Karen J. Mathis **AMERICAN BAR ASSOCIATION** 321 N. Clark Street
President Chicago, Illinois 60610-4714
(312) 988-5109
FAX: (312) 988-5100

May 28, 2007

The Honorable Jon W. Dudas
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
c/o Harry I. Moatz
OED-Ethics Rules
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450

RE: Notice of Proposed Rulemaking
Changes to Representation of Others Before the United States Patent and Trademark (72 Fed. Reg. 9196 (February 28, 2007)

Dear Director Dudas:

In the Federal Register Notice dated February 28, 2007, the U.S. Patent and Trademark Office ("USPTO") requested public comments regarding the above identified Supplemental Notice of Proposed Rulemaking ("PR"). Presented herein are the comments of the American Bar Association. The ABA appreciates the opportunity to offer comments on the rule and practice changes proposed by the USPTO. As you know, former ABA President Dennis W. Archer provided the ABA's comments in a letter dated June 14, 2004 on the previous Notice of Proposed Rulemaking: Changes to Representation of Others Before the United States Patent and Trademark. 68 Fed. Reg. 69441 (December 12, 2003).

These comments were prepared by a Presidential Task Force. It was chaired by the Hon. Barbara K. Howe (MD), Chair of the ABA Standing Committee on Professional Discipline. It included representation of the Standing Committee on Professional Discipline (PD) and the ABA Section of Intellectual Property Law (IPL). The members of the Task Force and their states of origin were David S. Baker (GA) (PD); Anthony L. Butler (WA) (PD); Rodney K. Caldwell (TX) (IPL); Lisa A. Dolak (NY) (IPL); Harry J. Macey (CA) (IPL), and Larry Ramirez (NM) (PD). Members of the Staff of the ABA Center for Professional Responsibility (Director, Jeanne P. Gray, Regulation Counsel Mary M. Devlin, and Associate Regulation Counsel Ellyn S. Rosen) also provided input and assistance.

The ABA supports the stated goals in the 2007 Supplemental Notice that: "The primary purposes for adopting procedures for disciplining practitioners who fail to conform to adopted standards include affording practitioners due process, protecting the public, preserving the integrity of the Office, and maintaining high professional standards." 72 Fed. Reg. 9197 (Feb. 28, 2007). We are particularly pleased to note that: "The primary purpose of the rule changes is to bring the USPTO's disciplinary procedural rules for practitioners in line with the American Bar Association Model Rules of Professional Conduct, American Bar Association Model Rules for Lawyer Disciplinary Enforcement, American Bar Association Model Federal Rules of Disciplinary Enforcement and rules adopted by other federal agencies." 72 Fed. Reg. 9205 (Feb. 28, 2007).

Some of the rules contained in the 2003 notice were modified in view of the comments made in early 2004, and were published in the Federal Register on June 24, 2004. They became effective July 26, 2004. The comments in this letter address only those proposed rules that were published in the Federal Register on February 28, 2007.

The 2007 Supplemental Notice seeks comments on revised proposed rules "governing the conduct of investigations and disciplinary proceedings." 72 Fed. Reg. 9196 (Feb. 28, 2007). The 2007 Supplemental Notice also states that: "Comments on proposed changes to the substantive ethics rules remain under consideration by the Office. The current notice does not address those proposed rules." *Id*. This raises a concern with respect to the proposed rules that refer to "imperatives" of the USPTO Rules of Professional Conduct. Section 11.19(b)(4), for example, provides that "violation of the imperative USPTO Rules of Professional Conduct provides grounds for discipline." As the pending proposed revision of the USPTO ethics rules, if adopted, would not distinguish between "imperative" and "aspirational" rules, reference to "imperative" rules would create uncertainty. We reiterate the ABA's previous commendation to you of the ABA Model Rules of Professional Conduct (MPRC) for adoption as the substantive ethics rules for the USPTO as they do not distinguish between "aspirational" and "imperative" rules.

A. Relevant ABA Policies:
For over forty years, the ABA has been the national leader in improvements to make lawyer discipline fair and effective.[1] The ABA has conducted two major national studies[2] and almost 50 individual studies of state and other tribunals' lawyer discipline systems.
The policies recommended in the Clark and McKay Reports, as adopted by the ABA House of Delegates, are embodied in the ABA Model Rules for Lawyer Disciplinary Enforcement ("MRLDE") available at http://www.abanet.org/cpr/disenf/home.html. The MRLDE are a comprehensive policy document of the Association's recommendations for disciplinary procedural rules. The MRLDE are the basis for these comments.
B. General Comments

1. The ABA Standing Committee on Professional Discipline is responsible for the ABA's National Lawyer Regulatory Data Bank (NLRDB), the only national repository of information concerning public disciplinary sanctions imposed against lawyers and other regulatory actions from all states and the District of Columbia, some federal courts and some federal agencies. The Data Bank has received reports of public regulatory actions from the USPTO since 2001. It was referenced in Section 11.59(a) of the originally proposed rules under its former name, the National Discipline Data Bank. Section 11.59(a) no longer provides for such reports but instead states that:

> The OED Director shall inform the public of the disposition of each matter in which public discipline has been imposed and of any other changes in a practitioner's registration status. *** Unless otherwise ordered by the USPTO Director, the OED Director shall give notice of public discipline and the reasons for the discipline to disciplinary enforcement agencies in the state where the practitioner is admitted to practice, to courts where the practitioner is known to be admitted, and the public.

