Federal Register

Friday,

December 12, 2003

Part II

Department of Commerce

Patent and Trademark Office

37 CFR Parts 1, 2, 10 and 11

Changes to Representation of Others Before the United States Patent and Trademark Office; Proposed Rule

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Parts 1, 2, 10 and 11

[Docket No.: 2002–C–005]

RIN 0651–AB55

Changes to Representation of Others Before the United States Patent and Trademark Office

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Notice of proposed rulemaking.

SUMMARY: The United States Patent and Trademark Office (Office or USPTO) proposes to update the procedures regarding enrollment and discipline. The Office also proposes to replace the current USPTO Code of Professional Responsibility, which is based on the Model Code of Professional Responsibility of the American Bar Association, with new USPTO Rules of Professional Conduct, largely based on the Model Rules of Professional Conduct of the American Bar Association.

DATES: To be ensured of consideration, written comments must be received on or before February 10, 2004.

ADDRESSES: Comments should be sent by electronic mail over the Internet addressed to: *ethicsrules.comments@uspto.gov.* Comments may also be submitted by mail addressed to: Mail Stop OED-Ethics Rules, United States Patent and Trademark Office, P.O. Box 1450, Alexandria, Virginia 22313–1450 or by facsimile to (703) 306–4134, marked to the attention of Harry I. Moatz. Although comments may be submitted by mail or facsimile, the Office prefers to receive comments via the Internet. If comments are submitted by mail, the Office would prefer that the comments be submitted on a DOS formatted 3½-inch disk accompanied by a paper copy. The comments will be available for public inspection at the Office of Enrollment and Discipline, located in Room 1103, Crystal Plaza 6, 2221 South Clark Street, Arlington, Virginia, and will be available through anonymous file transfer protocol (ftp) via the Internet (address: *http://www.uspto.gov*). Since comments will be made available for public inspection, information that is not desired to be made public, such as an address or telephone number, should not be included in the comments.

FOR FURTHER INFORMATION CONTACT: Harry I. Moatz ((703) 305–9145), Director of Enrollment and Discipline (OED Director), directly by phone, or by facsimile to (703) 305–4136, marked to the attention of Mr. Moatz, or by mail addressed to: Mail Stop OED-Ethics Rules, U.S. Patent and Trademark Office, P.O. Box 1450, Alexandria, Virginia 22313–1450.

SUPPLEMENTARY INFORMATION: At this time, nearly 28,000 individuals are registered as patent attorneys and agents, of whom about 80% have indicated that they are attorneys. The registered patent attorneys have offices located in all fifty States and the District of Columbia. More than 2,500 individuals applied for admission to the registration examination given on October 18, 2000. At the same time, the Martindale-Hubbell reports that there are more than 900,000 lawyers and law firms listed in its legal directory. More than 17,000 attorneys are members of the Intellectual Property Law Committee of the American Bar Association. Any attorney who is a member in good standing of the bar of the highest court of a State or the District of Columbia is eligible to practice before the Office in trademark and other non-patent matters. 5 U.S.C. 500(a). Forty-two of the bars have adopted the Model Rules of Professional Conduct of the American Bar Association or a modification thereof, and two have disciplinary rules which are a combination of the Model Code and the Model Rules of Professional Conduct of the American Bar Association. Adopting ethics rules that are largely based on the Model Rules of Professional Conduct of the American Bar Association would provide attorneys, as well as registered patent agents, with consistent ethical standards, and large bodies of both case law and ethics opinions.

This notice of proposed rule making sets out rules in three areas:

(1) Rules of general applicability, and rules governing the recognition of individuals to practice as attorneys and agents before the Office in patent, trademark, and other non-patent matters (§§ 11.1–11.18);

(2) Rules governing investigation and disciplinary proceedings for possible violations of the Office Rules of Professional Conduct (§§ 11.19–11.62). Disciplinary proceedings can result in reprimand, suspension or exclusion (disbarment) of individuals from practicing before the Office who, after notice and opportunity for a hearing, are found to have violated an imperative USPTO Rule of Professional Conduct; and

(3) Rules setting out the proposed Office Rules of Professional Conduct (§§ 11.100–11.806).

These changes are intended to improve the Office's processes for handling applications for registration, petitions, investigations, and disciplinary proceedings. The changes also are intended to bring standards of ethical practice before the Office into closer conformity with the Rules of Professional Conduct adopted by the majority of States, while addressing circumstances particular to practice before the Office. As these environments change (*e.g.*, by adoption of amendments to the Model Rules of Professional Conduct of the American Bar Association) the Office will consider whether to make further changes to the rules.

This proposed rule making is being conducted under the auspices of the General Counsel of the United States Patent and Trademark Office, James Toupin (703) 308–2000, and the supervision of the OED Director, Harry I. Moatz (703) 305–9145). They would appreciate feedback on the overall rule making process in addition to any comments on the merits of the proposed rules.

Table 1 shows the principal sources of the proposed rules relating to (1) admission to practice of attorneys and agents in patent matters, and (2) practice in trademark and non-patent matters.

Table 2 shows the principal sources of the rules proposed for disciplinary proceedings.

Table 3 shows the principal sources of the rules proposed for the Office Rules of Professional Conduct.

Discussion of Specific Rules:

Section 1.1 would be amended to add paragraph (4) to provide an address for correspondence for the Office of Enrollment and Discipline in enrollment, registration and investigation matters.

Section 1.4 would be amended to revise the references from §§ 10.18(b)(2), 10.18(c), and 10.23(c)(15) to §§ 11.18(b)(2), 11.18(c), and 11.804(c)(i)(15), respectively.

Section 1.21 would be amended to revise one paragraph into two distinct fees, add ten paragraphs to provide for ten new fees, as well as to reserve paragraph (3), redesignate another paragraph and change a section citation therein. These fees are intended to fund the costs of the registration examination process, disciplinary system, and maintain the roster of registered practitioners up-to-date. Bar disciplinary activities are generally regarded as being in the interest of maintaining the Bar's reputation for integrity and supporting the willingness of potential clients to engage the services of practitioners. The continual

updating of the USPTO roster is also in the interest of assuring that registered practitioners are identified to the public they seek to serve. The cost is currently met by funds from application, issue, or maintenance fees. By adopting these fees to be paid by registered practitioners, the costs of these activities are not passed on to applicants. Thus, USPTO will recover the costs associated with these activities from the practitioners instead of the public in general. The funds would be directed to these activities and would not be diverted to support other proposals. The fees are based on the status of the registered practitioner.

The USPTO is revising the way in which its registration examination is administered. Currently, the examination is administered twice a year, using a unique set of questions each time. The USPTO is moving to a frequently administered computer-based examination using a slate of questions randomly selected from a large data bank of questions and answers that will be publicly available. This change will make the testing process more efficient and will benefit applicants by permitting instant notification of test results, eliminating the current approximately six weeks needed to report the results of a paper-based examination. The computer-based examination will also facilitate more frequent administration and permit the test to be given simultaneously in many locations, thus reducing delays and travel expenses for applicants. Paragraph 1.21(a)(1)(ii)(B) would increase the examination fee to $450 for the test administered by the USPTO in order to recover the full costs of the examination process. Paragraph 1.21(a)(1)(ii)(A) would introduce a reduced examination fee of $200 for the test administered by a private sector entity. The $200 fee would cover the costs of establishing and maintaining an up-to-date question and answer data bank to be used in the computerized delivery of the examination, but excludes the costs of actual test administration. This $200 fee will apply where administrative testing arrangements are made by a private sector entity. Applicants paying the $200 fee would schedule the test with the private sector entity, and pay a service fee, estimated to be $150, to the entity.

A registered practitioner in active status is one who is able to represent clients and conduct business before the USPTO in patent cases. To maintain active status, the practitioner would pay the annual fee required under §§ 1.21(a)(7)(i) and 11.8(d) and comply with the continuing legal education (CLE) requirements under §§ 11.12(a) and (e). With respect to the CLE requirement, an inactive or administratively suspended practitioner would have to contact the OED Director to be advised which CLE's to take.

A registered practitioner in inactive status would be prohibited from representing clients and continuing to practice before the Office in patent cases. Inactive status may be of an administrative nature where the status is inconsistent with the role of a practitioner, as in the cases of examiners working for the Office and judges. Inactive status also may be voluntary, as in the case of practitioners who have retired or are unable to continue their practice due to disability-related matters but still desire to maintain a recognized professional association with the USPTO. Practitioners with a disability may become inactive.

A registered practitioner under administrative inactive status is not responsible for payment of the annual fee, or complying with the CLE requirements while in this status, but will have to complete the continuing education requirements for restoration to active status. A registered practitioner under voluntary inactive status is responsible for paying a reduced annual fee and completing the CLE requirements during the period of inactivation. For the purposes of this section, the fee for a registered practitioner in voluntary inactive status is 25% of the fee for a registered practitioner in active status. If a condition occurs that automatically terminates a practitioner's administrative inactive status, *e.g.*, separation from the USPTO, it would be permissible for that practitioner to seek a voluntary inactive status where the practitioner does not intend to represent clients and practice before the Office, but still desires to maintain a professionally recognized association with the Office.

A registered practitioner who is administratively suspended is one who has failed to pay the annual fee required under § 11.8(d) or to comply with the continuing legal education requirements under §§ 11.12(a) and (e). Registered practitioners under active status can be administratively suspended under failure to comply with payment of the annual fee or failure to meet the CLE requirements. Registered practitioners under voluntary inactive status can only be administratively suspended for failure to comply with payment of the reduced annual fee.

Paragraph 1.21(a)(5)(i) would be added for a new fee for review of a decision by the OED Director. Paragraphs 1.21(a)(7) (i) and (ii) would be added for a new annual fee for registered patent attorneys and agents based on their active or inactive status. Paragraphs 1.21(a)(7) (iii) provides for a new fee due with a request from a practitioner seeking restoration to active status from inactive status. Paragraph 1.21(a)(7) (iv) would be added for payment of the balance due on the annual fee upon restoring active status to a registered practitioner in inactive status. Paragraph 1.21(a)(8) would be added for a new annual fee for individuals granted limited recognition. An individual granted limited recognition would not be eligible for voluntary inactive status. Paragraph 1.21(a)(9) would be added to set fees associated with the administrative suspension of a registered practitioner. Paragraph 1.21(a)(9)(i) would be added for a new fee for delinquency in payment of the annual fee or completing the required CLE requirements. Paragraph 1.21(a)(9)(ii) would be added for a new fee for reinstatement following administrative suspension. Paragraph 1.21(a)(5) has been redesignated (a)(5)(ii), and section citation of 10.2(c) would be changed to § 11.2(d). Redesignated (a)(5)(ii), and section citation of 10.2(c) would be changed to § 11.2(d). Paragraph 1.21(a)(10) would be added for a fee paid on application by a person for recognition or registration after disbarment, suspension, or resignation pending disciplinary proceedings in any other jurisdiction; on petition for reinstatement by a person excluded, suspended, or excluded on consent from practice before the Office; on application by a person for recognition or registration who is asserting rehabilitation from prior conduct that resulted in an adverse decision in the Office regarding the person's moral character; and on application by a person for recognition or registration after being convicted of a felony or crime involving moral turpitude or breach of fiduciary duty. Paragraph 1.21(a)(11) would be added for a paper version of the continuing training program and furnished narrative. Paragraph 1.21(a)(12) would be added for Application by Sponsor for Pre-approval of a Continuing Education Program.

