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Via Electronic Mail: AC91.comments@uspto.gov

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Dear Director Covey:

As Chair of the American Bar Association Section of Intellectual Property Law (the “Section”), I am writing on behalf of the Section to provide comments in response to the Notice of Proposed Rulemaking entitled “Changes in Representation of Others Before the United States Patent and Trademark Office (Federal Register/Vol. 85, No. 147/Thursday, July 30, 2020).” The views expressed herein are presented on behalf of the Section and have not been approved by the House of Delegates or the Board of Governors of the American Bar Association. Accordingly, they should not be construed as representing the position of the ABA.

The Section appreciates the opportunity to provide written comments to the United States Patent and Trademark Office (USPTO or “the Office”) regarding the proposed changes to the regulations regarding the representation of others before the Office.

The Section generally encourages the Office’s stated goals of seeking to provide uniformity and consistency between the USPTO’s Rules of Professional Conduct and the ABA Model Rules of Professional Conduct. As noted in the Notice of Proposed Rulemaking, the USPTO’s desire to maintain uniformity with governing national ethical standards began in 2013, when the Office completely changed its governing body of ethics rules to align with the text and format of the ABA Model Rules of Professional Conduct, which provide the foundation for the rules of ethics that have been adopted by all 50 states and the District of Columbia.
Since the USPTO’s 2013 rulemaking adopting the USPTO Rules of Professional Conduct, 37 C.F.R. 11.101 – 901, the corresponding ABA Model Rules 1.1 – 8.5 have themselves been amended. Those Model Rules amendments include changes to the substantive ethics rules themselves, as set forth in the text of those rules. While the Section appreciates the Office’s efforts to align the USPTO’s ethical standards with the ABA Model Rules, the proposed rulemaking does not accurately reflect those changes—particularly with regard to the USPTO’s proposed amendments to the lawyer advertising and solicitation rules. Moreover, the ABA Model Rules include official Comments adopted by the ABA that help elaborate and illustrate the meaning of the rules to which the Comments apply. The ABA has amended comments to its Model Rules for the purpose of better defining standards of conduct, particularly in light of technological or societal changes.

For example, the language of Rule 1.1, the ABA Model Rule defining the requirements for lawyer “competence,” has remained unchanged over the last thirty years. However, what constitutes “competence” in the practice of law has been modified in the Comments to the ABA Model Rules. For instance, in 2012, the ABA amended its Comments to Model Rule 1.1 to state that the duty of lawyer “competency” also includes the lawyers’ obligation to understand “the benefits and risks associated with relevant technology.” ABA Model Rule 1.1 cmt [8].

Unlike the vast majority of jurisdictions in the United States, the USPTO has chosen not to adopt any of the ABA Comments to the corresponding USPTO ethics rules. The Notice of Proposed Rulemaking, while indicating its purpose is to align the USPTO rules with the ABA Model Rules, fails to consider or address the absence of Comments to the USPTO’s rules. These comments address the Section’s concern regarding the absence of formal Comments from the USPTO’s Rules of Professional Conduct.

In light of the above overview, the Section respectfully submits the following comments in response to the Notice of Proposed Rulemaking.

Advertising Rules

The USPTO proposes changes to 37 C.F.R. 11.702 (advertising) and 11.703 (solicitation). The Notice of Proposed Rulemaking states that the reason for the proposed change to Sections 11.702 and 11.703 is to align those rules with the ABA’s 2012 amendments, respectively, to ABA Model Rules 7.2 and 7.3. The problem with the USPTO’s proposed amendments to Sections 11.702 and 11.703, however, is that the ABA Model Rules, which these rules are intended to emulate, have themselves been substantially revised since that time. In 2018, the ABA made substantial changes to Model Rules 7.1 through 7.5.

The ABA’s 2018 rule change was the result of many years of study. Efforts to modernize lawyer advertising rules began in earnest in 2013, when the Association of Professional Responsibility Lawyers (APRL) began to analyze and study lawyer advertising issues—many of which were outdated in light of changes in technology and the ways in which clients and lawyers communicate in the 21st Century. The National Organization of Bar Counsel (NOBC) also provided valuable advice and comments to the APRL, which issued reports in June 2015 and April 2016 proposing amendments to Model Rules 7.1 through 7.5. The APRL reports were
well received by the ABA. In fact, largely as a result of those efforts, in 2018, the ABA
substantively revised Model Rules 7.1 through 7.5, either in the text of the rules themselves or
in their comments.

