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Via E-Mail - Ethicsrules.Comments@Uspto.Gov

Mail Stop OED – Ethics Rules
UNITED STATES PATENT & TRADEMARK OFFICE
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Re: Comments to USPTO Proposed Rules of Professional Conduct

Ladies and Gentlemen:

I am the Chair of the Los Angeles County Bar Association's Professional Responsibility and Ethics Committee ("PREC"). Thank you for the opportunity to comment. PREC has reviewed the proposed rule changes to the U.S. Patent and Trademark Office ("PTO) Rules of Professional Conduct ("Proposed Rules" or "PR"), and seeks to provide comments as to selected rules which are of interest to our members, as discussed more specifically below.

PR 11.19

Subsection (b) -- jurisdiction of courts and voluntary bar associations -- appears to disclaim federal pre-emption. PREC does not believe that PR 11.19 diminishes State or other local Bar Associations of any authority, or is necessarily inconsistent with that authority, especially in light of PR 11.805 (a). However, certain commentators appear to believe this is possible under the PR. This should be expressly clarified, perhaps in the Comments.

PR 11.101 (c) (3)

This section appears to provide that a practitioner acts incompetently if he or she is using out of date procedures. It is unclear whether this section is intended to require that a practitioner check the MPEP/TMEP each time he or she does any work on a matter before the PTO. It may be useful to clarify the intent of the section, since it would introduce unnecessary ambiguity, for example where drawings are alleged not to conform to the Rules. Among other things, this could substantially raise the cost to the client of practice before the PTO and therefore have a significant unintended consequence.

PR 11.101 (c) (4)

It appears that this section may go beyond the PTO's mandate, and the language regarding frivolous inventions and what a lawyer "should have known" may introduce quite a bit of uncertainty, particularly in the context of litigation and expert testimony. This may have unintended consequences, particularly in relation to client wishes to claim broadly. Moreover, in order to avoid potential liability, lawyers may feel required to do work that might otherwise be considered burdensome and not economically efficient. This may raise the likelihood of disputes arising between the lawyers and their clients since it may raise the cost of practice before the PTO. Such an unintended consequence, whether arising from this section or Section 301, which has similar language, would be regrettable.

PR 11.102

PREC believes that PR 11.102 is likely to be problematic. Section (g) seems to require attorneys to literally turn in their clients under a whole host of circumstances. True, the language -- "except where the information is protected as a privileged communication" -- is helpful, but it is unlikely to suffice in the situation where an attorney learns, in a *non-privileged* way, of a client's fraud (even a prior fraud, at least as we read the section and Comment), and is required to report it. Attorneys simply should never be required to affirmatively act to turn in their clients, especially for past wrongs. This appears clearly to conflict with California law (B&P Code §6068(e)). "It is the duty of an attorney to do all of the following: . . . (e)(1) To maintain inviolate the confidence, and at every peril to himself or herself to preserve the secrets, of his or her client."

The "clearly establishing" language of (g) may provide some guidance, but members would not want to bet their licenses on it. Furthermore, the "rectify" language is vague, especially in the context of past frauds. What if the statute of limitations has passed? How would one's client then rectify the situation? And who would decide if the situation has been completely rectified, as opposed to partially so? If the client is thus "unable to rectify", then the attorney must turn in the client. PREC is of the opinion that this would conflict with California's Rules of Professional Conduct and California statutory law since it imposes on the attorney an affirmative duty to turn in the client (rather than merely allowing it) under circumstances whose boundaries are murky, to say the least. It is worth noting that this requirement is not new, as the Comment identifies prior (and current) section 10.85 (b) (1) as giving rise to the same obligation. Nonetheless, the ambiguity remains. The "materiality" requirement is also troublesome.

