MULTIJURISDICTIONAL PRACTICE AND THE MODERN IP ATTORNEY

A deep-dive into the ethics of multijurisdictional practice for today’s trademark, copyright, patent, and trade secret practitioner

American Bar Association Section of Intellectual Property Law • 33rd Annual Intellectual Property Law Conference
Roadmap

- Applicable Rules
- Applicable Case Law
- Introduction to our Panelists
- Hypothetical Popcorn Discussion
THE BORING PART RULES

ABA Model Rules, an Example from New York, and an excerpt from the USPTO Rules of Professional Conduct
(c) A lawyer admitted in another United States jurisdiction, and not disbarred or suspended from practice in any jurisdiction, may provide legal services on a temporary basis in this jurisdiction that:

1) are undertaken in association with a lawyer who is admitted to practice in this jurisdiction and who actively participates in the matter;

2) are in or reasonably related to a pending or potential proceeding before a tribunal in this or another jurisdiction, if the lawyer, or a person the lawyer is assisting, is authorized by law or order to appear in such proceeding or reasonably expects to be so authorized;

3) are in or reasonably related to a pending or potential arbitration, mediation, or other alternative resolution proceeding in this or another jurisdiction, if the services arise out of or are reasonably related to the lawyer's practice in a jurisdiction in which the lawyer is admitted to practice and are not services for which the forum requires pro hac vice admission; or

4) are not within paragraphs (c) (2) or (c)(3) and arise out of or are reasonably related to the lawyer's practice in a jurisdiction in which the lawyer is admitted to practice.
Paragraph (c)(4) permits a lawyer admitted in another jurisdiction to provide certain legal services on a temporary basis in this jurisdiction that arise out of or are reasonably related to the lawyer’s practice in a jurisdiction in which the lawyer is admitted but are not within paragraphs (c)(2) or (c)(3) [proceeding or arbitration related]. These services include both legal services and services that non-lawyers may perform but that are considered the practice of law when performed by lawyers.

(Emphasis added)
Comment No. 14 to ABA Model Rule 5.5(c):

Paragraphs (c)(3) and (c)(4) require that the services arise out of or be reasonably related to the lawyer’s practice in a jurisdiction in which the lawyer is admitted. A variety of factors evidence such a relationship. The lawyer’s client may have been previously represented by the lawyer, or may be resident in or have substantial contacts with the jurisdiction in which the lawyer is admitted. The matter, although involving other jurisdictions, may have a significant connection with that jurisdiction. In other cases, significant aspects of the lawyer’s work might be conducted in that jurisdiction or a significant aspect of the matter may involve the law of that jurisdiction. The necessary relationship might arise when the client’s activities or the legal issues involve multiple jurisdictions, such as when the officers of a multinational corporation survey potential business sites and seek the services of their lawyer in assessing the relative merits of each. In addition, the services may draw on the lawyer’s recognized expertise developed through the regular practice of law on behalf of clients in matters involving a particular body of federal, nationally-uniform, foreign, or international law. (Emphasis added)
Comment No. 19 to ABA Model Rule 5.5(c):

A lawyer who practices law in this jurisdiction pursuant to paragraphs (c) or (d) or otherwise is subject to the disciplinary authority of this jurisdiction.
In some circumstances, a lawyer who practices law in this jurisdiction pursuant to paragraphs (c) or (d) may have to inform the client that the lawyer is not licensed to practice law in this jurisdiction. For example, that may be required when the representation occurs primarily in this jurisdiction and requires knowledge of the law of this jurisdiction.

(Emphasis added)
Comment No. 21 to ABA Model Rule 5.5(c):

Paragraphs (c) and (d) do not authorize communications advertising legal services in this jurisdiction by lawyers who are admitted to practice in other jurisdictions. Whether and how lawyers may communicate the availability of their services in this jurisdiction is governed by Rules 7.1 to 7.5. (Emphasis added)
More Rules for Your Consideration

- **Section 484 of the New York Judiciary Law**

  "No natural person shall ask or receive, directly or indirectly, compensation for appearing for a person other than himself as an attorney in any court or before any magistrate, or for preparing deeds, mortgages, assignments, discharges, leases or any other instruments affecting real estate, wills, codicils, or any other instrument affecting the disposition of property after death, or decedents' estates, or pleadings of any kind in any action brought before any court of record in this state ......... unless he has been regularly admitted to practice, as an attorney or counselor, in the courts of record in the state;"

  (Emphasis added).

- **USPTO Rules of Professional Conduct**

  A practitioner shall provide competent representation to a client. Competent representation requires the legal, scientific, and technical knowledge, skill, thoroughness and preparation reasonably necessary for the representation.
THE GAVEL: RELEVANT CASE LAW
Sperry v. Florida Bar, 373 U.S. 379 (1963)

• Court upheld right of a person registered to practice before the USPTO but not a member of the FL bar, to maintain an office in FL, advise/prosecute US patent apps

• "...by virtue of the Supremacy Clause, Florida may not deny to those failing to meet its own qualifications the right to perform the functions within the scope of the federal authority." Sperry at 385.
“Here, the issue is whether Missouri can prohibit non-lawyers from practicing law before the PTO. Under Sperry...Missouri cannot do so. Even though there is no evidence that LegalZoom is licensed to practice before the PTO, that field of regulation is occupied by federal law. With respect to patent and trademark applications, federal law preempts Plaintiffs' claims.”
Thaw v. Lynch
2016 U.S. Dist. LEXIS 34938