ABA Model Rules 7.2 and 7.3 (2018) are substantial revisions to the 2012 versions of those
rules. Instead of amending 37 C.F.R. 11.702 and 11.703 to align with changes made in 2012 to
ABA Model Rules 7.2 and 7.3, as proposed by the current Proposed Rulemaking, the Section
recommends that the USPTO scrap its proposed changes to Sections 11.702 and 11.703 and
conforming those rules to the current versions of the respective ABA Model Rules 7.2 and 7.3.

Moreover, in light of the ABA’s comprehensive revision of all of the advertising and
solicitation rules codified in ABA Model Rules 7.1 through 7.5, we suggest that the USPTO
likewise reconsider all of its rules codified in Sections 11.701 through 11.705 to align the
USPTO professional conduct rules with the current versions of the ABA Model Rules.
Specifically, we suggest two additional changes to the USPTO’s rules to more closely align
them with the ABA Model Rules.

First, the USPTO Proposed Rulemaking proposes no modifications to either 37 C.F.R. 11.704,
which relates to communications concerning a practitioner’s services, or to 37 C.F.R. 11.705,
which concerns firm names and letterhead. The 2018 amendments to the ABA Model Rules
deleted Model Rules 7.4 and 7.5. Since 37 C.F.R. 11.704 and 11.705 were based on model
ethics rules that have since been repealed, we recommend that the USPTO consider similarly
repealing 37 C.F.R. 11.704 and 11.705, consistent with the ABA Model Rules.

Second, the Proposed Rulemaking does not address or propose any changes to 37 C.F.R.
11.701. While the 2018 amendments to the ABA Model Rules did not make any changes to
the language of Rule 7.1 itself, the ABA did make significant amendments to the Comments
to Rule 7.1. Those Comments were intended to clarify the scope, meaning, application and
intent of Rule 7.1, particularly in light of the overarching goals of the 2018 amendments to the
ABA Model Rules concerning all of the lawyer advertising and solicitation rules. We
recommend that the USPTO consider changes to the language of 37 C.F.R. 11.701 to make
clear that the USPTO rule conforms with the ABA’s modification to the 2018 Comments.

Official Comments to the USPTO Rules of Professional Conduct

The vast majority of the states and the District of Columbia have adopted the ABA official
Comments to their corresponding Rules of Professional Conduct. Currently, the USPTO
Rules of Professional Conduct contain no official comments. The Section believes the
exclusion of comments is a mistake that undermines one of the primary purposes of the ethics
rules—protection of the public.

The Comments to the ABA Model Rules provide valuable guidance on the meaning and scope
of the ethics rules. Unfortunately, apart from a passing remark in its 2013 rulemaking history
that practitioners “may” consider the ABA Comments when interpreting the USPTO
counterpart to the ABA Model Rules, that in itself provides no notice to practitioners who
have not studied the 2013 Federal Register notice (and thus would have no reason to know
that such ABA official Comments even exist, let alone that they may be considered in interpreting the corresponding USPTO’s Rules of Professional Conduct).

The absence of comments from the body of the USPTO’s ethics rules is of particular detriment to thousands of registered patent agents, who are not required as a condition of admission to the Patent Bar to take any ethics course or to demonstrate even *de minimis* competency in the ethics rules governing their practice before the USPTO. There are approximately 10,000 non-lawyer patent agents. The absence of comments in the USPTO ethics rules does a disservice to those non-attorneys, as well as their clients and the public who are the intended beneficiaries of most of the Professional Conduct rules.

Although patent agents are required to conform their conduct to the same USPTO Professional Conduct rules as their lawyer counterparts, the agents are at a disadvantage to their lawyer counterparts insofar as their ability to understand, navigate, and appreciate the import of the language of rules that are plainly not self-evident. Their lawyer counterparts, on the other hand, have taken legal ethics in law school and were required in most states to pass the Multistate Professional Responsibility Examination (MPRE), which is based on the ABA Model Rules. And the majority of practitioner lawyers in this country are required to take continuing legal education, including in the field of legal ethics.