This is premised upon the belief that the OED Director will know all the jurisdictions where the practitioner is admitted. Unfortunately, such may not be the case. That is why the NLRDB was established to serve as a national clearinghouse of reports of public disciplinary sanctions so that all jurisdictions where a practitioner is admitted may be informed and take appropriate reciprocal disciplinary action. We recommend that Section 11.59(a) be revised to include reports to the NLRDB.

2. This version of the proposed rules removes immunity for complainants and disciplinary counsel without explanation and contrary to longstanding ABA policy. "The revised proposed section also eliminates the provisions in Section 11.3(d) for qualified privilege for complaints submitted to the OED Director or any other official of the Office and for immunity for Office employees from disciplinary complaint under Part 11 for any conduct in the course of their official duties." 72 Fed. Reg. 9196, 9198 (Feb. 28, 2007).

Since its adoption of the 1970 Clark Report on PROBLEMS AND RECOMMENDATIONS IN DISCIPLINARY ENFORCEMENT, the ABA has supported absolute immunity for persons filing complaints with a disciplinary agency. Rule 12 of the MRLDE provides for absolute immunity

[1] Mary M. Devlin, The Development of Lawyer Disciplinary Procedures in the United States, 7 Geo. J. Legal Ethics 911 (1994).

[2] In 1968, the ABA established the Clark Committee (chaired by former U.S. Supreme Court Justice Tom Clark). The Clark Committee Report, PROBLEMS AND RECOMMENDATIONS IN DISCIPLINARY ENFORCEMENT (Clark Report), 1 (1970), can be found at http://www.abanet.org/cpr/reports/Clark_Report.pdf. In 1989, the ABA established the McKay Commission (chaired by former N.Y.U. Law School Dean Robert B. McKay) to examine the effects of the Clark Report and to study additional reforms. The McKay Commission's Report, LAWYER REGULATION FOR A NEW CENTURY, (1992) can be found at http://www.abanet.org/cpr/reports/mckay_report.html.

for members of the agency, complainants and witnesses although in a context of coordination with local law enforcement. As the Commentary to MRLDE 12 explains:

> Agency personnel are an integral part of the judicial process and are entitled to the same immunity which is afforded to prosecuting lawyers. Immunity protects the independent judgment of the agency and avoids diverting the attention of its personnel as well as its resources toward resisting collateral attack and harassment.
>
> The Rule recommends absolute privilege rather than qualified privilege; qualified privilege may not protect against harassment made possible by simply alleging malice in a lawsuit. Conduct on the part of agency personnel which is not authorized or exceeds assigned duties is not protected.
>
> A policy of conferring absolute immunity on the complainant encourages those who have some doubt about a lawyer's conduct to submit the matter to the proper agency, where it may be examined and determined. Without immunity, some valid complaints will not be filed. The individual lawyer may suffer some hardship as the result of the occasional filing of a malicious complaint, but a profession that wants to retain the power to police its own members must be prepared to make some sacrifice to that cause.
>
> It is unlikely that even a malicious complaint will cause any damage beyond some inconvenience. The members of the agency to whom the complaint is submitted will surely not hold it against the lawyer, for their very function is to separate meritorious from undeserving complaints. The policy of agencies not to divulge the existence of complaints while they are being investigated effectively protects the lawyer from any unwarranted public disclosure. Thus, the lawyer is given more practical protection than a party to an ordinary suit, in which pleadings are public. Immunity from civil actions attaches only to communications made to the agency.
>
> As disciplinary agencies have grown, they have increasingly recognized the necessity for initiating investigations into areas of misconduct that are unlikely to generate complaints, and the problem of uncooperative witnesses has become more prevalent. Witnesses are reluctant to testify, particularly in the course of investigations into areas of practice involving such acts as ambulance chasing, the filing of false damage claims, immigration frauds, illegal adoptions and other misconduct from which the client derives substantial benefits. The client is reluctant to answer any questions concerning such matters since the truth may implicate him or her as well as the lawyer in criminal conduct. As a result, a client may rely on the constitutional privilege against self-incrimination to avoid disclosure of the misconduct. When that occurs, testimony can be obtained only if there is a procedure by which the witness can be granted immunity from criminal prosecution.
>
> The conferring of immunity on a witness in the course of a disciplinary proceeding concerns the local law enforcement authorities, because it prevents the institution of a criminal prosecution based on the witness's disclosures in the course of his or her subsequent testimony. Any procedure authorizing immunity should therefore require that local law enforcement authorities be served with a copy of the application requesting immunity and that the application itself be judicially determined. This will enable law enforcement authorities to assert any objection they may have to immunizing the witness and to have that objection judicially weighed against the necessity for granting immunity for purposes of the disciplinary proceedings. Because a grant of immunity is a waiver of the state's right to proceed criminally against the individual, legislation may be necessary to implement this Rule. A lawyer granted witness immunity, although protected from

criminal prosecution, is still subject to discipline for the underlying misconduct revealed by his or her testimony.

