.S. 57, 61-62 (1972), *Tumey v. Ohio*, 273 U.S. 510, 522 (1927); see also *Gibson v. Berryhill*, 411 U.S. 564 (1973) (invalidating hearing when the decision-maker has a personal monetary interest in the outcome).

Most petitions of first instance are delegated to Technology Center (T.C.) Directors, who often have a direct personal stake in denying the petition; for example, for issues relating to restriction practice, final rejection, and similar issues that involve either the award of production counts, or fee collection. In some cases, the T.C. Director further delegates the decision to the very Supervisory Patent Examiner whose conduct is at issue.

⁵⁰ *In re Kumar*, 418 F.3d 1361, 1367, 76 USPQ2d 1048, 1052 (Fed. Cir. 2005). The PTO’s petitions process is systematically flawed. Petitions decision-makers consistently make these errors: reframing the issue presented; denying relief on the reframed issue, without ever deciding the issue as petitioned; and misquoting the legal sources relied on, often by rewriting a necessary condition into a sufficient condition or vice-versa.

⁵¹ *Bulletin for Agency Good Guidance Practices* (endnote 40) § II(2)(h) and § III(2)(b), 72 Fed. Reg. at 3433 col. 1, 3440 col. 1, 3436 col. 3. See also 5 U.S.C. § 552(a), 44 U.S.C. § 3507.

⁵² *Bulletin for Agency Good Guidance Practices* (endnote 40) § III(2)(b).

Professional Responsibility for Patent Practitioners



William R. Covey

Deputy General Counsel and Director

Office of Enrollment and Discipline

United States Patent and Trademark Office



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....”
- Practitioners are subject to discipline for not complying with USPTO regulations, regardless of whether their conduct was related to practice before the Office:
 - Attorney reprimanded and placed on 1 year probation after being sanctioned by EDNY for noncompliance with discovery orders. Fed. Cir. affirmed sanction and found his appellate brief to contain “misleading or improper” statements. *In re Hicks* (USPTO D13-11).
 - Patent agent excluded for misappropriation of non-profit organization’s funds. *In re George Reardon* (USPTO D12-19).



The USPTO Rules of Professional Conduct

- Final Rule published on **April 3, 2013**
 - 78 Federal Register 20179.
- Effective: **May 3, 2013.**
- 37 CFR §§ 11.101-901, and other provisions.
- Old rules (37 CFR Part 10) apply to activity prior to effective date.
- Removed Practitioner Maintenance Fee Rules.
- Based on 2011 Update to ABA Model Rules.



USPTO Rules of Professional Conduct: Crosswalk

ABA Model Rules of Professional Conduct	USPTO Rules of Professional Conduct
<p>political contributions for the purpose of obtaining or being considered for that type of legal engagement or appointment.</p>	
<p>Rule 8.1 Bar Admission And Disciplinary Matters</p> <p>An applicant for admission to the bar, or a lawyer in connection with a bar admission application or in connection with a disciplinary matter, shall not:</p> <p>(a) knowingly make a false statement of material fact; or</p> <p>(b) fail to disclose a fact necessary to correct a misapprehension known by the person to have arisen in the matter, or knowingly fail to respond to a lawful demand for information from an admissions or disciplinary authority.</p>	<p>§ 11.801 Registration, recognition and disciplinary matters.</p> <p>An applicant for registration or recognition to practice before the Office, or a practitioner in connection with an application for registration or recognition, or a practitioner in connection with a disciplinary or reinstatement matter, shall not:</p> <p>(a) Knowingly make a false statement of material fact; or</p> <p>(b) Fail to disclose a fact necessary to correct a misapprehension known by the person to have arisen in the matter, fail to cooperate with the Office of Enrollment and Discipline in an investigation of any matter before it. or</p>

Deletions

Modifications



USPTO Rules of Professional Conduct: Confidentiality

- 37 CFR § 11.106 – Confidentiality of information.
 - Modifies ABA Model Rule to expressly accommodate duty of disclosure before USPTO.
 - § 11.106(a): prohibition on revealing client information.
 - § 11.106(b): permissive disclosure of client information.
 - § 11.106(c): practitioner shall comply with the duty of disclosure before the USPTO.