Patent agents, in contrast, are not required to take any law school courses, nor the MPRE, nor are they required to demonstrate a minimum level of competency in the rules of ethics before being handed their license based on passing a highly technical subject matter examination. For these patent agents, the present system is an invitation to failure of compliance. Especially for non-attorney patent agents, more clear and direct guidance, not less, should be provided by the USPTO to ensure that non-lawyer practitioners as well as lawyer practitioners are on a more level playing field with regard to the meaning and scope of the ethics rules that are no way self-explanatory.

The USPTO’s efforts to harmonize the USPTO Rules with the ABA Model Rules, while laudable, would be furthered by the agency’s adoption of the ABA’s official Comments or to otherwise provide the USPTO’s own comments to its ethics rules. The ABA expends substantial efforts not only in drafting its Model Rules but also the informative Comments to those rules. Those Comments continue to evolve as practices change, even if the plain language of the text of the rules themselves do not. As but one example, the comments to the ABA Model Rules were amended recently to provide that the duty of “competence” (Model Rule 1.1, parallel to 37 CFR 11.101) includes a duty of “technical” competence. The Section envisions that the USPTO could do likewise in the future, where changes are made to comments to help provide further guidance on the meaning of its rules in light of new developments.

Because the USPTO Rules were modeled after the ABA Model Rules, and because the ABA Model Rules include valuable interpretive guidance in the form of official Comments, providing similar comments to the USPTO’s ethics rules increases practitioner awareness of the meaning, scope, boundaries and interpretation of the USPTO’s Rules of Professional Conduct.
The Section suggests that the Office reconsider its prior refusal to adopt comments to the USPTO’s ethics rules. The Office should adopt the ABA’s Official Comments to the Model Rules, thereby aligning the two. In the alternative, the Section suggests that the Office draft and incorporate its own comments to the USPTO’s Rules of Professional Conduct, which may be tailored to the agency’s own interpretative guidance.

**Definition of “Practitioner” and Section 11.504 Problems with Foreign Lawyers**

The Proposed Rulemaking proposes to modify the definition of “practitioner” in 37 C.F.R. 11.1 “to eliminate surplusage”. However, there is a far greater problem with the USPTO’s current definition of “practitioner”, which ought to be addressed. Specifically, the USPTO’s use of the term “practitioner” instead of “lawyer” creates a number of problems in the USPTO’s ethics rules.

The ABA Model Rules of Professional Conduct use throughout the term “lawyer” when discussing the obligations set forth in those rules. The ABA Model Rules do not expressly define the term “lawyer.” The ABA and other ethics opinions have concluded that lawyers licensed in foreign countries “should be considered lawyers rather than non-lawyers for purposes of [ABA Model] Rule 5.4.” ABA Formal Ethics Op. 01-423 (2001) (lawyers may form partnerships and other entities to practice law in which foreign lawyers are partners or owners if foreign lawyers are recognized members of legal profession in a foreign jurisdiction). Thus, “lawyer” in the ABA Model Rules broadly encompasses attorneys licensed either in a U.S. or a foreign jurisdiction.

The inclusion of U.S. and foreign lawyers within the scope of “lawyer” is important because the ABA Model Rules prohibit lawyers from forming partnerships with, incorporating with, sharing fees with, or generally sharing lawyer management responsibility with, “non- lawyers.” By using the term “lawyer” throughout, the ABA Model Rules would not be violated when a U.S. lawyer forms a partnership with a foreign lawyer for the practice of law. Both individuals are “lawyers” and thus they may be partners, shareholders, managers and fee-sharers.

The USPTO’s Rules of Professional Conduct do not use the term “lawyer” when discussing the obligations set forth in those rules. Instead, the USPTO ethics rules apply to “practitioners.” The USPTO’s ethics rules’ definition of “practitioner” includes:

i. A registered U.S. patent attorney or registered U.S. patent agent;

ii. An individual authorized by 5 U.S.C. 500(b)¹ to practice before the USPTO in trademark matters; and

iii. Certain individuals authorized in very narrow and specialized cases—i.e., law student practice, limited recognition practice for certain non-citizen patent practitioners, and certain Canadian patent or trademark practitioners who receive reciprocal recognition by the USPTO with a limited right of practice.