Based on the foregoing, the ABA recommends that Section be revised to provide absolute immunity for complainants, witnesses and OED personnel.

3. The proposed regulations also appear to provide no notice to complainants as provided in MRLDE Rules 1(B), 4(B)(6) and (13), 11(A) and 11(B)(3) or any appeals mechanism for complainants as provided in MRLDE Rule 31. As explained in Recommendation 8 of the 1992 McKay Report (LAWYER REGULATION FOR A NEW CENTURY) adopted by the ABA House of Delegates in February 1992:

Recommendation 8 Complainant's Rights

> 8.1 Complainants should receive notice of the status of disciplinary proceedings at all stages of the proceedings. In general, a complainant should receive, contemporaneously, the same notices and orders the respondent receives as well as copies of respondent's communications to the agency, except information that is subject to another client's privilege.
>
> 8.2 Complainants should be permitted a reasonable opportunity to rebut statements of the respondent before a complaint is summarily dismissed.
>
> 8.3 Complainants should be notified in writing when the complaint has been dismissed. The notice should include a concise recitation of the specific facts and reasoning upon which the decision to dismiss was made.
>
> 8.4 Disciplinary counsel should issue written guidelines for determining which cases will be dismissed for failure to allege facts that, if true, would constitute grounds for disciplinary action. These guidelines should be sent to complainants whose cases are dismissed.
>
> 8.5 Complainants should be notified of the date, time, and location of the hearing. Complainants should have the right to personally appear and testify at the hearing.
>
> 8.6 All jurisdictions should afford a right of review to complainants whose complaints are dismissed prior to a full hearing on the merits, consistent with ABA MRLDE 11(B)(3) and 31.
>
> Comments
>
> This recommendation adds significant new provisions to the Model Rules for Lawyer Disciplinary Enforcement. In almost every jurisdiction, complaints to the disciplinary agency are screened, and those that fail to allege facts constituting a violation of the ethics rules are dismissed by a summary procedure. Other complaints are investigated and dismissed upon a finding that there is insufficient evidence of a violation.

The Commission believes that summary procedures are appropriate for these matters. In general, disciplinary agencies give fair and adequate consideration to the complaints. This conclusion is supported by the fact that in those states that permit complainants to appeal, few of the dismissals reversed on review and sent back for further investigation later result in the imposition of discipline.

Nevertheless, complainants often feel their complaints have not received fair consideration by the agency. The Commission has identified several factors that contribute to this result.

In the vast majority of these matters, the only communication between the complainant and the agency is by mail. Complainants file a complaint and weeks or months later receive a dismissal letter. The complainant has no way of judging how much consideration the complaint has received. Even in those cases in which charges are filed and further proceedings held, complainants are not routinely informed of the status or development of the case.

Complainants in many jurisdictions are notified of the dismissal by a form letter that states only that the complaint failed to allege a violation of the ethics rules or that sufficient evidence of a violation was not found. The complainant is not informed of the facts considered or the reasoning used to arrive at a decision to dismiss. Of all complaints summarily dismissed, a significant portion allege facts that, if true, would not constitute a violation of the rules of professional conduct, but would be unprofessional behavior that should be addressed. The distinction between unethical conduct and other bad conduct is meaningless to most complainants.

In most jurisdictions, the complainant has no regulatory body other than the disciplinary agency to which to complain, and in most jurisdictions the complainant has no right to appeal summary dismissal of the complaint.

Given these facts, it is understandable that complainants are dissatisfied when their complaints are summarily dismissed or when they are not kept informed of the status of their complaints.

Providing complainants a concise explanation of the facts and reasons for the summary dismissal of the complaint will require little additional effort if those facts and reasons are articulated and recorded at the time the decision is made. The National Organization of Bar Counsel recommends that written guidelines should be issued for dismissing cases that fail to allege misconduct. Sending a copy of these guidelines to complainants when their complaints are dismissed will help them understand the reasons for dismissal.

Most people expect serious consideration of their complaint and the right to a review when dealing with their government. When these basic expectations are not met, the proceeding is likely to be perceived as unfair, regardless of the reality.

We recognize that creating a process for complainant appeals will require additional resources. We note that twenty-one of forty-six states surveyed by the Commission provide complainants a right to appeal and have found sufficient resources to hear these appeals. We believe that the failure of other jurisdictions to provide a right to appeal is responsible for a great deal of public dissatisfaction with the disciplinary system. The time and money required to provide this right will be well spent.

