LAIPLA

Los Angeles Intellectual Property Law Association

May 24, 2007

VIA E-MAIL AND FACSIMILE

Mail Stop OED-Ethics Rules
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Dear Director:

These comments are submitted on behalf of the members of the Los Angeles Intellectual Property Law Association (LAIPLA) in regard to the U.S. Patent & Trademark Office's supplemental notice of proposed rule making entitled "Changes to Representation of Others Before the United States Patent and Trademark Office," published on February 28, 2007 at 72 Fed. Reg. 9196. LAIPLA has reviewed all of the rules and, but for the comments herein, does not object to the adoption of the proposed rules.

The LAIPLA is an organization of more than 800 intellectual property attorneys. Our membership includes all facets of intellectual property practice, including sole practitioners, intellectual property specialty firms, general practice firms, and many in-house attorneys employed directly by corporations. Hence, the LAIPLA members represent a wide assortment of patent applicants of all sizes and industries throughout the Southern California region. These comments are the result of discussions among LAIPLA's members and reflect concerns raised by the membership.

These comments address certain proposed rule changes in Part 11, Subparts B and C, of title 37 of the Code of Federal Regulations.

SUBPART B—RECOGNITION TO PRACTICE BEFORE THE USPTO

Proposed Rule 11.5. Register of attorneys and agents in patent matters; practice before the Office. Proposed Rule 11.5(b)(1) identifies what constitutes practice before the USPTO in patent matters. The proposed rule states that "[p]ractice before the Office in patent matters" includes "considering the advisability of relying upon alternative forms of protection that may be available under State law." This provision is overly broad, because the USPTO lacks jurisdiction over state law forms of intellectual property protection. Additionally, under state law, patent agents are not licensed to provide such advice. By including state law forms of protection, proposed Rule 11.5(b)(1) suggests that a patent agent practicing before the USPTO should be providing such advice, even though the provision of such advice might constitute the unauthorized practice of law under state law.

Moreover, it would make no sense to subject patent attorneys to the USPTO disciplinary rules when they give advice on trade secret and other state laws, while attorneys who are not admitted to practice before the USPTO may dispense such advice without being subject to the USPTO disciplinary rules. Both patent attorneys and non-patent attorneys should be subject to the same set of disciplinary rules, as provided by the bar of the state in which the attorney practices, not the USPTO. For all of these reasons, the provision on state law forms of intellectual property protection should be deleted from proposed Rule 11.5(b)(1).

SUBPART C—INVESTIGATIONS AND DISCIPLINARY PROCEEDINGS

Proposed Rule 11.22. Investigations. Proposed Rule 11.22(f) would allow the director of the Office of Enrollment and Discipline (OED) to request information and evidence from a practitioner or grievant, among others, in the course of an investigation into possible grounds for discipline. Among other things, the proposed rule would allow the OED director to request financial books and records. Such financial books and records could include the nonpublic and proprietary records of a corporation or law firm, as well as attorney-client privileged information. The proposed rule thus opens up highly confidential and privileged information to inspection by the OED director. This rule is overly broad and unnecessary. The inspection of any such documents should be limited to an examination of whether escrow accounts and trust accounts comply with proposed Rule 11.115(a).

Moreover, while the proposed rule opens up confidential and privileged information to inspection by the OED director, the proposed rule itself provides no safeguards to ensure that the information will be kept secure and confidential, free from requests from other government agencies or from the public under the Freedom of Information Act. If the proposed rule is to be retained, it should be amended to provide such safeguards.

Additionally, although not expressly stated in proposed Rule 11.22, the USPTO's "Discussion of Specific Rules" states that the Committee on Discipline would be able to "draw an adverse inference from the practitioner's refusal to provide information or records in determining whether probable cause exists to believe a disciplinary rule has been violated." 72 Fed. Reg. 9200. If this interpretation were followed, the Committee on Discipline could arguably find probable cause against a practitioner based solely upon that practitioner's refusal to produce information in response to a request for information by the OED director. Imposing such an adverse inference goes too far. A practitioner may have legitimate reasons for refusing to provide confidential information or records, such as preserving the secrecy of sensitive client confidences and trade secrets, reasons that have nothing to do with a violation of a disciplinary rule. The statement on adverse inferences is not contained in the text of proposed Rule 11.22, and proposed Rule 11.22 should not be interpreted to contain such an adverse inference.

Proposed Rule 11.25. Interim suspension and discipline based upon conviction of committing a serious crime. Proposed Rule 11.25(a) requires that a practitioner notify the OED Director "in writing ... within thirty days" of being convicted of a crime. The OED Director is then tasked with making a "preliminary determination whether the crime constitutes a serious crime warranting immediate interim suspension." This proposal is problematic due to the breadth of the term "crime". The term "crime" can be applied to any act or omission for which society has provided a formally sanctioned punishment and is often used to encompass felonies, misdemeanors, and infractions. The administrative burden of requiring practitioners to report and the OED Director to process crimes as trivial as traffic violations dictates that a notification requirement encompassing a narrower scope of convictions should be adopted. Originally proposed rule 11.25(e) restricted the notification obligation to serious crimes and specifically excluded "misdemeanor traffic offenses or traffic ordinance violations, not including the use of alcohol or drugs". In the interests of alleviating the administrative burden on the OED Director, the LAIPLA recommends adopting a notification rule requiring notification of "serious crimes" excluding "misdemeanor traffic offenses or traffic ordinance violations, not including the use of alcohol or drugs."

Proposed Rule 11.39(a). Hearing officer; appointment; responsibilities; review of interlocutory orders; stays. Proposed Rule 11.39(a) provides that the USPTO Director can appoint an administrative law judge or an attorney, who is an officer or employee of the USPTO, as a hearing officer in disciplinary proceedings. As a practical matter, LAIPLA urges the USPTO Director to adopt a policy of always appointing administrative law judges as hearing officers. The proposed rules contemplate disciplinary proceedings involving investigation of a practitioner's conduct before the USPTO. A perception of bias will exist when representatives of the USPTO act both as hearing officers and witnesses in disciplinary proceedings. Appointing hearing officers from outside the USPTO is vital to preserving the impartiality of the disciplinary proceedings.

The LAIPLA wishes to thank the USPTO Director for the opportunity to comment on the proposed rules. If the LAIPLA can be of further assistance, please do not hesitate to contact me for clarification or further comment.

Respectfully submitted,

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