

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

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**UNIVERSITY OF NEW MEXICO**

(5,747,332),

Junior Party,

v.

**FORDHAM UNIVERSITY**

(09/090,754),

Senior Party.

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Interference No. 104,761

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Before STONER, Chief Administrative Patent Judge, McKELVEY, Senior Administrative Patent Judge, and TORCZON, Administrative Patent Judge.

TORCZON, Administrative Patent Judge.

**DECISION ON REQUEST FOR RECONSIDERATION**

(PURSUANT TO 35 U.S.C. 32)

INTRODUCTION

Junior party University of New Mexico (UNM) has requested reconsideration (Paper No. 44) of a determination by a single administrative patent judge against recommending the disqualification of Fordham University's counsel (Paper No. 43).

According to UNM, the administrative patent judge erred by analyzing its petition under the wrong standard. Specifically, UNM argues that the administrative patent judge applied the

standard applicable to former-client conflicts, despite having found that UNM is a current client (at least at the time the conflict initially occurred). According to UNM, if the case had been analyzed under the current-client standard for disqualification, then a recommendation for disqualification should have resulted.

Fordham contends that UNM is not a client of its counsel, Pennie & Edmonds (P&E) (Paper No. 32). The relationship between P&E and UNM is certainly attenuated: P&E prosecuted a patent application on an unrelated technology on behalf of a third-party, where a UNM employee was a co-inventor. UNM gave P&E a power of attorney and appears to be a co-assignee on the application. Federal Circuit precedent illustrates the complexity in determining whether an attorney-client relationship exists. See e.g., University of West Virginia v. VanVoorhies, 278 F.3d 1288, 1304, 61 USPQ2d 1449, 1459 (Fed. Cir. 2002) (inventor-assignor not a client despite interaction with the prosecuting attorneys); Sun Studs, Inc. v. Applied Theory Assocs., 772 F.2d 1557, 1568, 227 USPQ 81, 89 (Fed. Cir. 1985) (power of attorney does not necessarily create an attorney-client relationship); Teletronics Pty. Ltd. v. Medtronic, Inc., 836 F.2d 1332, 1336, 5 USPQ2d 1424, 1427 (Fed. Cir. 1988) (assignment of interest does not transfer status as client). In the present case, however, the administrative patent judge assumed, without deciding, that UNM was a client of P&E. It is on the basis of that assumption that this reconsideration must proceed.

## DISCUSSION

### Authority for disqualification

The authority for disqualification under 37 C.F.R. § 1.613(c) stems from the Director's authority to suspend practitioners under 35 U.S.C. 32:

The Director may, after notice and opportunity for a hearing, suspend or exclude, either generally or in any particular case[.]

A disqualification under § 1.613(c) is a limited delegation to the Board to exclude a practitioner in a particular case. Cf. 37 C.F.R. § 10.130(b) (excluding disqualifications petitions from the ambit of investigations and disciplinary proceedings under 37 CFR Part 10).<sup>1</sup> The Director of Enrollment and Discipline is charged with general responsibility for enforcement of the Disciplinary Rules. 37 C.F.R. § 10.2(b)(2).

### Relevant case law

A party requesting reconsideration bears the burden of demonstrating an error in the determination under review. Cf. 37 C.F.R. § 1.655(a) ("The burden of showing that an interlocutory order should be modified shall be on the party attacking the order."). UNM has alleged that the wrong standard for disqualification was used. The first question is whether there is binding authority requiring the application of a particular standard to the facts of this case. UNM has cited the following Commissioner decisions:<sup>2</sup>

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<sup>1</sup> Interestingly, UNM's original petition cited this section, not § 1.613(c), as the basis for its request (Paper No. 23 at 7).

<sup>2</sup> Other recent Commissioner decisions on disqualification include:

Gilman Corp. v. Gilman Bros., 20 USPQ2d 1238 (Comm'r Pats. 1991) (former client);

Unico Am. Corp. v. Unico Banking Grp., 223 USPQ 684 (Comm'r Pats. 1984) (former client); and

(continued...)

American Sigma, Inc. v. QED Enviromental Sys., 1989 Comm'r Pat. LEXIS 18;

Beghin-Say v. Rasmussen, 212 USPQ 614 (Comm'r Pats. 1980);

Halcon Int'l., Inc. v. Werbow, 1980 Comm'r Pat. LEXIS 1;

Plus Prods. v. Con-Stan Indus., 221 USPQ 1071 (Comm'r Pats. 1984); and

Sunkist Growers, Inc. v. Ansehl Co., 221 USPQ 1077 (Comm'r Pats. 1984).

All but Beghin-Say involved former clients. In Beghin-Say, the Deputy Commissioner determined the attorney in question had not been Beghin-Say's attorney. UNM has not pointed to a precedent of this agency setting a standard for disqualifying counsel with a current-client conflict.

UNM has only cited one Federal Circuit decision, Picker Int'l v. Varian Assocs., 869 F.2d 578, 10 USPQ2d 1122 (Fed. Cir. 1989). The Federal Circuit applies the law of the regional circuit in disqualification matters. Panduit Corp. v. All States Plastics Mfg. Co., 744 F.2d 1564, 1574-75, 223 USPQ 465, 471 (Fed. Cir. 1984). The Picker Int'l court applied the law of Sixth and Tenth Circuits, where the certifying district courts were located. The court neither applied a United States Patent and Trademark Office standard nor announced its own standard.