Providing complainants a right of appeal is more than a mere public relations device, however. It is true that in jurisdictions providing this right, few of the dismissals appealed and remanded for further investigation ultimately result in a

finding of misconduct. Nevertheless, a complainant appeal procedure does provide a useful check on the effectiveness of disciplinary counsel's initial screening of complaints and on the quality of investigations.

Based on the policy of the MRLDE and the McKay Report cited above, the ABA recommends that the proposed regulations be expanded to include the provision of notice to complainants and an appeal mechanism for complainants.

4. Section 11.28 of the 2007 Supplemental Notice provides that, during the course of formal disciplinary proceedings, a respondent may be placed on disability inactive status if it is determined that he or she cannot adequately defend due to incapacity. Upon placing a respondent on disability inactive status for this reason, the pending proceeding is held in abeyance until the practitioner is returned to active status. There is no separate rule, analogous to Rule 23 of the MRLDE that would allow a respondent to be placed on disability inactive status absent the existence of pending formal charges. We recommend adoption of such a rule. For example, a lawyer may be judicially declared incompetent or incapacitated, but no disciplinary proceeding before the USPTO is pending. In this situation, the agency should be able to, upon proper proof, place that lawyer immediately on disability inactive status. Information about a practitioner's physical or mental condition that adversely affects the ability to practice law may also come to the attention of the USPTO from other sources. This information should be investigated by Director's Office. If necessary, disability inactive status proceedings should be initiated.

C. <u>Comments on Specific Proposed Rules (PR)</u>

1. **Section 11.1 Definitions.** In the paragraph immediately preceding the proposed revision to this Section following the words "amended to," the word "add" should be changed to "revise" in reference to the proposed definition of *State*, as a definition of *State* was contained in Section 11.1 in the June 24, 2004 rules.

2. **Sections 11.2(b)(5) and Section 11.23 – Committee on Discipline composition.** The reference in Section 11.2(b)(5) to the "Committee on Discipline" is to a committee newly defined in Section 11.23(a) [modifying the present definition in Section 10.4(a)] as consisting of "at least three employees of the Office. . . . [n]one of [whom] shall report directly or indirectly to the OED Director or any employee designated by the USPTO Director to decide disciplinary matters. . . . [and each of whom] shall be a member in good standing of the bar of the highest court of a State."

The McKay Report urged independence of disciplinary officials. Hence, we recommend that the Committee on Discipline not be solely composed of USPTO employees Instead, one third of the Committee on Discipline should be attorney practitioners who are not USPTO employees and one third should be registered patent agents who are not USPTO employees. Further, we recommend that no panel of the Committee on Discipline should exceed three members with one non-USPTO employee attorney practitioner member and one non-USPTO registered patent agent member. As explained in the Comment to MRLDE Rule 2 at page 7:

> A combination of lawyers and nonlawyers on the board [and hearing committees] results in a more balanced evaluation of complaints. Currently more than two-thirds of all jurisdictions involve pubic members in their disciplinary structure. Participation by nonlawyers increases the credibility of the discipline and disability process in the eyes of the public. There is a human tendency to suspect the objectivity of a discipline body composed solely of members of the respondent's professional colleagues. Involving

public members helps allay that suspicion. *** At least one-third … of all adjudicators should be nonlawyers.

3. **Section 11.2 (e) Petition to USPTO Director in disciplinary matters.** Sections 11.2(c) and (d) deal with petitions to the OED Director and the USPTO Director, respectively, on decisions regarding enrollment and recognition. Each of these sections requires the payment of a petition fee. Section 11.2(e) deals with petitions to the USPTO Director to review decisions of the OED Director in disciplinary matters and does not state one way or the other whether a petition fee is required. It should be made clear that such fees are not required in disciplinary cases.

4. **Section 11.3 Suspension of Rules.** Section 11.3 provides for suspension of the Rules "in an extraordinary situation, when justice requires." The explanation states that it was revised to eliminate a prohibition in Section 11.3(b) against petitioning to waive a disciplinary rule and that "elimination of the prohibition should not be construed as an indication that there could be any extraordinary situation when justice requires waiver of a disciplinary rule." 72 Fed. Reg. 9198 (bottom left column).

The ABA recommends elimination of the provisions for suspension of the rules. The only instance that might justify such a suspension would be when a practitioner is engaging in such conduct as to pose a substantial threat of serious harm. The PR do not provide for interim suspension in such a situation. The ABA recommends the adoption of MRLDE Rule 20 that provides for Interim Suspension for Threat of Harm as follows:

A. Transmittal of Evidence. Upon receipt of sufficient evidence demonstrating that a lawyer subject to the disciplinary jurisdiction of this court has committed a violation of the [… Rules of Professional Conduct] or is under a disability as herein defined and poses a substantial threat of serious harm to the public, disciplinary counsel shall:

    (i) transmit the evidence to the court together with a proposed order for interim suspension; and
    (ii) contemporaneously make a reasonable attempt to provide the lawyer with notice, which may include notice by telephone, that a proposed order for immediate interim suspension has been transmitted to the court.