The obligation to report a client's fraud in PR 11.102 (g) appears to conflict directly, at least in certain situations, with the confidentiality obligations imposed by PR 11.103 (a), 11.106 (a) (1-3) and (b) (1-2). Although the Comment to each of these does not foresee any such potential conflict, clarification appears to be in order. This is especially true since lawyers (or firms) often represent clients for long periods of time continuously. Thus, it is unclear whether a lawyer for a firm who today discovers

something reportable that happened twenty years ago while the firm represented the client in an entirely different matter (and an entirely different lawyer or set of lawyers even if the firm remains the same) has the same obligations as one with a closer connection to the past conduct.

In subsections (d) and (e) of PR 11.102, the "knows" language is troublesome, especially when married to an alleged legal certainty about what the law requires or permits, as it is where it is stated that the practitioner shall not counsel a client to engage in conduct where the practitioner: "knows a client ...expects assistance not permitted by the Rules of Professional Conduct or other law" in (d) or shall not counsel the client to engage "in conduct that the practitioner knows is criminal or fraudulent" in (e). It is rare that a lawyer knows that prospective client conduct is criminal or fraudulent; it is far more likely that it will later be determined to be so and the lawyer will be exposed to significant liability for knowing something in advance. For this reason, we ask that you review PR 11.102 with these comments in mind.

Also, it is not clear whether the section 11.102 (a) language requiring the lawyer to abide by the client's decision will pose a conflict or potential conflict with the requirements of section 101 (c) (4). Again, where a client seeks a broad claim, an attorney has an ethical duty to zealously represent the client (and therefore to claim broadly) but this would introduce a potentially conflicting duty not to do so. Such situations should be avoided, wherever possible. We would appreciate a clarification, perhaps in the Comments.

Finally, this PR may pose a retroactivity problem. To the extent is can be agreed that any part of the PR did not previously prescribe certain conduct, and such conduct was previously committed, it is arguable that the member must now seek to rectify something that was not wrongful when done. This is too troublesome.

PR 11.106

The way subsection (b) (2) reads, it is problematic because it conflicts with California Business & Professions Code § 6068(e) ("It is the duty of an attorney to do all of the following: . . . (e)(1) To maintain inviolate the confidence, and at every peril to himself or herself to preserve the secrets, of his or her client") and California case law interpreting same. See, e.g., *Solin v. O'Melveny & Myers*, (2001) 89 Cal. App. 4th 461; *General Dynamics v. Superior Court*, 7 Cal. 4th 1164 (1994).

Although the Comment to this subsection seems to limit the lawyer's need for disclosure to the situation where he or she has been expressly accused of being complicit in a client's fraud, in practice we would expect that this will soon give way simply to any charges or mere accusations, however unfounded, that the lawyer committed a wrong. Then, under these PRs, the lawyer would be able to breach the attorney-client privilege in order to defend himself against any third party. This would allow the lawyer, even absent a court order or finding of inapplicability of privilege, to

disobey a client's direct instruction to assert the attorney-client privilege to preserve the client's confidences. California law is to the contrary. Id. Needless to say, this is quite problematic.

PR 11.110 (a)

This section does not appear to allow an ethical wall for *private* attorneys, while PR section 11.113 (a) appears to allow such an ethical wall for *government* attorneys. If true, this would present an obvious problem, especially since ethical walls are increasingly common.

PR 113 (b)

This section appears to require an attorney to somehow rectify problems created by a client's employee, related to the representation of the client. However, we believe the standard is vague and further ambiguity is introduced because the measures to be taken are merely allowed, not required. We believe this section should be revisited by the drafters.

PR 11.115

This section lists over two pages of specific requirements for record keeping and maintenance of accounts regarding client papers, property, funds, security and the like. The requirements appear to be unduly burdensome. Sections (d) (3), (f) and (g) appear to deserve a careful review.