Paragraph (a)(5) of § 1.21 would be revised to add two paragraphs. Paragraph (i) would introduce a fee for review by the OED Director of a decision by a staff member of the Office of Enrollment and Discipline. Section

1.21(a)(5) would be revised and redesignated (a)(5)(ii).

Paragraph (a)(6) of § 1.21 would be eventually revised by deleting the fee for regrade and reserve the omitted paragraph.

Paragraph (a)(7) of § 1.21 is proposed to be added to provide for a new annual fee paid by active and voluntary inactive registered patent attorneys and agents.

Paragraph (a)(8) of § 1.21(a)(8) is proposed to be added to provide for a new annual fee paid by individuals granted limited recognition to practice before the Office.

Paragraph (a)(9) of § 1.21 is proposed to be added to provide for new fees associated with delinquency resulting in administrative suspension of a registered practitioner, and reinstatement of the practitioner.

Paragraph (a)(12) of § 1.21 is proposed to be added to provide for a fee to be paid by a sponsor upon submitting to the OED Director all information called for by the ''Application by Sponsor for Pre-approval of a Continuing Education Program.''

Section 1.31 would be amended to revise the references from §§ 10.6 and 10.9 to §§ 11.6 and 11.9, respectively.

Section 1.33(c) would be amended to revise the references from §§ 10.5 and 10.11 to §§ 11.5 and 11.11, respectively.

Section 1.455 would be amended to revise the reference from § 10.10 to § 11.10.

Section 2.11 would be amended to revise the reference from § 10.14 to § 11.14.

Section 2.17(a) would be amended to revise the reference from §§ 10.1 and 10.14 to §§ 11.1 and 11.14, respectively.

Section 2.17(c) would be amended to revise the reference from § 10.1 to § 11.1.

Section 2.24 would be amended to revise the reference from § 10.14 to § 11.14.

Section 2.161(b)(3) would be amended to revise the reference from § 10.1 to § 11.1.

Section 11.1 would set out definitions of terms used in Part 11. The defined terms include: affidavit, application, attorney, belief, consent, consult, differing interests, employee of a tribunal, firm, fraud, full disclosure, giving information, hearing officer, knowingly, law clerk, legal counsel, legal profession, legal service, legal system, matter, OED Director, Office, partner, person, practitioner, proceeding before the Office, professional legal corporation, reasonable, reasonably should know, registration, respondent, secret, solicit, state, substantial, tribunal, and United States.

In the proposed rules, the word ''individual'' is used to mean a natural person, as opposed to a juristic entity. The definition of ''person'' is similar to the definition of ''person'' in 1 U.S.C. 1. ''Attorney'' is defined in the same manner as the term is used in 5 U.S.C. 500(b). The proposed definition includes an attorney who is a member of one bar in good standing, and ''under an order of any court or Federal agency suspending, enjoining, restraining, disbarring or otherwise restricting'' the attorney from practice before the bar of another state or Federal agency. The broad definition is believed necessary inasmuch as 5 U.S.C. 500(b) provides that ''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 * * *.'' Though an attorney suspended in one state and a member in good standing in another state could represent a person before the Office, nevertheless the grounds for suspension in one state may give rise to grounds for suspending the attorney from practice before the Office, 5 U.S.C. 500(d)(2), after notice and opportunity for a hearing. See *Selling* v. *Radford*, 243 U.S. 46 (1917).

The phrase ''full disclosure'' is used to define the explanation a practitioner must give a client regarding potential and actual conflicts of interest. The explanation is based on discussions of full disclosure found in Opinion No. 1997–148, Standing Committee on Professional Responsibility and Conduct (California), and in *In re James*, 452 A.2d 163 (D.C. App. 1982).

Section 11.2, like current § 10.2, would continue to provide for the OED Director. The proposed rule sets out the duties of the OED Director, including receiving and acting upon applications, conducting investigations concerning the moral character and reputation of individuals seeking registration, conducting investigations of possible violations by practitioners of the Office Rules of Professional Conduct, initiating disciplinary proceedings, dismissing complaints or closing investigations, and filing with the Director of the United States Patent and Trademark Office (''USPTO Director'') certificates of convictions of practitioners. Except as otherwise noted, any final decision of the OED Director refusing to register an individual, refund a fee, recognize an individual, or reinstate a suspended or excluded practitioner would be reviewable by the USPTO Director. A fee, set forth in 37 CFR 1.21(a)(5), would be charged.

Section 11.3 would provide for waiver of the rules and qualified immunity.

Paragraph (a) of § 11.3, like current § 10.170, would provide for suspension, except as provided in section (b), in an extraordinary situation, when justice requires, of any requirement of the regulations of this part which is not a requirement of the statutes.

Paragraph (b) of § 11.3 would prohibit waiver of any provision of the Office Rules of Professional Conduct, §§ 11.100 through 11.806; the disciplinary jurisdiction of the rules, § 11.19; or the procedures for interim suspension and disciplinary proceeding based on reciprocal discipline or conviction of a serious crime, § 11.24.

Paragraph (c) of § 11.3, like current § 10.170(b), would provide that a petition to waive a rule will not stay a disciplinary proceeding unless ordered by the USPTO Director or a hearing officer.

Paragraph (d) of § 11.3 would provide a qualified privilege for complaints submitted to the OED Director. This privilege should arise from the necessity to reduce to the extent possible any probability that an ethics complainant having honest cause to complain may be intimidated by a practitioner into not filing a complaint. Some states recognize that a complainant has absolute immunity for filing a complaint regardless of the outcome of the proceeding. *See Drummond* v. *Stahl*, 127 Ariz. 122, 618 P.2d 616 (Ct. App. Div 1 1980), *cert. denied*, 450 U.S. 967, 101 S.Ct. 1484, 67 L. Ed. 2d 616 (1981); *Katz* v. *Rosen*, 48 Cal. App. 3d 1032, 121 Cal. Rptr. 853 (1st. Dist. 1975); *Field* v. *Kearns*, 43 Conn. App. 265, 682 A.2d 148 (1996), *cert. denied*, 239 Conn. 942, 684 A.2d 711 (1996); *Jarvis* v. *Drake*, 250 Kan. 645,830 P.2d 23 (1992); *Kerpelman* v. *Bricker*, 23 Md. App. 628, 329 A.2d 423 (1974); *Netterville* v. *Lear Siegler, Inc.,* 397 So.2d 1109 (Miss. 1981); *Sinnett* v. *Albert*, 188 Neb. 176, 195 N.W.2d 506 (1972); *Weiner* v. *Weintraub*, 22 N.Y.2d 330, 292 N.Y.S.2d 667, 239 N.E.2d 540 (1968); *Elsass* v. *Tabler*, 131 Ohio App.3d 66, 721 N.E.2d 503 (1999); *McAfee* v. *Feller*, 452 S.W.2d 56 (Tex. Civ. App. Houston 14th Dist. 1970). Complaints filed with a state bar committee are absolutely privileged as communications made in a quasi-judicial proceeding. *E.g., Goldstein* v. *Serio*, 496 So.2d 412 (La. Ct. App. 4th Cir. 1986), writ denied, 501 So.2d 208, 209 (La. 1987).

Under English common law, the ''absolute privilege'' from defamation actions that attaches to all statements and testimony by witnesses, judges, and parties in the course of any judicial proceeding has been held to apply to

testimony and statements made in the course of solicitor disciplinary proceedings. *See Addis* v. *Crocker*, 1 Q.B. 11, 2 All E.R. 629 CA. *See Halisbury's Laws of England*, Libel and Slander 28:98–101. Several states provide absolute privilege for complaints and testimony in ethics proceedings through statutes, court rules, or rules of attorney discipline. *See* Alaska Attorney Rules, Disciplinary Enforcement Rule 9 (Supp.1983); Ariz. Rules Regulating Conduct of Attorneys, Rule XII (Michie Supp. 1983); Cal. Art. 5.5 § 6094 (1984); Colo.R.C.P. Rule 259(C) (Michie Supp. 1983); *Stone* v. *Rosen*, 348 So. 2d 397 (Fla.Dist.Ct.App. 3 1977); Ga. Code App. to Title 9, Part IV, State Bar Rule 4–221(g); Hawaii S. Ct. Rule 16.7 (1992); La. Rev. Stat. Ann. § 37 ch. 4 App., Art. of Incorp. Of La. State Bar Ass'n., Art. 15 § 13 (West Supp. 1983); Minn. Rules of Law: Prof. Resp., Rule 21 (1977); Miss. Code Ann. § 73–3–345 (1992); N.J.S.Ct.Rule 1:20–11(b)(1984); *Sullivan* v. *Crisona*, 283 N.Y.S.2d 62 (Sup. Ct. 1967) (interpreting N.Y. Judiciary Law § 90); N.D. Cent. Code § 27–14–03 (1974); Okla. Ct. Rules Governing Disciplinary Proc., Chap. 1, App. 1–A, Rule 5, Sec.5.4 (1981); S.C. Rules on Disciplinary Procedure for Att'ys §§ 11, 26 (Lawyers Coop. Supp. 1983) (complaints may be subject to contempt sanctions and injunction against malicious filing, but privilege prevents lawsuits predicated on filing or testimony); S.D. Codified Laws Ann. § 16–19–30 (1994); W. Va. State Bar Bylaws Art. VI § 43 (1982); Wyo. Ct. Rules, Disciplinary Code for the Wyo. State Bar, Rule VI (1973).

Other jurisdictions provide qualified immunity or privilege. *See* Ind. S.Ct. Rules Part VI, Admission & Discipline Rule 23 § 20 (1983) (immunity in absence of malice); Kan.S.Ct.Rule 223 (same privilege as attaches in other judicial proceedings); Me. Bar Rule 7(f)(1) (1983) (immunity in absence of malice); Neb.S.Ct. Rule 106 (1983) (absolute privilege for good faith complainant); *In re Proposed Rules Relating to Grievance Pro.,* 341 A.2d 272 (N.H. 1975) (approving proposed rules effective July 25, 1975, Rule 10 providing immunity for statements made in good faith).

Communications made to licensing agencies in connection with an application for issuance, renewal, or revocation of a license have frequently been held to be entitled to absolute privilege. *Alagna* v. *New York & Cuba Mail S.S. Co.,* 155 Misc. 796 279 NYS 319 (1935) (complaint to Federal Communications Commission complaining of conduct of licensed radio operators held absolutely privileged). Communications to Federal agencies responsible for protecting the public are privileged. *See Holmes* v. *Eddy*, 341 F.2d 477 (CA 4 1965) (holding communication to the Securities and Exchange Commission did not amount to defamation since Commission had statutory duty to protect public from frauds through stock issues, and communication was treated as confidential and not disclosed until beginning of court action); *Riccobene* v. *Scales*, 19 F.Supp 2d 577 (N.D. W. Va. 1998) (statements by attorney, representing Army officer's wife, to officer's superior made in course of representing the wife, are absolutely privileged as they were intended to obtain Army's help in ending domestic abuse, and Army had clear interest in receiving reports of domestic violence committed by soldiers).