¹ 5 USC 500(b) states: “An individual who is a member in good standing of the bar of the highest court of a State may represent a person before an agency on filing with the agency a written declaration that he is currently qualified as provided by this subsection and is authorized to represent the particular person in whose behalf he acts.” Section 500(b) has no application to an individual who is a member of a bar of a foreign country.
The USPTO’s definition of “practitioner” does not encompass attorneys admitted in foreign jurisdictions (other than the very narrow reciprocity arrangements between Canada and the U.S.). Because foreign attorneys fail to qualify as “practitioners” (with the exception of perhaps a Canadian lawyer who has received reciprocal recognition with the USPTO), then it would appear that they are “non-practitioners.”

The USPTO’s current definition of “practitioner” as excluding foreign lawyers causes the significant (and presumably unintended) consequence of thousands of practitioners literally violating numerous USPTO Rules of Professional Conduct simply by virtue of the fact that they are part of a law firm or in-house corporate legal department that includes both U.S. and foreign lawyers. There are several examples of this problem.

- 37 C.F.R. 11.504(a) prohibits a practitioner or law firm from sharing legal fees with a non-practitioner, with certain exceptions that are not relevant. A lawyer who practices in trademark or patent matters before the USPTO and is a member of a law firm that includes foreign attorneys may be concerned about this rule if foreign lawyers are considered “non-practitioners.”

- 37 C.F.R. 11.504(b) prohibits a practitioner from forming a partnership with a non-practitioner (including foreign lawyers) if any of the partnership consists of the practice of law. Foreign lawyers are not “practitioners.”

- 37 C.F.R. 11.504(c) prohibits a practitioner from forming a corporation with a non-practitioner (including a foreign lawyer) for the practice of law.

- 37 C.F.R. 11.504(d) prohibits practitioners from practicing in a P.C. or association authorized to practice law if a non-practitioner (which could be a foreign lawyer) owns any interest in the organization, or is an officer or director of the organization, or has the right to control the professional judgment of the practitioner.

Many U.S. law firms have international offices staffed with foreign licensed lawyers as well as U.S. licensed attorneys. However, because a foreign licensed lawyer appears not to satisfy the USPTO’s definition of a “practitioner,” he or she is a non-practitioner (which means anyone who is not a “practitioner”). This definitional blind spot could create adverse consequences for “practitioners” who practice in a firm or organization that has partners, managers, or officers who are not “practitioners” under the USPTO’s rules—even though they are lawfully licensed to practice law in their foreign countries.

Because the USPTO fails to include foreign attorneys expressly within the scope of the definition of “practitioner,” and the rules carve out no other exception for foreign lawyers, it appears that the above-referenced rules are arguably being violated by thousands of “practitioners” every day. This result cannot have been the USPTO’s intent when it defined “practitioner.”

The Section recommends that the USPTO provide clarity to the entire bar, including foreign
bars, regarding whether foreign licensed lawyers are “practitioners” or “non-practitioners.” The Section further recommends modifying the definition of “practitioner” to account for this anomaly or modifying the text of each ethics rule that involves “non-practitioners” to draw an exception in those rules for foreign licensed attorneys.

The Proposed Addition to 37 C.F.R. 11.19(e) Fails to Justify Rewriting a Decade of Law

In making “other minor changes” and “minor edits,” the USPTO proposes to amend 37 C.F.R. 11.19 to add a new subparagraph (e). The addition of subparagraph (e) is a major, not a minor, change in USPTO practice and procedure.