PR 11.116

PR Section 11.116 appears to be overbroad. The problem is that practitioners may find a whole host of client objectives "repugnant or imprudent". As part of their duty to clients, lawyers often are required to attempt to further aims of clients that they may personally find repugnant or imprudent. Lawyers are supposed to put their personal feelings aside and serve the client's aims, as long as they are not illegal. If a client, properly advised, desires to pursue a course of action that is perfectly legal, but in the lawyer's judgment, imprudent, one would expect that to be the realm of the client's prerogative. This would appear to require the opposite and therefore would introduce a duty contradictory to attorneys' duties under state and federal law. As we read it, the Comment provides no meaningful assistance. We would urge that the PR limit the ability to withdraw at least those circumstances (similar to PR 11.602 (c)) where "the client or the cause is so repugnant to the practitioner as to be likely to impair the attorney-client or agent-client relationship or the practitioner's ability to represent the client."

This would also appear to conflict with PR 11.102 (a).

Moreover, sections (d) (1-2) would appear to bar an attorney from keeping his or her work product, which would conflict with well-established law, such as California Rule of Professional Conduct 3-700:

> "A member whose employment has terminated shall:
>
> (1) Subject to any protective order or non-disclosure agreement, promptly release to the client, at the request of the client, all the client papers and property. "Client papers and property" includes correspondence, pleadings, deposition transcripts, exhibits, physical evidence, expert's reports, and other items reasonably necessary to the client's representation, whether the client has paid for them or not; and
>
> (2) Promptly refund any part of a fee paid in advance that has not been earned. This provision is not applicable to a true retainer fee which is paid solely for the purpose of ensuring the availability of the member for the matter.
>
> Comment: Paragraph (D) is not intended to prohibit a member from making, at the member's own expense, and retaining copies of papers released to the client, nor to prohibit a claim fox the recovery of the member's expense in any subsequent legal proceeding."

For this reason, PR 11.116 should at least clarify that attorneys can keep copies of the entire file, as they can under California law. This is particularly important regarding correspondence with the client, who may later accuse the attorney of misconduct or negligence.

PR 11.202

PR Section 11.202 (a) appears to allow a lawyer to put himself or herself in a situation where the duty of loyalty to each client is placed under great strain. In this instance, it appears the PTO believes a lawyer can act more like a parent than an advocate. This may be so, and it is certainly an admirable goal. But it appears to be inconsistent with a common understanding of the duty of loyalty, at least under California law. The fact that each client must consent in writing, after full disclosure, is significant, and may be enough to avoid the problem. However, it can be safely argued that, at least under California law, the duty of loyalty is so inviolate and indivisible that one cannot represent two clients currently adverse to each other in the same matter under any circumstances. See, e.g., *Flatt v. Superior Court*, 9 Cal 4th 275, 282-86 (1994); *Anderson v. Eaton*, 211 Cal. 113, 116 (1930).

PR 504 (e)

This section would appear to pose a particular problem for in-house attorneys, whose client is the corporation or similar entity by whom they are employed on a full-time basis.

PR 803 (a)

The whole business of requiring attorneys to inform on other attorneys can be troublesome, especially where hotly contested matters are at issue. For one example, an alleged violation might implicate client confidences and therefore provide the attorney who is claimed to know of them with quite a dilemma. Moreover, this might be used as a weapon in certain circumstances. Finally, the ambiguity, for example in the circumstance where another counsel is asserting an overbroad claim but letting it go might create a file wrapper estoppel, appears again to be both unnecessary and unhelpful to the members of the bar.

PR 804 (c, d, g)

The vague language, including "disreputable" again, seems to be problematic. For example, is a DUI (Driving Under the Influence) arrest or conviction "disreputable"? See also discussion of section 11.116, above, to the same effect.

Moreover, the instruction that under section (h) (9) "misconduct" includes failure to report a change of address within 30 days seems a bit harsh.

On behalf of PREC, thank you for the opportunity to comment. Should you have any questions for me or our Committee, please do not hesitate to contact me.

Sincerely,

David B. Parker

Chairman, Los Angeles County Bar Professional Responsibility and Ethics Committee