In Picker Int'l, a law firm representing Picker in suits against Varian merged with a firm representing Varian in another matter. Varian refused to waive the conflict so the merged firm tried to withdraw from its representation of Varian. The Federal Circuit held that the district courts involved did not abuse their discretion in holding that Varian had been a client when the

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<sup>2</sup> (...continued)

Zavodu Vseobecneho Strojirenstvi v. K.K. Toyoda Jidoshokki Se isaku, 2 USPQ2d 1222 (Comm'r Pats. 1986) (not a client).

conflict arose (i.e., a "current" client). The court then applied Disciplinary Rule 5-105(B) (duty of undivided loyalty) to conclude that the merged firm had impermissibly picked one client over another. The court agreed with the district courts that the injury to Picker (having to hire alternative counsel, which it had done) was outweighed by the injury to Varian, particularly in light of the merged firm's failure to take reasonable steps to protect Picker's interests.

### Analysis

There are several similarities between the present case and Picker Int'l. First, although there is no merger in this case, the conflict arose when an attorney joined P&E and brought his UNM-related work with him, while P&E was trying to provoke an interference against a UNM patent.<sup>3</sup> Second, once the conflict was identified, P&E tried, but failed to obtain consent from the party requesting disqualification. Third, UNM alleges<sup>4</sup> the P&E picked Fordham's real party-in-interest over UNM and its co-assignee as the client P&E would keep.<sup>5</sup>

The Picker Int'l court, however, expressly rejected the notion of a per se rule for disqualification. 869 F.2d at 581, 10 USPQ2d at 1125.<sup>6</sup> Instead, the court expressly approved of

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<sup>3</sup> The precise sequence of events is not clear from the record. Either event, the addition of a new client or the initiation of litigation against another party, should have been a trigger for a conflicts check. The fact that P&E identified the conflict after the interference was declared strongly suggests that it could have been identified earlier with reasonable diligence.

<sup>4</sup> The evidence provided (UNM Exhibits 2013 & 2014) is hearsay accounts of what the third-party co-assignee told UNM employees.

<sup>5</sup> One exhibit reports that the third party was "reluctant to sign a declaration on UNM's behalf if it would interfere with the long-term relationship between" the third party and P&E (UNM Exhibit 2013 at ¶17). This statement suggests that the third party, at least, was not really dropped as a client.

<sup>6</sup> The dissent went further in its rejection of any per se rule, noting the potential for abuse in disqualification motions. 869 F.2d at 584, 10 USPQ2d at 1128. The Federal Circuit had previously endorsed a "restrained approach towards disqualification". Teletronics Pty., 836 F.2d at 1336, 5 USPQ2d at 1430, citing Second Circuit practice.

the balance the district court struck regarding the harms to the parties. 869 F.2d at 584, 10 USPQ2d at 1127. No comparable balance exists here.

Balance is a particularly critical consideration in this case. UNM has conceded (Paper No. 44 at 4) (a) that there is no substantial relationship between the subject matter of the P&E's work on UNM's patent application and the subject matter of this interference and (b) that it has not presented facts to support a sharing of confidences with P&E sufficient to warrant disqualification under the former-client standard. The question thus framed is whether a current-client conflict is a strict liability offense. Picker Int'l, applying Tenth Circuit law, has answered that question in the negative. Rejection of a per se rule is sound policy because such a rule would permit wasteful ancillary litigation for purely tactical reasons.<sup>7</sup>

In this case, there is no relationship between (a) the harm UNM may have suffered in its unrelated patent application and (b) its ability to act in this interference. Although there is a presumption of harm when a conflict arises between current clients, Picker Int'l, 869 F.2d at 581 10 USPQ2d at 1125, presumptions evaporate in the face of evidence, and the standard for showing no harm (i.e., proving a negative) is lenient. Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1579, 223 USPQ 465, 475 (Fed. Cir. 1984). In the present case, the evidence showing an, at best, attenuated attorney-client relationship combined with no showing of shared confidences supports a finding of no meaningful harm to UNM. This lack of harm must be balanced against the actual harm to Fordham (not just P&E) that would result from disqualification of its chosen counsel. It would serve no purpose to force Fordham to choose

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<sup>7</sup> This is a particular concern in patent interferences, where the number of regular practitioners is relatively small.

new counsel when continued representation by P&E causes UNM no harm. To the extent that P&E may have harmed UNM in a way unrelated to this interference, UNM can seek redress through the Office of Enrollment and Discipline or a relevant State bar.

The federal district courts have tended to take a more active role in policing attorney conduct than one adopted here. The Board is not a federal court: it is part of an agency with its own integrated regulatory scheme for addressing attorney misconduct. The Director of Enrollment and Discipline is responsible for Disciplinary Rule enforcement generally and is competent to police the conduct of the patent bar. The Board's mandate is to decide interferences quickly and inexpensively, as well as justly, 37 C.F.R. § 1.601. It is not consistent with that mandate to try to right putative wrongs that have no direct connection to the interference.<sup>8</sup>

#### ORDER

Upon reconsideration of the determination declining to recommend disqualification, it is:

ORDERED that the requested relief be DENIED; and

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<sup>8</sup> Applicants may now receive day-for-day extensions of term for time spent in an interference. 35 U.S.C. 154(b)(1)(C)(i). Thus, there is an injury to the public and to parties in other interferences if the Board spends its limited resources addressing questions better left to the Director of Enrollment and Discipline rather than deciding questions of priority.

FURTHER ORDERED that this interference be remanded to the administrative patent judge designated to handle the interference.

BRUCE H. STONER, JR.  
Chief Administrative Patent Judge

FRED E. McKELVEY  
Senior Administrative Patent Judge

RICHARD TORCZON  
Administrative Patent Judge

BOARD OF PATENT  
APPEALS AND  
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INTERFERENCE  
TRIAL SECTION

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