A person filing a complaint with the Office is proscribed from providing materially false written statements. Under 18 U.S.C 1001(a) criminal penalties are provided for whoever, in any matter within the jurisdiction of the Office ''knowingly and willfully * * * (2) makes any materially false, fictitious, or fraudulent statement or representation; or (3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry.''

The Office is responsible for protecting the public from persons, agents and attorneys demonstrated to be ''incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 2(b)(2)(D) of'' the Patent Statute. 35 U.S.C. 2(b)(2)(D). The proposed rule provides potential complainants with appropriate notice of the qualified immunity while enabling the Office to fulfill its responsibility.

Recognition To Practice Before the USPTO

Section 11.4, like current § 10.3, would provide for a Committee on Enrollment, which will advise the OED Director in connection with the Director's duties under § 11.2(b)(2).

Section 11.5 would provide for keeping a register of attorneys and agents recognized to practice before the Office in patent matters, and a definition of practice before the Office.

Paragraph (a) of § 11.5, like current § 10.5, would continue to provide for maintaining a single register of attorneys and agents registered to practice before the Office. The proposed rule would conform to actual practice.

Paragraph (b) of § 11.5 would add a new concept for disciplinary and non-disciplinary matters. The paragraph introduces definitions for practice before the Office broadly, as well as practice before the Office in patent matters, and practice before the Office in trademark matters. The proposed broad definition of practice before the Office is similar to the definition of ''practice'' adopted by the Internal Revenue Service. 31 CFR 10.2(e). Practice before the Office would not include the physical or electronic delivery of documents to the Office.

The definition of practice before the Office in patent matters is derived from *Sperry* v. *Florida*, 373 U.S. 379, 137 USPQ 578 (1963). In *Sperry,* the Supreme Court found that ''preparation and prosecution of patent applications for others constitutes the practice of law.'' The Court recognized that ''[s]uch conduct inevitably requires the practitioner to consider and advise his clients as to the patentability of their inventions under the statutory criteria, 35 U.S.C. 101–103, 161, 171, as well as to consider the advisability of relying upon alternative forms of protection which may be available under state law. It also involves his participation in the drafting of the specification and claims of the patent application, 35 U.S.C. 112, which this Court long ago noted 'constitute[s] one of the most difficult legal instruments to draw with accuracy,' *Topliff* v. *Topliff*, 145 U.S. 156, 171. And upon rejection of the application, the practitioner may also assist in the preparation of amendments, 37 CFR 1.117–1.126,[1] which frequently requires written argument to establish the patentability of the claimed invention under the applicable rules of law and in light of the prior art. 37 CFR 1.119.'' Sperry, 373 U.S. at 383, 137 USPQ at 579.

Consistent with the foregoing, courts in several jurisdictions have held the preparation of patent applications by unregistered individuals to be the unauthorized practice of law. *See In re Amalgamated Development Co., Inc.,* 375 A.2d 494, 195 USPQ 192 (D.D.C. 1977), *cert. denied*, 434 U.S. 924 (1977); *People* v. *O'Brien*, 142 USPQ 239 (N.Y. 1964); *Cowgill* v. *Albright*, 307 N.E. 2d 191, 191 USPQ 103 (Ct. App. Ohio 1973); and *Virginia* v. *Blasius*, 2 USPQ2d 1320 (Va. Cir. Ct. 1987).

In Ohio, the preparation, filing and prosecution of patent applications before the Office has been recognized as the practice of law. Formal Opinion 91–25 (1991) of the Board of Commissioners on Grievances and Discipline of the Ohio Supreme Court.

[1] 37 CFR 1.117–1.119, and 1.122–1.124 no longer exist.

The definition of practice before the Office in trademark matters is derived in part from disciplinary cases concerning attorneys engaged to prepare and prosecute trademark matters. *See Attorney Grievance Commission of Maryland* v. *Harper*, 477 A.2d 756 (Md. 1984) (holding attorney neglected legal matter by failing to prosecute filed trademark application); *State of Nebraska* v. *Gregory*, 554 N.W.2d 422 (Neb. 1996) (holding attorney did not competently act or zealously represent a client by failing to file a trademark application); *Office of Disciplinary Counsel* v. *Frease*, 660 N.E.2d 1156 (Ohio 1996) (holding attorney neglected legal matter entrusted to him when he did not file applications for trademark registration). The definition is also derived from case law involving unauthorized practice of law wherein a layperson offered trademark registration services. *See Statewide Grievance Committee* v. *Goldstein*, 1996 Conn. Super. LEXIS 3430 (Conn. Super. 1996) (enjoining layperson from advertising, offering to complete, and completing blank legal documents for ''areas commonly understood to be the practice of law including * * * trademark and/or patent,'' soliciting information from customers and using the information ''to select, prepare or complete legal documents,'' and ''providing written and/or oral instructions to customers advising them what to do with their legal documents.'').

The definition of practice before the Office also includes private conduct relating to good character and integrity essential for a practitioner in patent, trademark, or other non-patent law matters. The definition is derived from case law disciplining attorneys for misconduct not related to the practice of law. Any misbehavior, private or professional, that reveals a lack of good character and integrity essential for a person to practice as an attorney constitutes a basis for discipline. *Matter of Hasbrouck*, 657 A.2d 878 (N.J. 1995); *In re LaDuca*, 140, 299 A.2d 405 (N.J. 1973). That a person's activity does not arise from a lawyer-client relationship, that the behavior is not related to the practice of law or that the offense is not committed in the attorney's professional capacity is immaterial. *In re Suchanoff*, 460 A.2d 642 (N.J. 1983); *In re Franklin*, 365 A.2d 1361 (N.J. 1976).

Section 11.6, like current § 10.6, would provide for registration of individuals to practice before the Office in patent matters.

Paragraphs (a) and (b) of § 11.6 would provide for registration of attorneys and agents, respectively. Citizens of the United States could be registered regardless of their residence. The OED Director could register resident aliens, under appropriate circumstances. Registration of permanent resident aliens would be consistent with In re Griffiths, 413 U.S. 717 (1973) (permanent resident alien entitled to be admitted to Connecticut Bar notwithstanding status as alien). *See also Raffaelli* v. *Committee of Bar Examiners*, 496 P.2d 1264 (Cal. 1972) and *Application of Park*, 484 P.2d 1264 (Alas. 1971). The Office currently registers permanent resident aliens. *See In re Bhogaraju*, 178 USPQ 628 (Comm'r Pat. 1973); *In re Bramham*, 181 USPQ 723 (Comm'r Pat. 1974); and *In re Keen*, 187 USPQ 477 (Comm'r Pat. 1975).

The proposed rules would restrict circumstances under which an alien could be registered. Registration would be precluded if the practice of patent law before the Office is inconsistent with the terms of any visa under which the alien is admitted to and continues to reside in the United States. Registration would be precluded, for example, when the visa petition does not describe that the alien as being authorized to be employed in the capacity of representing patent applicants before the Office. *See In re Richardson*, 203 USPQ 959 (Comm'r Pat. 1979) (alien admitted to U.S. with H–3 visa for training could not practice patent law under terms of the visa), and *In re Mikhail*, 202 USPQ 71 (Comm'r Pat. 1976) (alien admitted to U.S. on B–1/B–2 visa and visiting the U.S. temporarily for business or pleasure could not practice under the terms of the visa). It is nevertheless appropriate for some aliens to be granted limited recognition under § 11.9. *See In re Messulam*, 185 USPQ 438 (Comm'r Pat. 1975) (granting limited recognition to alien admitted to U.S. on L–1 visa for purpose of rendering service to a single company for whom the alien had previously worked abroad and who would remain in the U.S. temporarily). *See also In re Gresset*, 189 USPQ 350 (Comm'r Pat. 1976).

Paragraph (c) of § 11.6, like current § 10.6(c), would continue to provide for registration of foreign patent agents on the basis of substantial reciprocity. Paragraph (c) would add procedures for removing a patent agent's name from the register if the patent agent is no longer registered in good standing before the patent office of the country in which he or she resides, or no longer resides in the foreign country. The procedures would avoid any necessity of going through an administrative proceeding.

Section 11.7, like current § 10.7, would set forth the requirements for registration.

Paragraphs (a)(1) and (a)(2) of § 11.7, like current § 10.7(a), would continue to require an individual to apply for registration, and establish possession of good moral character, as well as legal, scientific and technical qualifications, and competence to advise and assist patent applicants.

Paragraph (a)(3) of § 11.7 would explicitly place the burden of proof of good moral character and reputation on the applicant, and provide ''clear and convincing'' as the standard of proof.

Paragraph (b)(1) of § 11.7, like current § 10.7(b), would continue to require an individual to take and pass a registration examination in order to practice in patent matters before the Office.

Paragraph (b)(2) of § 11.7 would identify components of a complete registration application, give an individual submitting an incomplete application 60 days from the notice to file a complete application, and require individuals to update their applications wherever there is an addition to or change to information previously furnished with the application.

Paragraph (c) of § 11.7 would allow for a petition to the OED Director from any action refusing to register anindividual, refusing to admit an individual to the registration examination, refusing to reinstate an individual, or refusing to refund or defer any fee. The petition would be accompanied by the fee set forth in § 1.21(a)(5).

Paragraph (d) of § 11.7, like current § 10.7(b), would continue to provide for waiver of the examination for former patent examiners. Unlike § 10.7(b), waiver no longer would be available (except for a grandfathering provision) merely upon successfully serving in the patent examining corps for four years. Paragraph (d) would introduce new conditions for waiver of the registration examination for former patent examiners and expand the occasions for waiving the examination for other Office employees.

Currently, the requirement to take the examination may be waived in the case of any individual who has actively served for at least four years in the patent examining corps of the Office. The Office provides newly hired examiners with initial training. Thereafter, training provided by the Office is received on the job, or in more advanced formal training courses. Primary patent examiners are examiners who the Office has certified as having legal competence to act with a minimum of oversight. The Office also gives primary examiners a certificate granting authority to negotiate with

practitioners. Before an examiner is promoted to primary patent examiner, a group of patent applications that he or she has examined is reviewed for competence and compliance with rules and procedures. However, no test is administered to ascertain the examiner's knowledge of patent law, practice and procedure. After an examiner achieves primary status, there is no periodic testing/training to ensure that the individual maintains an expected level of competency in law, regulations and practice and procedures. Currently, subsequent training takes place in the form of lectures or memoranda following changes to the patent law and/or regulatory changes.

To ensure competence the Office is instituting a formal certification and recertification program for patent examiners, in keeping with its 21st Century Strategic Plan. The program will require examiners being promoted to grade GS–13 to pass a competency examination based on the examination taken by persons seeking to be registered as a patent practitioner.

Also, patent examiners, like licensed practitioners, would be required to receive training and pass recertification tests to update and maintain competence and proficiency in patent law, practices and procedures.

The proposed rule would provide for waiver of the registration examination for two groups of former patent examiners who were serving in the patent examining corps at the time of their separation.