USPTO Rules of Professional Conduct: Confidentiality

- Bob is a patent attorney for Company X. He represents Company X in both general litigation and patent prosecution matters. While working on a litigation matter, he learns confidential information regarding Company X that is material to the patentability of claims pending in one of the patent applications Bob is handling for Company X.



USPTO Rules of Professional Conduct: Writings

- Explicit References to Writings:
 - § 11.105: Scope of representation and fee terms: “preferably in writing.”
 - Required writings throughout, *e.g.*, §§ 11.107, 11.108, 11.109, 11.110, 11.112, 11.117, 11.118.
- Writings have long been recognized as a best practice and in accord with numerous state rules.
 - Explicit writing requirements absent from old USPTO Code of Professional Responsibility.



Statute of Limitations

- The Leahy-Smith America Invents Act (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.



USPTO Rules of Professional Conduct: Imputation of Conflicts

- § 11.110 Imputation of conflicts of interest; General rule.
 - General prohibition on representing clients when a practitioner in same firm would be prohibited under §§ 11.107 or 11.109.
 - Outlines conditions wherein representation may be undertaken.
 - Explicitly provides for ethical screens.



USPTO Rules of Professional Conduct: Recordkeeping

- § 11.115 – Safekeeping property.
- Follows ABA Model Rules for Client Trust Account Records.
- *“Where the practitioner’s office is situated in a foreign country, funds shall be kept in a separate account maintained in that foreign country or elsewhere with the consent of the client or third person.”*
- Provides “Safe Harbor” provision which enables many practitioners to follow their local state rules.
- “Safe Harbor” for agents as well.



USPTO Rules of Professional Conduct: Safekeeping Property

- Registered patent agent Gary represents Bernice in prosecution of a single patent application before the USPTO. The prosecution was difficult and Gary spent much more time on the matter than he anticipated when he quoted Bernice a price for the work. The application is allowed and issues as a patent. Bernice has paid Gary the quoted price, but Gary is upset. When the “ribbon copy” of the issued patent is transmitted to Gary, he does not automatically forward it to Bernice.



USPTO Rules of Professional Conduct: Terminating Representation

- § 11.116 Declining or terminating representation.
 - Prohibits representation that will result in violation of USPTO Rules of Professional Conduct or law.
 - Practitioner may withdraw if (*e.g.*):
 - No material adverse effect on client.
 - Client action is criminal, fraudulent, or repugnant to practitioner.
 - Client fails to fulfill obligation to practitioner or representation would pose unreasonable financial burden.
 - Must comply with notice provisions (see, *e.g.*, form PTO/AIA/83 (04-13) and MPEP 402.06).
 - Must protect client's interests upon termination.



Terminating Representation: Examples

- Terry, a registered practitioner, takes over prosecution of a U.S. utility patent application for Company A, who changes the correspondence address to Terry's business address. A power of attorney is not filed in the application, but Terry files an Office Action response in a representative capacity pursuant to 37 CFR § 1.34. Terry then learns that she must withdraw from representation of Company A due to a conflict with another firm client. Terry is unable to change the correspondence address for the application under 37 CFR § 1.33 (because she does not hold power of attorney). She requests that Company A change the correspondence address, but Company A is slow to do so.
- The USPTO continues to send correspondence regarding the application to Terry.



Terminating Representation: Examples

- Registered practitioner Trent represents Maria in a U.S. utility application that recently received a Notice of Allowance. Trent reported the Notice of Allowance to Maria and requested pre-payment of the issue fee. Maria has not yet provided pre-payment of the issue fee to Trent. The payment date for the issue fee is approaching (less than 30 days away).



USPTO Rules of Professional Conduct: Law Firms and Associations

- 37 CFR § 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.”*
- 37 CFR § 11.507 Responsibilities regarding law-related services.



Unauthorized Practice of Law

- Filing and Prosecution of Applications
 - *People v. Corbin*, 82 P.3d 373 (Colo.O.P.D.J. 2003) – Suspended attorney engaged in practice of law by filing and prosecuting trademark applications. **Disbarred.**
- Trademark Opinion/Application
 - *People v. Harris*, 915 N.E.2d 103 (Ill. App. Ct. 2009) – Lapsed attorney rendered a trademark opinion while knowingly lacking the authority to practice law. **Criminal Conviction** (false impersonation of an attorney).



Office Of Enrollment and Discipline

Ethics Enforcement



Possible Ethics Impact of 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.