As currently written, 37 C.F.R. 11.19 identifies the grounds of the USPTO’s disciplinary jurisdiction and grounds for discipline. One such “ground for discipline” is when a “practitioner” who is subject to the disciplinary jurisdiction of the USPTO (e.g., a registered patent agent, registered patent attorney, or trademark practitioner) is disciplined by another jurisdiction (not the USPTO). There is no question that when a patent or trademark lawyer is publicly disciplined, that practitioner has violated the USPTO’s Rules of Professional Conduct. See 37 C.F.R. 11.804(h) (professional misconduct for a practitioner to be publicly disciplined on ethical grounds by a duly constituted authority of a state, the United States, or a foreign country in which the practitioner resides). Accordingly, when a USPTO practitioner is disciplined by another jurisdiction, the practitioner is required to report that discipline to the OED Director. See 37 C.F.R. 11.24(a) (mandating practitioner to report public discipline to OED Director within 30 days). The OED Director is then obligated to commence what is known as a “reciprocal discipline” procedure.

Whenever a patent or trademark practitioner is professionally disciplined by another authority, the issue arises as to whether the practitioner can relitigate the state disciplinary proceeding at the USPTO—essentially getting a second “bite” at the disciplinary “apple.” Under the current Rules of Practice at the USPTO, the answer is clearly and unambiguously “No.” This is because, in 2008, the USPTO amended its rules of disciplinary procedure to include 37 C.F.R. 11.24, entitled “reciprocal discipline.” The process that the USPTO has followed for the past 12 years when a USPTO practitioner is disciplined in a State is laid out in great detail in 37 C.F.R. 11.24(a)-(g). Whenever a USPTO practitioner is disciplined elsewhere, the USPTO rules mandate that the practitioner can receive no greater discipline than that imposed by the state or other jurisdiction that disciplined the practitioner, while giving the PTO practitioner the opportunity to argue that the USPTO discipline should be less severe than the state discipline. For example, under the current practice, if a state supreme court suspends a USPTO practitioner for one year, the practitioner will typically receive the same one-year suspension from the USPTO. The practitioner has a right to seek a reduction in the one-year suspension, but the USPTO does not have the right to impose a greater sanction than what was imposed by the State. This standard has been applied uniformly and consistently for 12 years in more than 100 “reciprocal discipline” decisions.

Reciprocal discipline provides consistency in decision-making between courts, without the right to re-litigate the State level disciplinary case at the USPTO. Original jurisdiction in reciprocal jurisdiction cases vests with the USPTO Director alone—not as an appellate body reviewing a recommended decision but rather the final decisionmaker. Because of the clarity of the
standards currently in place, a practitioner who settles for a disciplinary sanction knows ahead of time exactly how the USPTO will reciprocate once the practitioner reports his or her sanction to the OED Director. For example, a practitioner who receives a public reprimand knows that he will receive no worse than a public reprimand from the USPTO, and the practitioner will also know that there is no re-litigation and the scope of the reciprocal proceeding will be very narrow—essentially, the only issues the practitioner can raise are whether he was denied due process in the state proceeding or whether imposition of the same sanction would impose a grave injustice or if the original decision suffers from an infirmity of proof.

In contrast to the present regime for reciprocal discipline cases, there is a much more expansive process presently available for the filing of “original” cases—that is, cases not governed by the rules for reciprocal discipline and not within the original jurisdiction of the USPTO Director. Compared with the rules of procedure for reciprocal disciplinary proceedings, the rules of procedure governing “original” cases are much more complex and detailed. The regulations start at 37 C.F.R. 11.32 and continue through section 11.54.

Under the original case process, the OED Director investigates the practitioner—often for up to a year—and thereafter, the OED Director can file a disciplinary complaint against the practitioner. The complaint is assigned to an Administrative Law Judge (ALJ), and it proceeds in a fashion similar to civil litigation: there are pleadings, motion practice, summary judgment practice, expert witnesses, dismissal practice, discovery, depositions, and an evidentiary trial, followed by post-hearing briefs and proposed findings of fact and conclusions of law. Normally after 1-2 years of litigation, an “initial decision” is ultimately rendered by the ALJ.

The initial decision is merely a recommendation, unless neither party appeals. However, either side has an absolute right to appeal the Initial Decision to the USPTO Director. And the appeal to the USPTO Director generally takes another year, as the parties file appeal briefs and responses, and there is a possibility of an oral hearing before the USPTO Director. If the USPTO Director rules against the practitioner, he or she can seek reconsideration, spending more time and money. And if that does not go well, the practitioner can file an appeal under the Administrative Procedure Act to the U.S. District Court for the Eastern District of Virginia (second appeal), and from there, to the Federal Circuit (third appeal). And any one of these appellate authorities could remand the “original” case from that appellate body to, for example, the ALJ for more proceedings, and the process starts over again.