Paragraph (d)(1) of § 11.7 would address former patent examiners who, by a date to be determined, had not actively served four years in the patent examining corps, and who were serving in the corps at the time of their separation. The registration examination would be waived for a former examiner if he or she met four conditions. The former examiner must have (i) actively served in the patent examining corps of the Office, (ii) received a certificate of legal competency and negotiation authority; (iii) been rated, after receiving the certificate of legal competency and negotiation authority, at least fully successful in each quality performance element of his or her performance plan for the last two complete fiscal years as a patent examiner, and (iv) not have been under an oral or written warning regarding the quality performance elements at the time of separation from the patent examining corps.

Paragraph (d)(2) of § 11.7 would address former patent examiners who, by a date to be determined, have actively served four years in the patent examining corps, and who were serving in the corps at the time of their separation. The examination would be waived for the former examiner if he or she meets three conditions. The former examiner must (i) have actively served for at least four years in the patent examining corps of the Office by the date to be determined, have been rated at least fully successful in each quality performance element of his or her performance plan for the last two complete fiscal years as a patent examiner in the Office; and (iii) not have been under an oral or written warning regarding the quality performance elements at the time of separation from the patent examining corps.

Requiring that an examiner be rated at least fully successful in the quality performance elements of his or her performance plan is in accord with prior practice. Former examiners, who upon separation from the Office, were rated unacceptable for quality performance elements have been required to take the registration examination. *Accord,* Commissioner's Decision, leg.01.pdf, posted on the Office Web site as *www.uspto.gov/web/offices/com/sol/foia/oed/legal/leg01.pdf.*

Paragraph (d)(3) of § 11.7 would address certain former Office employees who were not serving in the patent examining corps upon their separation from the Office. The examination would be waived for a former Office employee meeting four requirements. The former employee must demonstrate by petition that he or she possesses the necessary legal qualifications to render to patent applicants and others valuable service and assistance in the preparation and prosecution of their applications or other business before the Office by showing that (A) he or she has exhibited comprehensive knowledge of patent law equivalent to that shown by passing the registration examination as a result of having been in a position of responsibility in the Office in which he or she: (i) Provided substantial guidance on patent examination policy, including the development of rule or procedure changes, patent examination guidelines, changes to the Manual of Patent Examining Procedure, or development of training or testing materials for the patent examining corps; or (ii) represented the Office in patent cases before Federal courts; and (B) was rated at least fully successful in each quality performance element of his or her performance plan for the position for the last two complete rating periods in the Office, and was not under an oral warning regarding the quality performance elements at the time of separation from the Office.

Paragraph (d)(4) of § 11.7 would provide additional conditions for waiver of the examination for each individual covered in paragraphs (d)(1) through (d)(3). To be eligible for consideration for waiver, the individual must file a complete application within two years of separation from the Office, together with the fee required by § 1.21(a)(1)(i). All other individuals and former examiners filing an application or paying a fee more than two years after separation from the Office would be required to take and pass the examination in order to demonstrate competence to represent applicants before the Office. If the examination is not waived, the individual or former examiner also would have to pay the examination fee required by § 1.21(a)(1)(ii) within 30 days of notice.

Paragraph (e) of § 11.7 would eliminate the provision for regrade of an examination. The current rule requires the Office to treat each regrade request individually. Candidates requesting regrade seek, in effect, individualized regrading. Individualized regrading can promote the occurrence of arbitrary and capricious decisions.

The standard for review of the grading of the registration examination is ''whether the officials of the Patent Office acted fairly and without discrimination in the grading of the plaintiff's examination, pursuant to a uniform standard.'' *See Cupples* v. *Marzall,* 101 F.Supp. 579, 583 (D.D.C. 1952). The Office uses a set of model answers in grading examination answers. The use of Office Model Answers to grade the examination satisfies the Cupples standard ''because it provides a set of uniform standards by which all examinations can be fairly judged and is therefore not arbitrary and capricious.'' *Worley* v. *USPTO,* 2000 U.S. Dist. LEXIS 16992, 16997 (D.D.C. 2000). In contrast, ''permitting individualized and subjective regrading upon request would promote, not reduce, the likelihood that the Office would make arbitrary and capricious decisions regarding who passes and fails the Patent Bar examination.'' *Worley,* at 16998. *See also Kyriazis* v. *Dickinson,* No. 99–2299, slip op. at 7 (D.D.C. Dec. 8, 2000) (''this Court rejects Plaintiff's argument that a regrade of question 16 of the examination should consist of an individual determination as to whether Mr. Kyriazis's explanation for his answer constitutes the correct interpretation of patent law, rather than a determination whether the grading conformed with the PTO's Model Answers'').

To treat each regrade request individually requires dedication of

considerable resources. Further, such regrades require release of both the questions and Model Answers. In turn, release of the questions and answers necessitates preparation of new examinations twice each year. Producing new examinations twice each year requires dedication of considerable resources. The Office is already pressed for staff and time to provide these services. The Office intends to change the delivery of the registration examination. The examination would no longer be administered twice a year in a paper and pencil format. Instead, a private sector party would deliver the examination at computer terminals at that party's test sites. It is anticipated that the examination would be administered each business day. The examination would not be delivered to applicants on the Internet. The registration examination is and will continue to be a multiple choice examination. The Office intends to develop a databank of multiple choice questions in following years that can be reused in subsequent examinations. The source of the questions and answers would be the patent laws, rules and procedures as related in the Manual of Patent Examining Procedure (MPEP) and policy statements issued by the Office. The examination would be ''open-book'' in the sense that the MPEP and policies would be accessible at the same computer terminals where the examination is taken. Paper forms of the MPEP or policies could not be brought into the private sector party's test site. New questions would be introduced as MPEP revisions or policy statements introduce new policies, rules, procedures, or statutory law changes. The USPTO would announce when questions are added to the data base addressing revisions of the MPEP or new policy statements. Questions would be retired as necessary and consistent with the changes. Reuse of questions could reduce the time and resources needed to develop the examination each time it is given. To reuse questions and reduce pressure on the staff, it would be necessary to cease publication of the questions and the corresponding answers. This would preserve the fairness of the test for later applicants.

The Multistate Bar Examination (MBE), like the registration examination, is a multiple choice examination. Questions on the MBE are reused in later years. An individual may review on his own MBE examination papers under the guidelines established by the National Conference of Bar Examiners, *i.e.*, under supervision and without taking notes. *See Fields* v. *Kelly,* 986 F.2d 225, 227 (8th Cir 1993). Under proposed paragraph (g), an unsuccessful applicant would schedule an opportunity to review, *i.e.*, inspect the examination questions and answers he or she incorrectly answered under supervision without taking notes. The questions could not be copied. This would be the same as the guidelines established by the National Conference of Bar Examiners for inspection of the MBE.

Under proposed paragraph (e), an unsuccessful applicant satisfying the admission requirements would have a right to sit for future examinations. The due process clause of the Fourteenth Amendment does not require that unsuccessful applicants be given the opportunity for a regrade. The applicant is afforded due process by permitting him or her to sit for the examination again. *See Lucero* v. *Ogden,* 718 F.2d 355 (10th Cir. 1983), *cert. denied,* 465 U.S. 1035, 79 L. Ed. 2d 706, 104 S.Ct. 1308 (1984) (''Courts have consistently refrained from entering the arena of regrading bar examinations when an unqualified right of reexamination exists.''); *Tyler* v. *Vickery,* 517 F.2d 1089, 1103 (5th Cir. 1975), *cert. denied,* 426 U.S. 940, 49 L. Ed. 2d 393, 96 S.Ct. 2660 (1976); *Poats* v. *Givan,* 651 F.2d 495, 497 (7th Cir. 1981); *Davidson* v. *State of Georgia,* 622 F.2d 895, 897 (5th Cir. 1980); *Sutton* v. *Lionel,* 585 F.2d 400, 403 (9th Cir. 1978); *Whitfield* v. *Illinois Board of Bar Examiners,* 504 F.2d 474, 478 (7th Cir. 1974) (Constitution does not require an unsuccessful applicant be permitted to see his examination papers and to compare them with model answers or answers of successful applicants); *Bailey* v. *Board of Law Examiners,* 508 F.Supp. 106, 110 (W.D. Tex. 1980); and *Singleton* v. *Louisiana State Bar Ass'n.,* 413 F.Supp. 1092, 1099–1100 (E.D. La. 1976).

Limiting access to the questions would not deny the unsuccessful applicant equal protection of the laws. Inasmuch as some of the questions appear in following years, the questions must be kept secret in order to preserve the fairness of the test for later applicants. *See Fields* v. *Kelly,* 986 F.2d at 227. An unsuccessful applicant also is not deprived of a property right without due process by limiting access to the questions. Providing an opportunity to review the examination under supervision without taking notes affords the applicant a hearing at the administrative level. *Id.* at 228.

The Administrative Procedures Act provides procedural protections in matters involving an ''adjudication,'' which includes licensing. 5 U.S.C. 554. However, the Act also provides that these protections are not required where there is involved ''proceedings in which decisions rest solely on inspections, tests, or elections * * *.''5 U.S.C. 554(a)(3). This subsection implicitly recognizes that ''where examinations are available, further procedural protections are unnecessary. *See also* 1 K. Davis, Administrative Law Treatise § 7.09 (1958).'' *Whitfield* v. *Illinois Board of Bar Examiners,* 504 F.2d 474, 478 (7th Cir. 1974).

Paragraph (f) of § 11.7 would continue the current practice in which applicants seeking reciprocal recognition under § 11.6(c) must file an application and pay the fee set forth in § 1.21(a)(6). It would introduce the practice of paying the application fee required by § 1.21(a)(1)(i).

Paragraph (g) of § 11.7 would continue the practice of soliciting information bearing on the moral character and reputation of individuals seeking recognition. If information from any source is received that tends to reflect adversely on the moral character or reputation of an individual seeking recognition, the OED Director would conduct an investigation into the individual's moral character and reputation.

The proposed regulation specifies that the information sought bearing on the moral character and reputation of individuals includes events regardless of whether the records have been expunged or sealed by a state court. In accordance with the supremacy clause of the United States Constitution, ''a federal agency acting within the scope of its congressionally delegated authority may pre-empt state regulation.'' *Louisiana Public Service Comm'n.* v. *FCC,* 476 U.S. 355, 369, 90 L. Ed. 2d 369, 106 S.Ct. 1890 (1986). The pre-emptive force of a Federal agency's regulation does not depend on express Congressional authorization. Instead, the correct focus is on ''the proper bounds of [the Federal agency's] lawful authority to undertake such action.'' *City of New York* v. *FCC,* 486 U.S. 57, 64, 100 L. Ed. 2d 48, 108 S.Ct. 1637 (1988).