▶ First-Inventor-To-File Rules create New Prior Art etc.

- Revision of 35 U.S.C. §102.
- Old First-to-Invent rules remain for some applications.

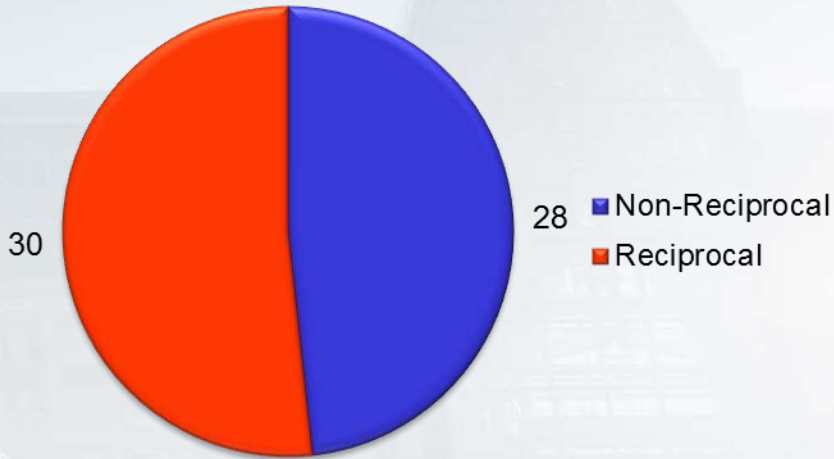
▶ PTAB *Pro hac vice*

- 37 CFR § 42.10.
- Granted upon showing of good cause.
- Lead Counsel must be Registered Practitioner.
- Board has discretion to revoke *pro hac vice* status.

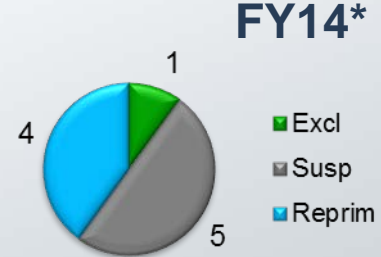
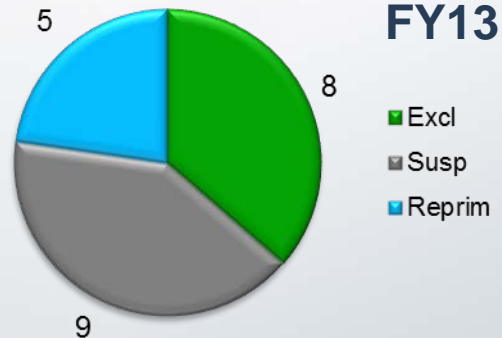
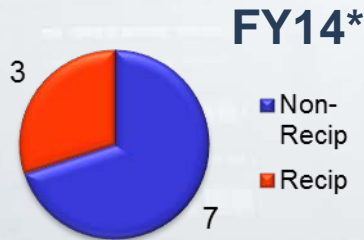
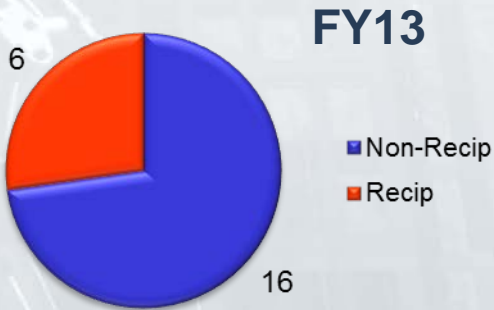
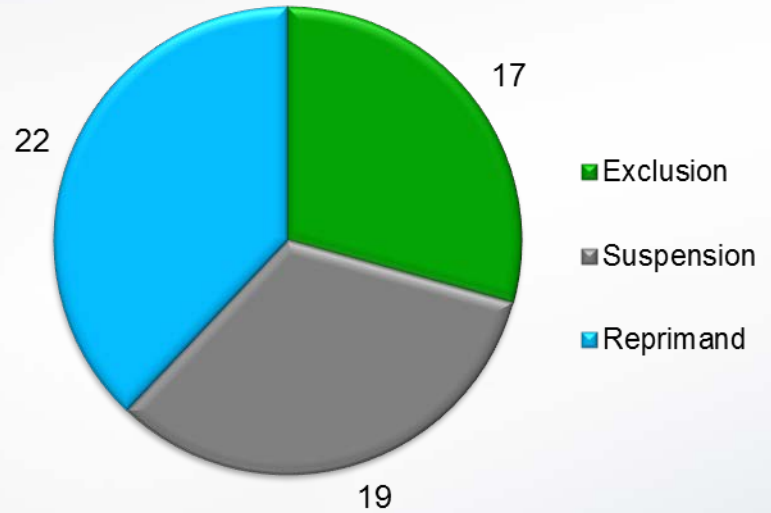