B. Immediate Interim Suspension. Upon examination of the evidence transmitted to the court by disciplinary counsel and of rebuttal evidence, if any, which the lawyer has transmitted to the court prior to the court's ruling, the court may enter an order immediately suspending the lawyer, pending final disposition of a disciplinary proceeding predicated upon the conduct causing the harm, or may order such other action as it deems appropriate. In the event the order is entered, the court may appoint a trustee pursuant to Rule 28 to protect clients' interests.

C. Notice to Clients. A lawyer suspended pursuant to paragraph B shall comply with the notice requirements in Rule 27.

D. Motion for Dissolution of Interim Suspension. On [two] days notice to disciplinary counsel, a lawyer suspended pursuant to paragraph B may appear and move for dissolution or modification of the order of suspension, and in that event the motion shall be heard and determined as expeditiously as the ends of justice require.

Commentary

Certain misconduct poses such an immediate threat to the public and the administration of justice that the lawyer should be suspended from the practice of law immediately pending a final determination of the ultimate discipline to be imposed. Interim suspension is also appropriate when the lawyer's continuing conduct is causing or is likely to cause serious injury to a client or the public, as, for example, where a lawyer abandons the practice of law or is engaged in an ongoing conversion of trust funds.

The procedures set forth in Rule 20 are similar to those applicable to civil temporary restraining orders, except that an immediate interim suspension order does not expire automatically, but requires a motion for dissolution or modification. Since immediate interim suspension may be imposed ex parte following reasonable efforts to notify the lawyer, a lawyer suspended without a hearing should be afforded an opportunity to seek dissolution or modification of the suspension order on an expedited basis.

5. **Section 11.5(b)(1) Practice before the Office in Patent Matters.** The definition of "practice before the Office in patent matters" raises several concerns.

This section and the discussion concerning the scope of authority that patent agents have is internally inconsistent in a significant way. The discussion relating to this section states that patent agents may not prepare assignments because assignments are creatures of state law. On the other hand, the text of Section 11.5(b)(1) as proposed states that patent agents may advise about "alternative forms of protection that may be available under State law." This seems inconsistent, as patent agents long have been permitted to prepare and file assignments in connection with the applications they have prepared.

As a matter of policy, state law should not determine the question of whether a patent agent may do or may not do an act in connection with his or her practice before the USPTO so long as the act is reasonably necessary and incident to the preparation and prosecution of patent applications before the Office. To allow state law to control such practice would subject patent agents to inconsistent standards and would be in conflict with the power of Congress to create authority in those whom it permits to practice before the Office. Thus, the question of what advice a patent agent may give a client should not be determined by whether the agent's advice turns on state or federal law, but rather on whether the advice is reasonably incident to the patent preparation and prosecution functions that the agent has been authorized by the Office to perform.

Section 11.5 Non-Practitioner Assistants

Section 11.5 includes the statement that: "Nothing in this section proscribes a practitioner from employing non-practitioner assistants under the supervision of the practitioner in preparation of said presentations." In this regard, the word "employing" should be changed to "employing or retaining," to conform it to the language of Model Rule 5.3(a), and to clarify that it is not necessary for the practitioner to *employ* the non-practitioner assistants to bring them within the rule.

Also, the phrase "in preparation of said presentations" should be changed to read "matters pending or contemplated to be presented to the Office" to more accurately define the activities and to be consistent.

6. **Section 11.18 (b)(1) Signature and Certificate for Correspondence Filed in the Office and Section 11.22(b) Investigations**. Generally, Section 11.18 (b)(1) states that by

filing any paper with the USPTO Office or a hearing officer in a disciplinary proceeding, practitioners and non-practitioners certify that the statements made therein are true and correct and are made with the knowledge that false/fraudulent statements are subject to criminal penalty under 18 U.S.C. 1001 and other applicable statutes. It appears that this Section applies to complainants in disciplinary proceedings before the USPTO. The Section does not specify whether it is referring to all disciplinary proceedings or only to those under Section 11.32. Regardless of the type of disciplinary proceedings to which this Section is intended to apply, for the reasons set forth above regarding immunity for complainants, the ABA recommends that this Section be amended. Complainants should be excluded from its purview with regard to their communications with the Office in disciplinary matters.

Additionally, the mandatory language in Section 11.18(b) may conflict with Section 11.22 (b) of the proposed rules. Section 11.22(b) gives the OED Director, at the investigation stage, the discretion to request that a complainant verify via affidavit information indicating possible grounds for discipline. Whether these Sections do conflict depends upon how "disciplinary proceeding" is defined in Section 11.18. The ABA recommends that complainants not be required to verify information provided to the OED Director pursuant to Section 11.22.