Congress has authorized the USPTO Director to adopt regulations requiring individuals to demonstrate that they are of good moral character and reputation before being recognized. 35 U.S.C. 2(b)(2)(D). The statute does not mention expungement as a means for removing statutory disqualifications. Congress does not appear to have contemplated these expungements would limit the USPTO Director's authority under statute. Requiring disclosure of expunged offenses is a rational and

reasonable method to promote licensing individuals presently possessing good moral character and reputation. In *Dickerson* v. *New Banner Institute, Inc.,* 460 U.S. 103, 103 S.Ct. 986, 74 L. Ed. 2d 845 (1983), the Supreme Court held that an Iowa expungement of a judgment did not remove disabilities imposed by the Federal Gun Control Act of 1968 on the basis of the state conviction, and that the expungement did not nullify the conviction. Information regarding expunged offenses is clearly relevant to, though not necessarily determinative of, an applicant's moral character. *See Wilson* v. *Wilson,* 416 F.Supp. 984 (D. Oregon 1976). Expungement, for example, does not signify that the person was innocent of the crime. Rather, expungement alleviates certain continuing effects of a conviction under various laws. State bar examiners consider the commission of any crime, including expunged offenses, in weighing an applicant's overall character and fitness to practice law. *See In re Leff,* 619 P.2d 232 (Ariz. 1980); *State Bar* v. *Langert,* 276 P.2d 596 (Calif. 1954); *Florida Board of Bar Examiners Re: Certified Question—Felony Convictions—Federal Youth Corrections Act,* 361 So.2d 424 (Fla. 1978); *In re Majorek,* 508 N.W.2d 275 (Neb. 1993); *In re McLaughlin,* 675 A.2d 1101 (N.J. 1995); and *In re Davis,* 403 N.E.2d 189 (Ohio 1980). Requiring disclosure of arrests, even if a state court has ordered expungement, does not violate a constitutional right to privacy. *See AFL–CIO* v. *HUD,* 118 F.3d 786 (D.D.C. 1997). The proposed rule would provide applicants with notice of the requirement for disclosure of expunged records.

The USPTO is seeking comments on the two alternatives proposed below for accepting a state bar's determination on the moral character of persons seeking to become registered practitioners who at the time of filing of their USPTO application, have been admitted as an attorney in a State Bar and continue to be in good standing.

One option is to require applicants who are attorneys to submit a certified copy of their State Bar application and moral character determination. The Office may accept the moral character determination as meeting the requirements set forth in § 11.7(g).

The second option is to require these applicants to submit a certified copy of their State Bar application and moral character determination and for the Office to accept the State Bar's character determination as meeting the requirements set forth in § 11.7(g) if, after review, the Office finds no substantial discrepancy between the information provided with their USPTO application and the State Bar application and moral character determination. In such a case, OED will accept the moral character determination of the State Bar as meeting the requirements set forth in § 11.7(g), so long as this acceptance is not inconsistent with other rules and the requirements of 35 U.S.C. 2(b)(2)(D). If the USPTO finds that there is substantial discrepancy or if OED obtains or receives other or new information, or if the determination of moral character conflicts with other rules or § 2(b)(2)(D), the USPTO reserves the right to make an independent decision.

The first option, accepting the state bar's determination on moral character without further review, is administratively convenient. However, it raises the issue of equal treatment between patent attorneys and patent agents as to standards applied. The nature of the patent application proceedings before the USPTO allows for registered practitioners to represent clients before the Office who may or may not be attorneys. In addition, ''Congress placed the responsibility on Director to protect the public.'' 35 U.S.C. § 2(b)(2)(D).[2] Under 35 U.S.C. § 32, the USPTO is under an obligation to consider the moral character of all applicants seeking to become registered practitioners. The states and USPTO have concurrent authority to protect the public. *Kroll* v. *Finnerty,* 242 F.3d 1359 (Fed. Cir. 2001). Thus, the USPTO may not have authority to resolve all moral character questions of attorneys by deferral to the state determinations. Complete deference to a determination on moral character made by state bars is inconsistent with the USPTO's responsibility of protecting the public. Further, it is possible that state bars may be unaware of violations brought to the attention of the Office. The Office cannot circumvent its responsibility to protect the public. In tandem, it is not the Office's intent to place an unnecessary burden on state bars to make determinations on issues that can be equally addressed by both entities. Thus, while it is appropriate to consider the determination on moral character made by state bars as part of the application process at the USPTO, it is inconsistent with the statute to accept the state bar determination as dispositive of the issue for USPTO purposes.

Under the first option, the USPTO would give deference to the state bars if the Office allows patent attorneys to submit a copy of their state bar applications and moral character determinations. Under the second option, the USPTO would still give deference, but reserves the authority to look further into the issue of moral character if there is substantial discrepancy between the information provided in the USPTO application form and the state bar application or if new information is provided related to this matter. This is a satisfactory compromise that enables both the states and the USPTO to exercise their respective authorities to protect the public.

Paragraph (h) of § 11.7 would define moral character. The definition is derived from *Konigsberg* v. *State Bar of Cal.,* 353 U.S. 252, 77 S.Ct. 722, 1 L.Ed.2d 810 (1957); and *In re Matthews,* 462 A.2d 165 (NJ 1983). This paragraph also would provide a nonexclusive list of moral character factors considered by the OED Director. The list would be substantially the same as that considered by the Committee of Bar Examiners of the State Bar of California in ''Statement on Moral Character Requirement For Admission to Practice Law in California,'' which is available at *www.calbar.org/shared/2admndx.htm.*

Paragraph (h)(1) of § 11.7 would provide not only that an applicant convicted of a felony or crime involving moral turpitude or breach of fiduciary duty is presumed not to be of good moral character, but also that the individual would be ineligible to apply for registration until two years after completion of any sentence and probation or parole. See In re Dortch, 687 A.2d 245 (Md. 1997); *Seide* v. *Committee of Bar Examiners (Calif.),* 782 P.2d 602 (Cal. 1989). The individual would have to pay the fee required by § 1.21(a)(10) with the application for registration.

Paragraph (h)(4) of § 11.7 would provide that an attorney disbarred or suspended from the practice of law, or an attorney who resigns in lieu of discipline would not be eligible to apply for registration for a period of two years following completion of the discipline. The OED Director would have discretion to waive the two-year period only if the individual demonstrates that he or she has been reinstated to practice law in the State where he or she had been disbarred or suspended, or had resigned. The attorney would have to

[2] ''[T]he primary responsibility for protection of the public from unqualified practitioners before the Patent [and Trademark] Office rests with the Commissioner of Patents [and Trademarks].'' *Gager* v. *Ladd,* 212 F.Supp. 671, 673, 136 USPQ 627, 628 (D.D.C. 1963), (quoting with approval *Cupples* v. *Marzall,* 101 F.Supp. 579, 583, 92 USPQ 169, 172 (D.D.C. 1952), *aff'd,* 204 F.2d 58, 97 USPQ 1 (D.C. Cir. 1953)).

pay the fee required by § 1.21(a)(10) with the application for registration.

Paragraph (i) of § 11.7 would identify factors that may be taken into consideration when evaluating rehabilitation of an applicant seeking a moral character determination for registration.

Paragraph (j) of § 11.7 would provide procedures for the OED Director and Committee on Enrollment to hear cases arising if the OED Director believes that any evidence suggests that an individual lacks good moral character and reputation. The procedures are in accord with those recognized in *Willner* v. *Committee on Character and Fitness,* 373 U.S. 96, 83 S.Ct. 1175 (1963) as providing due process. When the evidence is information supplied or confirmed by the individual, or is of an undisputed documentary character, the hearing will be on the written record. When a person or source whose reliability or veracity is questioned supplies the evidence, the individual may choose to have a hearing on the written record, or have an oral hearing to confront and cross-examine the person or source providing the evidence. The expense of an oral hearing could be a serious burden on an individual who is both distant from the Office and without an established practice. The rule provides such an individual with an alternative to an oral hearing, *i.e.*, being heard on a written record with briefing. The procedures for an oral hearing are similar to those adopted by the District of Columbia Court of Appeals. Rule 46(f) and (g). An oral hearing will provide the Committee and OED Director with an opportunity to observe the individual's demeanor.

Paragraph (k) of § 11.7 would allow an individual whose application for registration has been rejected because of lack of good moral character and reputation to reapply for registration. The individual would be permitted to reapply five years after the ruling, unless otherwise provided. The individual would also be required to take and pass the registration examination. This provision follows the same time provisions of Rule 201.12 of the Rules Governing Admission to the Bar of the State of Colorado. The individual would have to pay the fee required by § 1.21(a)(10) with the application for registration.

Section 11.8 would continue the practice under current 37 CFR 10.8 of requiring an oath and payment of a fee prior to registration, and conform to the practice of filing a completed Data Sheet.

Paragraph (a) of § 11.8 would provide a two-year period within which an applicant who passes the registration examination may complete registration. In effect, a passing score would be good for two years. The Office would deem this period reasonable for individuals who have not been registered, and not completed their registration within two years. Their continued familiarity with the Patent Statute, Office practices and procedures, and changes thereto in the interim is not established, and they could not lawfully practice before the Office in patent matters in that period. The two-year period is similar to the time afforded District of Columbia Bar applicants, who may request acceptance of a prior Multistate Bar Examination or essay exam result provided, *inter alia,* the prior administration of the examination was within 25 months of the examination about to be administered. *See* Rules 46(b)(8)(A)(3) and 46(b)(8)(B)(3) of the Rules of the District of Columbia Court of Appeals.

Under paragraph (a) of § 11.8, limited recognition would no longer be granted to individuals while awaiting registration. The period candidates await registration is expected to be reduced by the Office's soliciting information tending to affect the eligibility of candidates based on their character on both the Office Web site as well as the Official Gazette. The names of the candidates receiving a passing score will be published. The public will be given 60 days from publication on the Web to provide the information.

Paragraph (b) of § 11.8 would add procedures for applicants seeking registration as a patent attorney or agent. An individual seeking registration as a patent attorney would have to demonstrate that he or she is a member in good standing with the bar of the highest court of a state.

Paragraph (c) of § 11.8 would codify a practice of requiring individuals to update the information and answers they provide on their applications based on events occurring between the date an individual signs an application, and the date he or she is registered or recognized to practice before the Office in patent matters. This would include not only changes of address, but also events that may reflect adversely on the individual's moral character. The latter would serve the integrity of the registration process to require the applicant to update information and answers, and show that the individual continues to satisfy the requirements of § 11.7(a)(2)(i).

Paragraph (d) of § 11.8 would introduce an annual fee to be paid by registered practitioners. The amount of the fee would be set forth in § 1.21(a)(7). The annual fee would be due in three-month intervals depending on the first initial of a practitioner's last name. The roster would be divided into four units. The payment period for last names beginning with A–E shall be every January 1 through March 31; the payment period for last names beginning with F–K shall be every April 1 through June 30; the payment period for last names beginning with L through R shall be every July 1 through September 30; and the payment period for last names beginning with S through Z shall be every October 1 through December 31.