Thus, in the original case process, original jurisdiction is with an administrative law judge, and the USPTO Director sits as an appellate tribunal to review an appeal from an initial decision. In comparison, in the reciprocal discipline process, original jurisdiction vests with the USPTO Director and there is no trial.

The “original case” process is time-consuming and expensive. Such a case can easily go on for several years—which is why the majority of practitioners who find themselves facing a non-reciprocal disciplinary complaint either wind up with a default judgment or represent themselves pro se, either by choice or economic necessity.
discovery, no trial, and no post-trial briefing. There isn’t even oral argument. The issues are narrowly tailored, consistent with due process and the Full Faith and Credit Clause, to ensure uniformity of decision-making and predictability of results. The reciprocal discipline process has worked seamlessly at the USPTO for 12 years. The USPTO has issued over 100 decisions on reciprocal discipline. The Eastern District of Virginia and Federal Circuit have confirmed the USPTO’s reciprocal discipline process.

The Proposed Rulemaking upsets the stable, predictable, cost-efficient process for reciprocal discipline by adding to 37 C.F.R. 11.19 a new subpart (e), which has the legal effect, in relevant part, of giving the OED Director unfettered discretion to “choose” whether to follow the reciprocal discipline process in 37 CFR 11.24 or instead to pursue the more arduous, expensive, and time-consuming “original case” process of 37 C.F.R. 11.32 through 34.

This grant of OED Director discretion is a major expansion of previous limited powers of the OED Director. In fact, for the last 12 years, the OED Director has been obligated to follow the reciprocal discipline process set forth in 37 C.F.R. 11.24. That process is a fast and efficient means for resolving reciprocal disciplinary matters, saving the Office and practitioner significant resources. It is also optimally protective of the public, which is one of the primary purposes of lawyer discipline.

When a lawyer has already been disciplined by another jurisdiction, that process currently in place is consistent with Rule 22 of the Model Rules for Lawyer Disciplinary Enforcement. The change proposed by the Notice of Proposed Rulemaking would be inconsistent. As noted in the commentary to Rule 22, if a lawyer suspended or disbarred in one jurisdiction is also admitted in another and no action can be taken against the lawyer until a new disciplinary proceeding is instituted, tried and completed, the public is left unprotected.2

Under the Proposed Rulemaking, the OED Director could decide for any reason (or no reason at all) to follow the complex and time-consuming “original case” process even in a case involving a practitioner who has already been disciplined in another jurisdiction. In other words, the OED Director could ignore the mandatory process set forth in 37 C.F.R. 11.24, remove the matter from the original jurisdiction of the USPTO Director, and require a respondent who has already been disciplined to have to go through yet another disciplinary trial for the same conduct. The practitioner could relitigate the prior state-level disciplinary case, opening the possibility of inconsistent results. This is not in the public interest, nor is it in the interest of the profession.

For example, a practitioner disbarred in Maryland could take a second bite at the apple and retry his or her case at the USPTO. At the same time, both sides could impose enormous burdens on each other, and the USPTO, by filing motions, seeking discovery, engaging experts, and conducting a full-blown disciplinary trial—all of which is permitted in an original case and none of which is permitted in a reciprocal discipline case.

The Proposed Rulemaking states as an “example” for its one sentence explanation of the

2https://www.americanbar.org/groups/professional_responsibility/resources/lawyer_ethics_regulation/model_rules_for_lawyer_disciplinary_enforcement/rule_22/
change to Section 11.19(e) that under the proposed new rule, the OED could both pursue reciprocal discipline under Section 11.24, while also instituting an original disciplinary proceeding under Section 11.32. No explanation is provided how that can possibly be fair to practitioners, for they would then be forced to litigate both an original case and a reciprocal case at the same time and for the same reasons. For practitioners who cannot even afford counsel to defend one case, the possibility of the practitioner having to defend two cases in parallel is untenable.