- No conflict between federal and state law.
- Even if non-Arizona-bar-members have the right to represent Arizona clients before the Patent Office, that does not provide those individuals with the right to practice before the Arizona District Court. They are entirely different tribunals.
- There is "no authority permitting reciprocity between the [Patent Office] and the court system."
Birbrower

Birbrower, Montalbano, Condon & Frank, P.C., et al., Petitioners, v. the Superior Court of Santa Clara County, Respondent; Esq Business Services, Inc., Real Party in Interest
17 Cal. 4th 119, 949 P.2d 1, 70 Cal. Rptr. 2d 304 (1998)

- Firm's activity was held to constitute the unlawful practice of law in California
- Court determined the firm was not entitled to receive any fee (despite the fact that there was no finding that the services were inadequately performed).
- Client made conscious decision to engage NY firm in jurisdictions of NY and CA even though firm had no offices in, and no lawyers admitted in CA
MEET THE PANELISTS

These people are important and smart.
Meet the Panelists

- Tara Aaron
  Aaron Sanders, Nashville, TN, aaronsanderslaw.com

- Frank West
  Oblon, McClelland, Maier & Neustadt, Alexandria, VA, oblon.com

- Thomas Wong
  Microsoft Asst. General Counsel, IP Group, Seattle, WA

- Michael McCabe, Jr.,
  McCabe Law LLC, Potomac, MD, ipethicslaw.com

(See? Very Smart.)
HYPOTHETICAL POPCORN

The fun part.
Hypothetical #1

A new, potential, out-of-state client contacts you to discuss federal protection of her trademark. In the consultation, you also discuss the formation of an LLC (in the client’s state, where you are not licensed to practice).

■ **1a:** Can you take on the trademark search for this out-of-state client?

■ **1b:** Client contacts you after the consultation and wants to move forward with just the LLC for now. Can you take on this matter? What rule(s) apply?

■ **1c:** Same facts, but you do not discuss trademark during the consultation, just LLC formation. Can you take on this matter? What rule(s) apply?
Hypothetical #2

You work in-house at a business headquartered in New York, where you are licensed to practice. A breach-of-contract claim arises between your business and a manufacturer/trademark licensee located in Texas.

2a: The license agreement at issue names Texas as venue/jurisdiction/choice of law. Can you, as in-house counsel licensed in New York, draft and send a demand letter? Any other issues?

2b: Same facts, but instead of a trademark license, the agreement is simply a distribution contract that doesn’t speak to IP. Can you draft and send a demand letter regarding breach of this contract?

2c: At what point do the rules suggest you should obtain local/outside counsel? At what point does it make sense in practice?
Hypothetical #3

A potential client calls from Ireland, attracted to your firm due to your reputation of being very knowledgeable in the beer and wine industry. He is moving his business from Ireland to New York City. The business relies heavily on a recipe for stout, which has been protected under EU trade secret law to date.

■ 3a: Client wants advice on the differences between protecting its trade secret information in Ireland vs. protecting the trade secret in New York. Any issues?

■ 3b: Client wants guidance on effectively protecting its trade secret information, including the drafting of any necessary documents (NDAs, etc.). You are not licensed to practice in New York, where client is relocating its business. Issues?
Hypothetical #4

A prominent lifestyle blogger in California contacts your Arizona firm and engages you to a) register her blog content with the U.S. Copyright Office, and b) create contracts to confirm client’s IP ownership for use with employees and independent contractors.

4a: Any issues in registering the out-of-jurisdiction client’s blog content with the Copyright Office?

4b: Same facts, but Blogger already has a copyright registration regimen in place and wants your assistance in drafting Terms of Use for her website and submission guidelines for guest bloggers. Any issues in taking on this matter?

4c: Any issues in creating work-for-hire or copyright assignment agreements for these out-of-jurisdiction employees/ICs?
Hypothetical #5

You are in charge of a client’s patent portfolio. This client is a toy manufacturer and has secured patents for its newest toy in the US (with your assistance), as well as in Japan. This client wants to enter into a sales and distribution agreement with a toy distribution company in Japan.

■ 5a: Any issues representing the client in these negotiations?

■ 5b: Assuming the rules do not prohibit your representing the client in this particular matter, what are the pros and cons of:
   - placing a mutual jurisdiction/choice of law provision, allowing for two different locales to be used based on which party is bringing a claim/raising an issue; and/or
   - avoiding the clause all together

■ 5c: When, from a competence standpoint, does your duty to engage local counsel arise, and what does that process look like?
Hypothetical #6

A client in your jurisdiction contacts you again – you previously registered the client’s trademark with the USPTO. The client is now seeking international protection – specifically, in the EU and China.

6a: Any issues?

6b: Same facts, but client has a dispute with an infringer in the EU and wants your assistance with a trademark infringement demand letter. Any multi-jurisdictional issues in taking this on?
Hypothetical #7

You work in-house for an international party supply company, whose parent company (your employer) is located in the U.S. A trademark dispute has arisen in one of the foreign offices (which is organized as a subsidiary) and that foreign sub has asked you to weigh in due to your expertise in U.S. trademark law.

■ 7a: Any issues in advising the in-house lawyer at the foreign sub on substantive U.S. trademark law?

■ 7b: Same facts, but you are now advising an executive (non-lawyer). Does the analysis change?

■ 7c: The foreign sub’s exec turns the discussion towards business strategy in the context of legal requirements. Can you participate in that discussion?
DISCUSSION ON MULTIJURISDICTIONAL LIMITATIONS:

Unfair limitations on attorneys to protect state bars/encourage out-of-state applicants, or necessary to ensure knowledgeable, licensed, in-state practice? Where is the line between unlicensed practice and attorney’s duty to be competent?
QUESTIONS?

Thank you.