In the past, the fees paid by applicants and patentees have supported the costs of the activities that maintain the patent practitioner's community reputation for integrity. The proposed annual fee is introduced pursuant to 35 U.S.C. 41(d). The annual fee is intended to fund the costs of the disciplinary system, and maintaining the roster of registered practitioners up-to-date by (i) annually surveying the practitioners for current address/telephone/e-mail information, and (ii) daily updating the roster with new changes of address. With an annual fee, the Office would be funding the disciplinary system as State Bars do, by dues from the bar members. Bar disciplinary activities are generally regarded as being in the interest of maintaining the Bar's reputation for integrity and supporting the willingness of potential clients to engage the services of practitioners. The continual updating of the USPTO roster is also in the interest of assuring that registered practitioners are identified to the public they seek to serve. The current cost of USPTO disciplinary and roster maintenance programs is a little in excess of $100 per year per registered practitioner. That cost is currently met by funds from application, issue, or maintenance fees. It is problematic to charge applicants for this activity, since many of the complaints concern applications that were not filed or were filed or prosecuted improperly or should not have been filed in the first place, or patentees, who have received the benefit of competent counsel. The anomaly is magnified by the need for disciplinary action concerning practitioners who have been convicted of felonies, or disciplined by state bars for matters other than practice before the Office. By adopting an annual fee to be paid by registered practitioners, the costs of these activities is not passed on to applicants. Thus, USPTO will recover the costs associated with these activities from the practitioners instead of the public in general. The funds received from the annual fee would be directed

to these activities and would not be diverted to support other proposals. The annual fee would not be imposed on persons during the calendar year in which they are first registered to practice before the Office. Failure to comply with this rule would subject a registered practitioner to penalties set forth in § 11.11(b).

Section 11.9 would continue the same practice under current § 10.9 of providing limited recognition of individuals under the appropriate circumstances.

Paragraph (a) of § 11.9 would continue to provide for limited recognition of individuals to practice before the Office in a particular patent application or applications. The practice would be limited to individuals who are not attorneys representing the individual's close relative, such as a child, elderly parent.

Paragraph (b) of § 11.9 would provide for aliens, residing in the United States, to obtain limited recognition to practice before the Office in a particular patent application or applications if the Immigration and Naturalization Service or the Department of State has authorized the alien to be employed in the capacity of representing a patent applicant by preparing and prosecuting the applicant's U.S. patent application. Recognition may be granted if the applicant satisfies the provisions of § 11.7(a), (b), and (c) or (d). Consistent with current practice, limited recognition would be granted in maximum increments of one year, but would not be granted or extended to an alien residing abroad. Limited recognition also would not be granted to aliens admitted to the United States to be trained. Recognition to practice before the Office, like admission to practice law in any other jurisdiction, is not a training opportunity.

Paragraph (c) of § 11.9 would continue to provide for limited recognition of an individual not registered under § 11.6 to prosecute an international application only before the U.S. International Searching Authority and the U.S. International Preliminary Examining Authority.

Paragraph (d) of § 11.9 would provide for a limited recognition fee paid by an individual granted limited recognition under paragraphs (b) or (c) of § 11.9. The same individuals would also be required to pay an annual fee upon renewal or extension of the limited recognition previously granted. Failure to comply with the rule would subject the individual to loss of recognition.

Section 11.10 would set forth provisions regarding post-employment restrictions on practice before the Office. Paragraph (a) would permit only practitioners who are registered under § 11.6 or individuals given limited recognition under § 11.9 to prosecute patent applications of others before the Office.

Paragraph (b) of § 11.10 would parallel the provisions of 18 U.S.C. 207(a) and (b). The proposal would parallel the basic restrictions of § 207(a) on any registered former Office employee acting as representative, or intending to bring influence, in a particular matter in which he or she personally and substantially participated as an employee of the Office. The proposal also would parallel the basic two-year restriction of § 207(b) on any registered former Office employee acting as representative or with intent to influence as to a particular matter for which the employee had official responsibility. In addition, the proposal would proscribe the same conduct occurring behind the scenes by prohibiting conduct that ''aids in any manner'' the representation or communication with intent to influence. It is appropriate that the conduct proscribed by §§ 207(a) and (b) be extended to conduct occurring behind the scene. The conduct is proscribed by current § 10.10(b). A patent can be held unenforceable where a former patent examiner engaged in behind the scene efforts to obtain a reissue patent on a patent in which he or she personally and substantially participated as an examiner. *See Kearny & Trecker Corp.* v. *Giddings & Lewis, Inc.,* 452 F.2d 579 (7th Cir. 1971), *cert. denied,* 92 S.Ct. 1500 (1972).

Paragraph (c) of § 11.10 would introduce citation of the statutory and regulation provisions governing the post employment conduct of unregistered former employees. The provisions cover any unregistered former employees, who represent another person in an appearance or, by other communication, attempts to influence the Government, including the Office, concerning a particular matter in which he or she was involved. For example, a former patent examiner, whether or not he or she becomes a registered practitioner, may not appear as an expert witness against the Government in connection with a patent granted on an application he or she examined as a patent examiner.

Paragraph (d) of 11.10, like current § 10.10(c), would continue to proscribe an employee of the Office from prosecuting or aiding in any manner in the prosecution of a patent application for another.

Paragraph (e) of § 11.10 would continue the prohibition against conflicts of interest contained in current § 10.10(d). A number of statutory and regulatory provisions affect U.S. Government employees who are registered to practice before the Office. These provisions include 18 U.S.C. 203 and 205.

Section 205 is a criminal statute which ''precludes an officer or employee of the Government from acting as an agent or attorney for anyone else before a department, agency or court in connection with any particular matter in which the United States is a party or has a direct and substantial interest.'' *Memorandum of Attorney General Robert F. Kennedy Regarding Conflict of Interest Provisions of Public Law 87–848*, Feb 1, 1963, 28 F.R. 985. In interpreting a predecessor statute to § 205, Acting Attorney General Peyton Ford determined that ''the United States is a party or directly or indirectly interested'' in proceedings involving the filing and prosecution before the Patent Office of an application for patent, and that the predecessor statute therefore ''proscribe[d] the participation in such proceedings of Government employees for compensation on behalf of private parties.'' *Opinion of the Attorney General of the United States*, Vol. 41, Op. No. 4, 82 USPQ 165 (Atty. Gen. 1949). Under the current statute, ''[s]ection 203 bars services rendered for compensation solicited or received, but not those rendered without such compensation; section 205 bars both kinds of services.'' *Memorandum of Attorney General Robert F. Kennedy Regarding Conflict of Interest Provisions of Public Law 87–848*, Feb 1, 1963, 28 F.R. 985. *Accord, OGE Informal Advisory Letter 91 X 11*, 1991 WL 521202 (O.G.E.). Sections 203 and 205 apply to full-time and part-time employees.

OGE Informal Advisory Letter 91 X 11, 1991 WL 521202 (O.G.E.) recognizes one exception. The prohibition does not apply if an executive branch employee is ''a special employee'' as defined in 18 U.S.C. 202(a). The OGE Informal Advisory Letter also recognizes that the exception does not apply to a special Government employee for those particular matters involving specific parties in which the employee participated as a Government employee and, if the employee served in the department more than sixty days, to those matters pending before the department where he or she is employed. A special Government employee is one who is ''employed to perform * * * for a period not to exceed one hundred and thirty days during any period of three hundred and sixty five consecutive days, temporary duties either on a full-time or

intermittent basis * * * Status as a special Government employee is determined at the time of appointment.'' Section 202(a). The OGE Informal Advisory Letter also recognizes that individuals serving in the U.S. Military reserves as officers, are considered under the provisions of section 202(a) to be special Government employees unless they are called to active duty and serve for more than a specified threshold period. The OGE Informal Advisory Letter indicates that reservists in the enlisted ranks are not deemed subject to sections 203 or 205 when called to active duty.

In view of such provisions, the opinion of the Attorney General, and the OGE Informal Advisory Letter, the position of the Office would be that full-time and part-time U.S. Government employees other than special Government employees, may not solicit or accept private clients, or represent clients other than their agency before the Office. Accordingly, the Office of Enrollment and Discipline requires registered practitioners who are employed by the U.S. Government full-time or part-time to list their Government addresses as their official addresses of record.

Section 11.11 would continue the requirement under current § 10.11 that a registered practitioner notify OED of a change of address separately from any notice given in any patent applications.

Paragraph (a) of § 11.11, similarly to current § 10.11(a), would provide for requiring practitioners to notify the OED Director of their postal address and telephone number for his or her business, as well as every change thereto. Additionally, it would require practitioners to notify the OED Director of the e-mail address for their business and every change to the e-mail address. Notice of the change of address or telephone number would have to be given within thirty days of the date of the change. Practitioners will be encouraged to provide their business e-mail address to facilitate the Office's ability to communicate with the practitioners. A practitioner who is an attorney in good standing with the bar of the highest court of one or more states would also be required to provide the OED Director with the state bar identification number associated with each membership. This will enable the OED Director to distinguish between individual attorneys having the same or similar names. Further, the section identifies the information that the OED Director will routinely publish on the roster about each registered practitioner recognized to practice before the Office in patent cases.

Paragraph (b)(1) of § 11.11 would provide for administrative suspension for failure to comply with the payment of the annual fee required by § 11.8(d) or §§ 11.12(a) and (e). The OED Director would mail a notice to the practitioner advising of noncompliance, demanding compliance within sixty days, and payment of a delinquency fee for each rule violated.

Paragraph (b)(2) of § 11.11 would provide that upon failure to comply with the directive within the allowed time, the practitioner would be notified in writing that the practitioner has been administratively suspended and may no longer practice before the Office in patent matters, or hold himself or herself out as being registered or recognized to practice before the Office in patent matters. The OED Director would publish notice of the administrative suspension in the Official Gazette. The administrative suspension would not relieve the delinquent attorney or agent of his or her annual responsibility to pay his or her dues to the USPTO Director.

Paragraph (b)(4) of § 11.11 would provide that an administratively suspended attorney or agent would be responsible both for paying his or her annual fee required by § 11.8(d) and for completing the required continuing training programs.

Paragraph (b)(6) of § 11.11 would provide that administratively suspended practitioners cannot practice before the Office in patent cases while under administrative suspension.

Paragraph (c) of § 11.11 would provide for inactivation of a registered practitioner who becomes employed by the Office.

Paragraph (c)(1) of § 11.11 would provide that a registered practitioner, upon separating from the Office and seeking reactivation, must complete the required continuing training programs if the practitioner did not pass recertification tests required during the practitioner's employment at the Office and appropriate to practitioner's grade and position in the Office.

Paragraph (d) of § 11.11 would provide for voluntary inactivation of a registered practitioner. This section accommodates registered practitioners who are not active in representing clients before the USPTO, but still desire to maintain a recognized professional association with the USPTO. The USPTO will not inquire into reasons for seeking voluntary inactivation except that voluntary inactivation will be denied if the practitioner is delinquent on paying annual dues. Voluntary inactivation will not preclude the USPTO from inquiring or continuing to inquire into possible ethical violations by the practitioner. Reasons for seeking voluntary inactivation may include retirement, health condition of the practitioner (long-term illnesses), or a practitioner's decision to practice in another substantive area.

Paragraph (d)(1) of § 11.11 would provide that a registered practitioner may seek voluntary inactivation by filing a written request to be endorsed as inactive.

Paragraph (d)(2) of § 11.11 would provide that a registered practitioner whose status has been changed to a voluntary inactive status would be responsible both for paying his or her annual fee required by § 11.8(d) for such status and for completing the required continuing legal education programs while in such status. For purposes of this section, the annual fee for practitioners in inactive status is 25% of the fee for practitioners in active status.