This proposed change has much larger implications for practitioners who are subject to discipline in multiple jurisdictions than the language of the proposed rulemaking lets on, and risks harm to the public. None of these issues regarding the benefits of reciprocal discipline versus the filing of an original case is discussed in the Proposed Rulemaking. The Notice of Proposed Rulemaking fails to explain why the USPTO’s change is necessary; what are the relative costs associated with providing the OED Director the right to ignore 12 years of precedent under reciprocal discipline; why is the public better protected under the proposed rule change than it is under the current system; and what factors does the OED Director employ in deciding whether to choose to ignore the reciprocal discipline process and instead to start out a brand new original case process.

In light of the absence of any discussion regarding any of these issues, the Section opposes to the proposed change to Section 11.19(e). The Section recommends that the Office either maintain the status quo or provide a comprehensive explanation of the benefits of modifying the rule as proposed and whether such benefits could be obtained through alternative means that do not require the addition of Section 11.19(e).

Examination Extensions

The Notice proposes examination extensions be permitted to allow an applicant for registration or limited recognition to reschedule a registration examination without re-applying for the same. 37 CFR 11.7(b)(1)(B)(4)(ii). While the USPTO’s willingness to afford applicants an extension of time is commendable, the Section believes that charging applicants (often those who are at the beginning of their careers) a fee of $115.00 is not appropriate, and not commensurate with the amount of time required for OED to facilitate the extension with Prometric. The Section requests that the USPTO amend the proposal to provide the extension of time at no cost for the first request.

Crimes

The present version of 37 C.F.R. 11.25(a) requires a practitioner who is subject to the disciplinary jurisdiction of the USPTO to provide written notice to the OED Director within thirty (30) days of the practitioner being convicted of a “crime.” The term “crime” means “any offense declared to be a felony or misdemeanor by Federal or State law in the jurisdiction where the act occurs.” Under present practice, once the OED Director learns about the practitioner’s conviction, the OED Director must first determine whether the “crime” constitutes a “serious crime” warranting interim suspension. Id. The PTO Rules define a “serious crime” as either: (1) a criminal offense classified as a felony under federal or state law where the crime occurred; or (2) a crime a necessary element of which includes perjury, interference with the
administration of justice, fraud, misrepresentation, willful failure to file tax returns, deceit, bribery, extortion, misappropriation, or theft (including solicitation or conspiracy to commit a criminal act that includes one of the aforementioned elements as part of the offense).

The existing rules are unclear whether, or the extent to which, a moving vehicle violation or other similar type of minor offense constitutes a “crime” that must be reported to the OED Director. The classification of an offense varies by state. Most states utilize three general classifications for an offense: felony, misdemeanor and infraction. An “infraction” typically encompasses moving vehicle violations or violations of municipal law (such as a local ordinance), normally subjecting the offender to no more than a monetary fine. And some states classify certain types of infractions as civil, not criminal, offenses. Thus, under current practice, in those jurisdictions where an “infraction” is not a misdemeanor, the infraction need not be reported to the OED Director but a misdemeanor or felony must be reported.

The Notice proposes two distinct changes. First, the Notice proposes to change the first alternative definition of “serious crime” from its current framework, which focuses on whether the offense is “classified as a felony under federal or state law where the crime occurred.” As the Notice correctly indicates, not all states utilize the “felony” vs. “misdemeanor” label (for example, in New Jersey, crimes are generally classified as “misdemeanors” or “gross misdemeanors”). The Notice proposes to broaden its first definition of “serious crime” so it is not limited to the label applied by the jurisdiction where the offense occurred but provides an alternative definition of “felony” that most states and the common law recognize, which is an offense punishable by more than one year of incarceration. The Section agrees that changing the definition of “serious crime” to focus on the gravity of the offense, as determined by the amount of possible jail time, is consistent with the intention of the rules and follows the practice in most states that similarly define the seriousness of a crime by the punishment that could be imposed under the law that was violated.

The second change proposed in the Notice appears to try to clarify whether a practitioner must report to the OED Director a conviction for a “traffic offense.” The Notice states that a practitioner need not report a “traffic offense” if the offense did not (1) involve the use of alcohol or controlled substances; (2) result in a fine greater than $300; and (3) result in “any other punishment.” This part of the Notice creates several matters of concern.