Since the adoption of the 1970 Clark Report on PROBLEMS AND RECOMMENDATIONS IN DISCIPLINARY ENFORCEMENT, the ABA has opposed insistence by disciplinary agencies on unnecessary formalities for complainants, including verification of complaints. The discussion of Problem 10 in the Clark Report explained that:

Unfortunately, the practice of requiring verification of complaints may be interpreted by the complainant as an implied threat that he will be prosecuted for perjury or exposed to a lawsuit if any of his allegations are inaccurate. …The verification requirement may often cause the withholding of a legitimate complaint. The Clark Report went on to explain that: "The policy of accepting only verified complaints intimidates not only the malicious complainant but also the sincere complainant. Therefore, the policy and its consequences must be considered carefully." Further,

- -

> By preventing the filing of false and malicious complaints, the requirement that complaints be verified avoids inconvenience to an attorney who might otherwise have to answer allegations. While it is theoretically possible that a miscarriage of justice might also be prevented, that seems unlikely as a practical matter. The screening procedures inherent in the disciplinary process are far too extensive to permit the filing of formal charges, much less findings sustaining them, on the basis of false allegations, necessarily uncorroborated.
>
> On the other hand, intimidation of the complainant who genuinely believes himself to have been wronged may result in injustice. The complaint not filed might have exposed an unethical practitioner and resulted in the institution of proceedings to remove him. Instead, the malefactor may continue to practice, thereby not only denying relief to the prospective complainant but endangering other innocent clients as well.
>
> In determining whether to follow a policy of requiring verified complaints or strict adherence to other formalities, the bar is placed in the position of choosing between protecting its members at the risk of harming the public or of protecting the public at the risk of some inconvenience to its members. It is by choosing the policy in the public interest that we demonstrate the high standards of our profession.

Id. at 71-3.

7. **Section 11.19(a) References to Sections not Brought Forward in Proposed Supplement.** Section 11.19(a) continues to refer to "all practitioners administratively suspended under Section 11.11(b);" "all practitioners inactivated under Section 11.11(c);" and "[p]ractitioners who have resigned under Section 11.11(e)," even though the rule originally proposed in 2003 was promulgated in 2004 as Section 11.11 without any of these provisions. The current supplemental Notice of Proposed Rulemaking does not include any of these antecedents either. If the intent is to bring forward provisions from the December 12, 2003 proposed rule changes, those provisions should be specifically identified so that the public will have a fair opportunity to consider and comment on them.

8. **Section 11.20(b) Conditions imposed with discipline**. Section 11.20(b) limits restitution to the return of unearned fees or misappropriated client funds. MRLDE Rule 10(A)(6) does not limit restitution.

9. **Section 11.21 Warnings.** Section 11.22 states that: "A warning is not a disciplinary sanction. The OED Director may conclude an investigation with the issuance of a warning. The warning shall contain a brief statement of facts and imperative USPTO Rules of Professional Conduct relevant to the facts." Thus, Section 11.21 appears to authorize the OED Director to issue a warning without affording the practitioner an opportunity to be heard or an opportunity to appeal from the "warning." This appears to be inconsistent with Section 11.2(b)(4), which provides that, unless the action to be taken as the result of an investigation is a summary dismissal of the matter, a practitioner must be given an opportunity to respond to a reasonable inquiry by the OED Director.

As a matter of due process the practitioner should have the right to a hearing before any public sanction is imposed. We recommend that this Section adopt the approach in MRLDE Rule 10(A)(5) that provides that for admonition as a sanction:

> **Admonition by disciplinary counsel imposed with the consent of the respondent and the approval of the chair of a hearing committee**. An admonition cannot be imposed after formal charges have been issued. Admonitions shall be in writing and served upon the respondent. They constitute private discipline since they are imposed before the filing of formal charges. Only in cases of minor misconduct, when there is little or no injury to a client, the public, the legal system, or the profession, and when there is little likelihood of repetition by the lawyer, should an admonition be imposed. A summary of the conduct for which an admonition was imposed may be published in a bar publication for the education of the profession, but the lawyer shall not be identified. An admonition may be used in subsequent proceedings in which the respondent has been found guilty of misconduct as evidence of prior misconduct bearing upon the issue of the sanction to be imposed in the subsequent proceeding.

As the Commentary explains:

> [Admonitions] constitute private discipline since they are imposed before the filing of formal charges. There are situations in which it may be appropriate to impose private discipline. A private sanction in those cases informs the lawyer that his or her conduct is unethical but does not unnecessarily stigmatize a lawyer from whom the public needs no protection.

10. **Section 11.22(f)(2) Request for information and evidence by OED Director.** Section 11.22(f)(2) appears to permit the OED Director to request a non-grieving client to disclose confidential or privileged information to the Office under certain circumstances. If the client turns over such information, the attorney-client privilege and related work product protections could be waived unless the rule specified otherwise. At a minimum, any request or suggestion by the OED Director to a non-grieving client to provide information to the Office should be accompanied by a notice clearly warning that disclosure to the Office could waive any attorney-client privilege or other protection.