Paragraph (d)(3) of § 11.11 would provide that a registered practitioner in inactive status is still subject to investigation or discipline for ethical violations during the period of inactivation.

Paragraph (d)(4) of § 11.11 would provide that a registered practitioner in arrears in dues or under administrative suspension for fee delinquency is ineligible to seek or enter into voluntary inactive status.

Paragraph (d)(5) of § 11.11 would provide that practitioners may not practice before the Office in patent cases while under inactive status.

Paragraph (d)(6) of § 11.11 would provide for restoration to active status of a registered practitioner who is in voluntary inactive status in accordance with § 11.11(d). The Office provides options for practitioners who are no longer attorneys in good standing at their state bars but seek active status before the USPTO. Since practitioners before the USPTO need not be attorneys, a practitioner who has ceased to be a member in good standing of the highest court of a state for reasons other than ethical grounds may still seek to represent clients before the USPTO as a patent agent. Generally, attorneys are held to the standard of ethics in effect at their respective state bars. It becomes necessary to ensure that attorneys who are no longer members in good standing in a state bar explain the basis of such status when seeking restoration to active status before the USPTO. This section seeks to avoid the possibility that an attorney under a disciplinary proceeding or investigation at his or her state bar does not circumvent the obligation of informing the USPTO of

any matter that detrimentally impacts the determination of the practitioner's moral character.

Any registered practitioner who is voluntarily inactivated pursuant to paragraph (d) of this section and who is an attorney may comply with the submission of information and material pertaining to the practitioner's moral character on proof of being a member in good standing with the highest court of a state. If the registered practitioner is no longer a member in good standing at the state bar, the practitioner must submit a signed declaration or affidavit explaining the circumstances surrounding their status at the state bar to the satisfaction of the OED Director that the reason for not being a member in good standing is not predicated on moral character. If the statement submitted is not to the satisfaction of the OED Director, the OED Director may decline restoration to active status on grounds of present lack of good moral character as set forth in § 11.7. Any adverse decision by the OED Director is reviewable under § 11.2. This does not preclude the practitioner from submitting additional evidence to establish the requisite moral character.

Paragraph (e) of § 11.11 would allow for resignation from practice before the Office of a registered practitioner who is neither under investigation under § 11.22 for a possible violation of the Rules of Professional Conduct, nor subject to an adverse probable cause determination by a panel of the Committee on Discipline under § 11.23(b).

Paragraph (f) of § 11.11 would establish a procedure for reinstatement of a registered practitioner who has been administratively suspended pursuant to § 11.11(b) or § 11.12(e), or who has resigned pursuant to § 11.11(d).

Section 11.12 would introduce mandatory continuing education for practitioners licensed to practice in patent cases before the Office. Such continuing education would apply to all licensed practitioners, whether they are registered patent attorneys, patent agents, or persons granted limited recognition. With two exceptions, all licensed practitioners are currently required to pass the registration examination. The registration examination may be waived for former patent examiners who actively served for at least four years in the patent examining corps and separate from the Office without an legal competence issue. Also, by long-standing custom, foreign patent agents who are registered under 37 CFR 10.7(c) on the basis of reciprocity with their foreign patent office have not been required to take and pass the registration examination. A licensed practitioner has been qualified through passing the registration examination. However, there is no requirement for periodic education to ensure that individuals maintain an expected level of competency in law, regulations, practices and procedures.

It is in the interest of the practitioner community, applicants and the efficiency of the USPTO that practitioners keep their legal knowledge current. In recent years there have been numerous changes to the Patent Act, and in the regulations governing the filing and prosecution of patent applications. After significant court decisions and other events, the Office has issued memoranda describing new procedures and policy to be followed by Office employees as well as registered practitioners and those granted limited recognition. Though licensed practitioners are ethically prohibited from handling a legal matter without preparation adequate in the circumstances, this has not prevented members of the public from criticizing the competence of practitioners. Such lapses can reflect adversely on the integrity of the intellectual property system, as well as on the reliability of practitioners as a whole. The ethics rules have not compelled practitioners to promptly become and remain familiar with changes to patent application practices and procedures.

A licensed practitioner's lack of currency with practice requirements impedes the efficiency and quality of the application process under current conditions. Within the USPTO, there is an office devoted to handling petitions, often by practitioners, seeking relief from some ''unintentional'' events, as well as ''unavoidable'' events, such as occur when new procedures and policies are not followed. Some petitions seeking relief from mistakes reflect an unawareness of the requirements of new rules, practices and procedures, as well as some well-established practices and procedures. This continual need for rework is an obstacle to improving pendency. Other mistakes may not be similarly curable.

The trend toward continuing legal education requirements by state bars is not sufficient to maintain the currency of knowledge among licensed practitioners regarding patent practice before the Office. First, while some attorneys may be required to take continuing legal education as a matter of state bar requirements, such requirements do not apply to patent agents and are not specific to obtaining additional patent education. The Office's licensing of patent agents who are not attorneys effectively preempts the states' restrictions on practicing law without a license. Thus it is incumbent on the Office to assure that agents are required to be kept up-to-date on legal matters in ways equivalent to the requirements now imposed by forty state bars on lawyers. The foreign patent agents also are not subject to the restrictions and continuing legal education requirements imposed by states. Similarly, although one state is now considering special certification for patent lawyers, its proposal defers to the Office's authority over licensing patent practitioners and thus imposes no certification requirements based on Office practice. None of the states mandating continuing legal education (CLE) require registered patent attorneys to receive updated education in new Office practices and procedures.

To assure the public that licensed practitioners maintain their competence and proficiency, the Office proposes to deliver required education materials via the Internet and otherwise to practitioners and to certify their scrutiny of those materials through an interactive computer-delivered examination. Alternatively, the Office would accept mandatory continuing education given by a pre-approved sponsor. Section 11.12 would apply only to licensed practitioners, not to inventors applying *pro se.* The availability of the education, however, will make the patent process more accessible to inventors, while helping the quality and efficiency of prosecution.

Delivery of mandatory continuing education by the USPTO meets the need for equal availability of the program worldwide. The Office can provide this service at a minimal cost because we are building on a program we conduct for examiners. The Office is going to seek CLE credits for the program from state bars requiring attorneys to meet certain continuing legal education requirements. However, the Office is not sure all state bars with the requirements will recognize the mandatory education program offered by the Office. Therefore, the Office believes that regular continuing education sponsors should be able to offer the program content in alternative formats that are acceptable to state bars.

It is anticipated that the Office would publish on the Internet written material followed by self-administered questions and answers that would be linked to Office publications on Office's Web site that would provide the answers. The publications would include new rules, policy announcements, rule packages, question and answer memoranda, the

Manual of Patent Examining Procedure, narrative guidelines, and other narratives containing new information the Office wants to deliver. The function of the program would be to assure that licensed practitioners, like patent examiners, have read and absorbed key content of these publications. The USPTO is planning to institute similar education of patent examiners.

Unlike traditional continuing legal education courses that must be taken at particular times and places, because the self-assessment update program would be available on the Internet, it could be taken when and where the practitioner selects. Paper copies of the questions and narratives would be made available to practitioners lacking access to the Internet. A licensed practitioner could take the program and complete it, or take part and store it until he or she has more time to complete it. The practitioner also would have the option to take it repeatedly and as often as desired until all questions are correctly answered. It would not be necessary for practitioners to take courses, such as continuing legal education courses offered by other parties, in order to complete the program.

A practitioner would have the option of obtaining the education from a USPTO pre-approved sponsor. The practitioner would be responsible for paying any fees charged by the sponsor for the program. The sponsor or the practitioner taking the program from the sponsor would be responsible for obtaining continuing legal education credit from a state bar. The Office would not seek such credit for the sponsor or the practitioner taking a course given by a sponsor.

The self-assessment program offered by the Office would include multiple choice and/or true/false questions. Narrative material, such as a guideline or policy announcement, would either precede the question, or links to the narrative material would be embedded in the questions. To complete a required education program, all questions must be correctly answered. A licensed practitioner would have to complete the program within the dates set by the USPTO Director. Taking a USPTO pre-approved course that is offered by a USPTO pre-approved sponsor providing comparable education also could complete the required education program. Licensed practitioners failing to complete the program would be administratively suspended from practice before the Office. The results from the USPTO Web-based program would be instantly available, and electronically recorded in the Office.

The education program requirement would not be onerous, since the self-assessment program would be self-administered and available on the Internet, and it would either contain or be linked to USPTO publications on its Web site that would provide the answers. Currently, forty states provide for or require continuing legal education for attorneys licensed in their respective jurisdictions. The Office will be communicating with the appropriate authorities in each of the states in an effort to have them accept the USPTO's education program as meeting their respective continuing legal education requirements.

Paragraph (c) of § 11.12 would provide four exemptions from completing the education. One exemption would be for newly registered practitioners during the fiscal year he or she is first registered. Another exemption would be for a practitioner who becomes inactive as a result of being employed by the Office if, while so employed, the practitioner passes all recertification programs required for patent examiners during the practitioner's employment at the Office and appropriate to practitioner's grade and position in the Office.

The same paragraph permits completion of the education to be delayed for a specified time for ''good cause shown.'' The cause may be shown in conjunction with illness, hospitalization, or such other matters as determined by the OED Director. Good cause would not be shown by representations that a medical condition makes attendance only difficult or uncomfortable, that a practitioner is outside the United States, that a practitioner finds it most difficult to complete the program, that the practitioner obtains education by observing other practitioners, or that a practitioner is in advanced years.

Paragraph (d)(1) of § 11.12 would provide that persons seeking reinstatement after they resigned pursuant to § 11.11(d), after their names were transferred to disability inactive status, or upon seeking reinstatement after being suspended or excluded must furnish the OED Director with proof that he or she has completed all education programs required by the USPTO Director during the fiscal year(s) the practitioner was inactive, suspended or excluded, or during the practitioner's resignation. Thereafter, the person would have the same education program requirement as other licensed practitioners.

Section 11.13 would provide procedures for sponsors to be approved as offering a pre-approved mandatory continuing education program, as well as for practitioners receiving credit for completing the pre-approved program offered by either the USPTO or by a USPTO pre-approved sponsor. Practitioners will not receive credit for completion of the required education by attending a program that is not pre-approved by the OED Director as providing the legal, procedural and policy subject matter identified by the USPTO Director as being required to satisfy the mandatory continuing education program.

Section 11.14, like current § 10.14, continues to set forth who may practice before the Office in trademark and other non-patent matters. The present procedure under § 10.14 would continue, except that the definition of attorney is changed. See the discussion above under § 11.1. The change in the definition of attorney is believed necessary in view of 5 U.S.C. 500(b), and the fact that an individual may be an attorney in good standing in a state even though suspended or disbarred in another state. In other non-patent matters, *e.g.,* disciplinary proceedings or *inter partes* or *ex partes* patent or trademark matters, a party could be represented only by an attorney.

Paragraph (a) of § 11.14(a) would contain a sentence making clear that registration as a patent attorney does not entitle an individual to practice before the Office in trademark matters. On occasion in the past, an attorney suspended or disbarred by the highest court of a state continued to practice before the Office in trademark matters. The sentence would provide such individuals with notice that they may not rely on registration as a patent attorney to practice in trademark matters.