OED Disciplinary Decisions

FY12 Breakdown of Reciprocal vs. Non-Reciprocal Formal Decisions



FY12 Types of Disciplinary Action





Frequent Causes for Grievances

- Neglect:
 - Failure or delay in filing patent application;
 - Failure to reply to Office actions;
 - Failure to communicate with client.
- 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.
- Fee-Related Issues:
 - Failure to return client's advanced fees;
 - Improper commingling of client's advanced legal fees with practitioner's funds;
 - Checks returned or EFTs dishonored for insufficient funds.



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 Tachner* (D2012-30)
 - Failed to deliver important notices from USPTO
 - Failed to docket due dates
 - Failed to keep current of status incoming transferred files
 - **5 Year Suspension**
- *In re Shippey* (D2011-27)
 - Neglected multiple matters entrusted to her
 - Handled matters without adequate legal preparation
 - Failed to seek lawful objectives of client
 - **Excluded**



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 Hicks* (D2013-11)
 - Attorney sanctioned by EDNY for noncompliance with disc. orders
 - Fed. Cir. affirmed and found his appellate brief to contain “misleading or improper” statements
 - Attorney was not registered, filed a few TM applications
 - **Reprimanded; 1 Year Probation**

▶ More Severe

- *In re Reardon* (D2012-19)
 - As NAPP President, he misappropriated at least \$116,894 of NAPP funds for his personal use
 - Used NAPP credit card for personal use without authorization
 - Submitted false annual financial reports to NAPP to conceal his conduct
 - **Excluded**
- *In re Gaudio* (D2012-12)
 - Non-registered practitioner ran “The Inventors Network,” a corporation not authorized to practice patent law
 - The corp. filed >150 patent without supervision of reg. patent practitioner
 - **Excluded**



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 Kang* (D2012-21)
 - 5 insufficient checks
 - Resulted in 4 abandonments
 - **3 Year Suspension**
- *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**



Other Conduct that Adversely Reflects on Fitness to Practice (Examples)

▶ *In re Tassan* (D03-10)

– *Background*

- TTAB issued Final Decision sustaining opposition to Client's trademark application
- Attorney left voicemail messages for 3 different TTAB Administrative Judges
- Each voicemail message contained expletives and abusive language

– *Result*

- **Reprimanded**
- Prohibited from communications with TTAB judges for 2 years (outside of hearings)
- Ordered to complete anger management course

▶ *In re Riley* (D13-04)

– *Background*

- Client paid \$2000 for patent application preparation and filing
- Attorney did nothing but keep money and ignore client (neglect)
- Client obtained small claims court judgment, but attorney ignored that too (fee-issue)

– *Result*

- Attorney ignored USPTO inquiries (default judgment)
- Conduct involved dishonesty, fraud, deceit, or misrepresentation
- Conduct prejudicial to administration of justice
- **Excluded**



Additional Recent Examples of Misconduct

▶ *In re Tendler* (D13-17)

– *Background*

- Attorney filed Rule 131 declaration re: actual reduction to practice
- Attorney later learned from client that facts therein were not true
- Attorney did not advise Office in writing of inaccuracy

– *Result*

- **4 Year Suspension** for conduct prejudicial to the administration of justice
- Able to apply for re-instatement after 2 years

▶ *In re Caracappa* (D14-02)

– *Background*

- Subordinate attorney to Respondent sent email to PTAB judge regarding substantive matter re: Inter Partes Review proceeding without copying opposing counsel
- Respondent knew of email and that opposing counsel was not copied

– *Result*

- **Public reprimand** for improper *ex parte* communication with judge



Decisions Imposing Public Discipline Available In FOIA Reading Room

- ▶ <http://e-foia.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
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

For Informal Inquiries, Contact OED at
571-272-4097

THANK YOU