11. **Section 11.23 Committee on Discipline**. Section 11.23(a) provides that the USPTO Director appoints the Committee consisting of at least three employees of the Office. These employees are to be lawyers in good standing. The Committee members are to select a Chair from among themselves, and three Committee members constitute a panel of the Committee for purposes of determining whether there is probable cause to bring charges against a practitioner. Even though the USPTO employee Committee members may not report directly or indirectly to the OED Director or to any other employee designated by the USPTO Director to decide disciplinary matters, the Committee does not include non-lawyer members, and the members are not independent of the agency. We recommend that the panels not exceed three members and that they include a majority of non-USPTO employee members. Thus, no panel should function without one attorney practitioner member and one registered patent agent member.

The McKay Report urged independence of disciplinary officials. And, as explained in the Comment to MRLDE Rule 2 at page 7:

> A combination of lawyers and nonlawyers on the board [and hearing committees] results in a more balanced evaluation of complaints. Currently more than two-thirds of all jurisdictions involve pubic members in their disciplinary structure. Participation by nonlawyers increases the credibility of the discipline and disability process in the eyes of the public. There is a human tendency to suspect the objectivity of a discipline body composed solely of members of the respondent's professional colleagues. Involving public members helps allay that suspicion.
>
> At least one-third … of all adjudicators should be nonlawyers.

12. **Section 11.24 Reciprocal Discipline.** Section 11.24(a) appears to contemplate reciprocal discipline by the USPTO only in instances where a practitioner has been disbarred or suspended by another jurisdiction or has been subject to disciplinary disqualification from participating in or appearing before a federal program or agency. The ABA recommends that reciprocal discipline proceedings also be initiated upon notice that a practitioner has been subject to public censure or public reprimand, probation, or placed on disability inactive status by a state or by a federal court.

13. **Section 11.25 Based on Conviction of Serious Crime** - Section 11.25 (b)(2)(iii) provides that a practitioner subject to interim suspension proceedings for conviction of a serious crime has 40 days in which to challenge the appropriateness of the entry of such a suspension. Given the conclusiveness of the criminal conviction under Section 11.25(c), a long response time is not warranted in these cases. Delay in these proceedings risks harm to the public.

14. **Section 11.26 Settlement.** The first sentence of Section 11.26 appears to contain a typographical error. Reference should be made to Section 11.34 instead of Section 11.24.

15. **Section 11.34 Complaint and Section 11.36 Time for Answer.** Section 11.34(a)(3) provides that a complaint instituting a disciplinary proceeding shall state the place and time, not less than thirty days from the date the complaint is filed, for filing an answer. Section 11.36(a) similarly provides that an answer shall be filed within the time set in the complaint, but in no event shall that time be less than thirty days from the date the complaint is filed. A default may be entered if an answer is not timely filed by the respondent. To assure that respondents have an appropriate time within which to answer a complaint, this time period should be measured from the date the complaint is served on the respondent, rather than the date it is filed. While Section 11.35(b) provides for service by publication in certain cases, and sets the answer date at thirty days from the date of second publication of the Official Gazette notice, this applies only when the complaint cannot be delivered through one of the procedures specified in Section 11.35(a). As Section 11.36(b) allows for an extension of time for answer if the motion requesting the extension is filed within thirty days after the date the complaint is served on the respondent, this date (assuming service has been effected) will be known by the Office.

16. **Section 11.39(a) Hearing Officers.** Section 11.39(a) allows the USPTO Director to appoint either an administrative law judge or a USPTO Office employee to serve as a hearing officer in USPTO disciplinary proceedings. To maintain the requisite independence of the process, the ABA recommends that USPTO employees not be chosen to serve in this capacity. Administrative Law Judges with knowledge of this particular area of law are preferred.

17. **Section 11.44(c) Hearings.** Under Section 11.44(c) hearings on formal disciplinary charges are not public unless a request is made by a respondent and agreement is reached in advance to exclude confidential and privileged information from disclosure. Otherwise, the record becomes public after the results of the proceeding. This Section conflicts with longstanding ABA policy in MRLDE Rule 16(C):

> Upon a determination that probable cause exists to believe that misconduct occurred and the filing and service of formal charges in a discipline matter, or filing of a petition for reinstatement, the proceeding is public, except for:
>
> (1) deliberations of the hearing committee, board, or court; or
>
> (2) information with respect to which the hearing committee has issued a protective order.

The mistrust that can develop when a governmental function is not functioning openly-even when it is functioning well- can be destructive. As noted in the McKay Report, "[S]ecret records and secret proceedings create public suspicion regardless of how fair the system actually is." LAWYER REGULATION FOR A NEW CENTURY, REPORT OF THE COMMISSION ON EVALUATION OF DISCIPLINARY ENFORCEMENT at 38 (1992). Public disciplinary hearings, after screening out of unfounded allegations, a determination by a panel of the Commission on Discipline that there is probable cause to believe misconduct occurred, and service upon the respondent of formal charges, will enhance the public's confidence in the disciplinary process.