For one, states do not always use the “infraction” vs. “misdemeanor” dichotomy. In some states, all traffic offenses are misdemeanors. In others, some traffic offenses may be classified as infractions and others will not be. Because the USPTO’s Rules of Professional Conduct are national rules applicable to practitioners in all 50 states and the District of Columbia, the proposed revision to 37 C.F.R. 11.25(a) should make clear that even in those states where a “traffic offense” is classified as a misdemeanor, practitioners do not have a duty to report such traffic offenses to the OED Director.

Even assuming the Office does not make the change for all “traffic offenses,” the Section is concerned about requiring practitioners to report traffic citations based on the dollar amount of the fine imposed. Triggering a reporting duty based on a dollar amount of a fine appears arbitrary; no explanation is given as to why $300 was selected or what percentage of traffic
offenses in this country would fall over and under the $300 mark. Furthermore, it is unclear how the USPTO determined that $300 is the threshold amount above which reporting is required.

Furthermore, selecting a specific dollar as triggering a mandatory reporting obligation may have a disparate impact on those practitioners who live or work in a high cost of living area of the country. Indeed, in some higher cost of living areas, such as California, it is not unusual for a moving violation fine to exceed $300. The Section recommends that if there is to be a reporting obligation for traffic offenses, then the amount of the fine imposed should not, in itself, trigger a reporting requirement under 37 C.F.R. 11.25(a). Rather, the Section believes that interests of uniformity, consistency, and clarity auger against tying a reporting obligation to the amount of fine imposed.

**Settlement**

The USPTO proposes to amend the regulations covering settlement to add, *inter alia*, that “[e]vidence shall not be excludable on the grounds that such evidence was presented or discussed in a settlement conference.” 37 C.F.R. 11.26. To the extent that this rule is intended to mean that settlement discussions may be admitted into evidence in a practitioner disciplinary proceeding, the proposed revision is a drastic change from practice and procedural due process. This proposed change to the USPTO rules also would conflict with the Model Rules for Lawyer Disciplinary Enforcement on Discipline on Consent (Rule 21), which indicates that if the stated form of discipline on consent is rejected any admissions are deemed withdrawn and may not be used against the respondent lawyer in any subsequent proceedings.

The addition of this sentence to Section 11.26 in the Notice of Proposed Rulemaking appears to create a serious disincentive for a respondent in a disciplinary matter to participate fully in settlement negotiations because his or her statements during such settlement discussions could become admissible evidence against him or her. The Section believes the proposed rule change is unnecessary and may create incentives against engaging in settlement discussions with the OED.

**Exclusion on Consent**

The USPTO appears to be changing the ability for a practitioner, as a matter of course, to seek exclusion on consent. 37 C.F.R. 11.27(b). Presently, practitioners who cannot afford to defend themselves or for other reasons may submit an exclusion on consent affidavit, and the OED Director is required to submit the affidavit to the USPTO Director, who is required to approve the same. The proposal appears to insert some discretion which is not otherwise present and does not comport with the disciplinary rules in a majority of jurisdictions. *See also* Rule 21 of the Model Rules for Lawyer Disciplinary Enforcement on Discipline on Consent.
Duties of Disciplined Practitioners

The USPTO’s proposal to simplify 37 C.F.R. 11.58 is admirable. The Section suggests that the USPTO also remove the requirement to serve notices by certified mail return receipt because of both cost and practicality. Because the nature of virtual practice makes it such that addresses change, e-mail appears to be the most appropriate means of ensuring that clients receive notice of discipline.

Conclusion

The Section gratefully acknowledges the efforts by the Office to modify its substantive rules of ethics to achieve uniformity with the ABA Model Rules. The aforementioned comments have been provided in the spirit of recognizing the need for greater clarity in the rules in a way that is compatible with the needs of our Section members. The Section thanks the Office for the opportunity to provide comments on the Notice.

If the Office has questions regarding the Section’s comments or would like further explanation of any of our comments, please feel free to contact me. Either I or another member of Section leadership will respond to any inquiry.

Sincerely,

June M. Besek
Chair
ABA Section of Intellectual Property Law