The confidentiality of matters prior to the filing and service of a petition for discipline protects the respondent from publicity regarding unfounded accusations. By keeping the investigative process confidential, the USPTO ensures that allegations of misconduct will continue to be thoroughly investigated and scrutinized, and that a case will not proceed if the allegations are frivolous or there is a lack of sufficient evidence of wrongdoing to warrant the initiation of disciplinary proceedings under Sections 11.32 and 11.34. However, once a finding of probable cause has been made, there is no longer a danger that the allegations against the lawyer are frivolous. The ABA recommends that proceedings be public consistent with MRLDE 16(C).

In light of valid concerns regarding confidential and privileged information, we also recommend the addition of provisions providing for the imposition of protective orders where necessary. MRLDE Rule 16(E) states in this regard that:

> In order to protect the interests of a complainant, witness, third party, or respondent, the [hearing committee to which a matter is assigned] [board] may, upon application of any person and for good cause shown, issue a protective order prohibiting the disclosure of specific information otherwise privileged or confidential and direct that the proceedings be conducted so as to implement the order, including requiring that the hearing be conducted in such a way as to preserve the confidentiality of the information that is the subject of the application.

18. **Section 11.50 Evidence.** Section 11.50(a) provides that the rules of evidence in courts of law and equity do not apply in USPTO disciplinary proceedings. The Federal Rules of Evidence should apply, given the final appeal to the U.S. District Court for the District of Columbia. The MRLDE provide for the applicability of state rules of evidence in disciplinary proceedings, except as otherwise provided in the rules. MRLDE 18(B).

19. **Section 11.54(b) Initial decision of hearing officer.** Section 11.54(b) provides that: "In determining any sanction, the following should normally be considered:

(1) The public interest;
(2) The seriousness of the grounds for discipline;
(3) The deterrent effects deemed necessary;
(4) The integrity of the legal patent professions; and
(5) Any extenuating circumstances."

While we commend the effort to develop a framework for developing appropriate sanctions, the framework adopted by the ABA in its 1986 Standards for Imposing Lawyer Sanctions has been widely adopted and utilized in state disciplinary systems. We, therefore, suggest the adoption of the following in accordance with MRLDE Rule 10(C):

> In imposing a sanction after a finding of lawyer misconduct, the court or board shall consider the following factors, as enumerated in the *ABA Standards for Imposing Lawyer Sanctions*:
>
> (1) whether the lawyer has violated a duty owed to a client, to the public, to the legal system, or to the profession;
>
> (2) whether the lawyer acted intentionally, knowingly, or negligently;
>
> (3) the amount of the actual or potential injury caused by the lawyer's misconduct; and
>
> (4) the existence of any aggravating or mitigating factors.

The ABA STANDARDS FOR IMPOSING LAWYER SANCTIONS can be found at http://www.abanet.org/cpr/regulation/standards_sanctions.pdf .

20. **Section 11.58(b)(2)(vi) Duties of disciplined or resigned practitioner.** Section 11.58(b)(2)(vi) refers to "Section 11.11(a)," a designation not included in the July 2004 rules. This probably should be a reference to Section 11.11, as it appears in the July 2004 rules. If that is not the case, the full intended revision of Section 11.11 should be included in the Supplemental Notice.

The duties that apply to lawyers who have resigned or who have been excluded or suspended, as set forth in Section 11.58, should apply to lawyers placed on disability inactive status. Rule 27 of the MRLDE provides that, in state disciplinary proceedings, a lawyer placed on disability inactive status must notify clients, co-counsel and opposing counsel of the transfer and must also comply with other notice, record retention and rules relating to withdrawal from cases and return of client property and fees. Such notice is protective of clients.

21. **Section 11.59 Dissemination of disciplinary and other information**. Section 11.59(c) provides that the affidavit that accompanies a request for exclusion on consent is confidential, while the order of exclusion is public. Under MRLDE 21(E) and 10(D), an affidavit accompanying a petition for discipline on consent that would result in a public sanction is public, unless covered by a protective order. The content of the affidavit, including the nature of required admissions, is set forth in Section 11.27. The fact that the exclusion was entered into by consent will be clear from the public nature of the final order. While the sealing of the affidavit containing admissions of wrongdoing acts as an incentive for a lawyer to agree to discipline on consent, keeping this information private may serve to further public distrust of these

proceedings. Keeping the affidavit confidential raises suspicions about the plea agreement process. The sanction imposed is public, and the admissions leading to the agreed upon sanction should also be known. The disciplined practitioner is protected by the statement in Section 11.59 (c) that the affidavit cannot be used in any other proceeding except by order of the USPTO Director or with the practitioner's written consent.

Again, we appreciate this opportunity to comment on these proposed rules. Please do not hesitate to contact me or Regulation Counsel Mary M. Devlin at 312/988-5295, or Associate Regulation Counsel Ellyn S. Rosen at 312/988-5311 if you have any questions about our submission or if you require additional information.

Cordially,

Karen L. Mathis

cc: ABA USPTO Task Force
IPL Section Officers and Council
Standing Committee on Professional Discipline
Henry F. White, Jr., Executive Director
Alpha Brady