Paragraph (f) of § 11.14 would provide that an individual seeking reciprocal recognition under paragraph (c) must apply in writing for the recognition, and pay the fees required by §§ 1.21(a)(1)(i) and (a)(6) of this subchapter.

Section 11.15 would provide that practitioners (individuals who practice before the Office in patent, trademark, or other non-patent matters) could be suspended or excluded. The USPTO Director has authority under 35 U.S.C. 32 to suspend or exclude practitioners registered to practice before the Office in patent matters. *See also* 5 U.S.C. 500(e). The USPTO Director also has authority to suspend or exclude practitioners who practice before the Office in trademark and other non-patent matters. *See* 5 U.S.C. 500(d)(2); *Herman* v. *Dulles,* 205 F.2d 715 (D.C. Cir. 1953); and Attorney General's

Manual on the Administrative Procedure Act, pp.65–66 (1947). *See also Harary* v. *Blumenthal,* 555 F.2d 1113 (2nd Cir. 1977) (certified public accountant disbarred from practice before IRS), and *Koden* v. *U.S. Department of Justice,* 564 F.2d 228 (7th Cir 1977) (suspending attorney from practice before INS).

Section 11.18, with one exception, would continue the provisions under current § 10.18 regarding who must sign documents filed in the Office, and responsibility for the content of documents filed in the Office. The exception is that the phrase ''claims and other'' found in § 10.18(b)(2)(ii) would not be carried forward into paragraph (b)(2)(ii) of § 11.18. The deletion is necessary inasmuch as § 11.18 is derived from Rule 11 of the Federal Rules of Civil Procedure, wherein a ''claim'' is not a patent claim. However, in the predecessor rule, § 10.18, it is possible to construe ''claim'' to be a patent claim. Clearly, a patent claim is not the same claim under the Rule 11 of the Federal Rules of Civil Procedure. The practice under § 11.18 is otherwise similar to that under Rule 11 of the Federal Rules of Civil Procedure.

Investigations and Disciplinary Proceedings

Section 11.19 would introduce a definition of the disciplinary jurisdiction of the Office.

Paragraph (a) of § 11.19 would provide that practitioners registered or recognized to practice before the Office, practitioners administratively suspended under § 11.11(b), practitioners disciplined by suspension or exclusion, as well as *pro se* patent applicants and any individual appearing in trademark or other non-patent case in his or her own behalf, are subject to the disciplinary jurisdiction of the Office. The inclusion of administratively suspended practitioners, and practitioners disciplined by suspension or exclusion would permit the Office to take further action where appropriate or necessary. Thus, for example, a suspended practitioner continuing to practice before the Office despite suspension may be further disciplined for unauthorized practice before the Office. Similarly, a practitioner continuing to practice before the Office despite removal of his or her name from the register should not be able to use administrative suspension as a shield to avoid discipline for misconduct occurring before or after removal of the practitioner's name from the register.

Paragraph (b) of § 11.19 would recognize the authority of state bars to discipline practitioners for misconduct involving or related to practice before the Office in any matter.

Paragraph (c)(1) of § 11.19 would set out grounds for disciplining a practitioner, or a suspended or excluded practitioner. Grounds would include conviction of a crime; discipline imposed in another jurisdiction; failure to comply with any order of a Court, the USPTO Director, or OED Director; or failure to respond to a written inquiry from a Court, the USPTO Director, or OED Director in the course of a disciplinary investigation or proceeding without asserting, in writing, the grounds for refusing to do so.

Paragraph (c)(2) of § 11.19 would set out grounds for disciplining a *pro se* applicant. Grounds include violation of §§ 11.303(a)(1), 11.304, 11.305(a), and 11.804. *Pro se* litigants in United States District Courts are subject to Rule 11 of the Federal Rules of Civil Procedure, which imposes sanctions for filing baseless or frivolous lawsuits wherein the pleadings are not well grounded in fact or in law, or in a good faith argument for extension, modification, or reversal of existing law, and had an improper purpose. By extension, comparable conduct before the Office would be subject to disciplinary action by the Office.

Paragraph (d) of § 11.19 would continue essentially the same procedure as current § 10.130(b) for handling petitions to disqualify a practitioner in *ex parte* or *inter partes* matters in the Office on a case-by-case basis. *See SEC* v. *Chenery Corp.,* 332 U.S. 194, 203 (1974).

Paragraph (e) of § 11.19 would make clear that the Office can refer unauthorized practice allegations and convictions to the jurisdiction(s) where the act(s) occur. This can apply to unregistered individuals, including unregistered attorneys practicing before the Office in patent matters by ghostwriting applications and/or replies to Office actions to be signed and filed by inventors.

Section 11.20 would continue the present procedure in current § 10.130(a) under which the USPTO Director imposes discipline. The statutory framework for practice before the Office in patent, trademark, and other non-patent law vests responsibility for discipline in the USPTO Director. 35 U.S.C. 2(b)(2)(c). The discipline imposed on practitioners includes reprimand, suspension or exclusion. Paragraph (a)(1) is based on 35 U.S.C. 32 and 5 U.S.C. 500(d). The term ''exclude,'' rather than ''disbar,'' is used throughout the proposed rules because ''exclude'' is used in 35 U.S.C. 32. Probation has been employed by OED pursuant to 35 U.S.C. 32 and 5 U.S.C. 500(d). *See Weiffenbach* v. *Lett,* 1101 Official Gazette 59 (April 25, 1989).

Paragraph (a)(2) of § 11.20 would permit sanctions to be imposed on patent applicants representing themselves or other applicants under § 1.31, a person or party representing themselves or others in a patent case pursuant to § 1.33(b)(4), or by a representative appearing in a trademark application pursuant to § 11.14(e). A variety of sanctions can be imposed on *pro se* litigants subject to Rule 11 of the Federal Rules of Civil Procedure. The sanctions usually imposed serve two main purposes: deterrence and compensation. Subsidiary goals include punishing prosecution/litigation abuse, and facilitating case management. *See Navarro-Ayala* v. *Nunez,* 968 F.2d 1421 (C.A. Puerto Rico 1992). Sanctions that may be imposed on *pro se* litigants may also be imposed on *pro se* applicants, including prohibition from commencing additional or continuing other proceedings before the Office without being represented by a licensed attorney or by leave of the Commissioner for Patents or the Commissioner for Trademarks to proceed *pro se. Accord, Schramek* v. *Jones,* 161 F.R.D. 119 (D.C. Fla. 1995); and *Ketchum* v. *Cruz,* 775 F. Supp. 1399 (D. Colo. 1991), *aff'd,* 961 F.2d 916 (1991).

Paragraph (b) of § 11.20 would provide for imposition of conditions with discipline as a condition of probation, to protect the public.

Section 11.21 would provide for issuing warnings alerting the practitioner that he or she could be subject to disciplinary action if corrective action is not taken to bring his or her conduct into conformity with the Office's Rules of Professional Conduct. 5 U.S.C. 558(c) authorizes warnings.

Section 11.22 would continue the OED Director's authority under current § 10.131(a) to investigate possible violations of Rules of Professional Conduct by practitioners. *See* § 11.2(b)(2).

Paragraph (b) of § 11.22 would continue the provisions of current § 10.131(a), under which a nonpractitioner can report to the OED Director a possible violation of Rules of Professional Conduct. The OED Director would be enabled to require that the report be presented in the form of an affidavit.

Paragraph (c) of § 11.22 would provide for initiating investigations upon complaint or information received from any source. The investigation would not be abated because of neglect by the complainant to prosecute a

charge, or in view of settlement, compromise, or restitution.

Paragraph (d) of § 11.22 would require a complaint alleging misconduct by a practitioner to be in writing and contain a brief statement of the facts upon which the complaint is based.

Paragraph (e) of § 11.22 would provide for screening complaints. Complaints would be docketed only if they are not unfounded on their face, if they contain allegations of conduct, that, if true, would constitute a violation of the practitioner's oath or the Rules of Professional Conduct that would merit discipline, and are within the jurisdiction of the Office.

Paragraph (f) of § 11.22 would provide for notifying the complainant when a complaint is not docketed, and giving the reasons therefor. This rule would provide that the OED Director's decision is not subject to review.

Paragraph (g) of § 11.22 would permit complainants to be advised of the docketing of the complaint.

Paragraph (h) of § 11.22 would provide for notifying a practitioner in writing when a formal investigation in the practitioner's conduct has been initiated.

Paragraph (i) of § 11.22 would provide for a practitioner to have 30 days to respond to an inquiry, and to allow only one 30-day extension of time. The response must set forth practitioner's position with respect to allegations contained in the complaint.

Paragraph (j) of § 11.22 would provide that the OED Director could request information from the complainant, practitioner, or any other person who may reasonably be expected to have information needed concerning the practitioner. A number of state bars were surveyed to identify whether a common practice existed on handling the issue of contacting a non-complaining client. Many states have no specific procedural rules but can and do contact the non-complaining client without the safeguards contained in proposed paragraph (j) of this section. For example, one state bar has no rule but contacts the attorney first, and then attempts to call the non-complaining client before the attorney communicates with the client. Another has no rule and does in fact contact the non-complaining client without first informing the attorney.

In the absence of a consistent practice among the various state bars, the USPTO is placing formal safeguards through Section 11.22(j). We recognize that such contact can create the possibility of conflicts with the attorney. At the same time, there are cases in which disciplinary action is most necessary and the non-complaining client is unknowingly being victimized. The USPTO needs the discretion to undertake the appropriate investigation without necessarily going through the attorney. The USPTO wants to be careful to balance the competing interests with the creation of a formal procedure that provides appropriate safeguards to the attorney-client relationship.

Paragraph (j) of § 11.22 would provide that the OED Director could request information from the complainant, practitioner, or any other person who may reasonably be expected to have information needed concerning the practitioner. The attorney will be contacted first unless there is good cause to believe that such contact would interfere with the gathering of relevant material from the client. If the OED Director believes that there is good cause for such interference or the attorney declines to consent, the OED Director will provide a showing including reasons to the USPTO Director for review and clearance.

Paragraph (k) of § 11.22 would permit the OED Director to examine financial books and records maintained by a practitioner reflecting his or her practice before the Office.

Paragraph (l) of § 11.22 would provide that a practitioner's failure to respond or evasive response to the OED Director's written inquiries during an investigation would permit the Committee on Discipline to enter an appropriate finding of probable cause.

Paragraph (m) of § 11.22 would allow the OED Director to dispose of investigations by closure without issuance of a warning, institution of formal charges, diversion, or exclusion on consent.

Paragraph (n) of § 11.22 would permit the OED Director to terminate an investigation and decline to refer a matter to the Committee on Discipline in a variety of circumstances, including where the complaint is unfounded, the matter is not within the jurisdiction of the Office, the questioned or alleged conduct does not constitute misconduct, the available evidence shows that the practitioner did not engage or willfully engage in the questioned or alleged misconduct, that there is no credible evidence to support any allegation of misconduct by the practitioner, or that the available evidence could not reasonably be expected to support any allegation of misconduct under a ''clear and convincing'' evidentiary standard.

Section 11.23 would continue the practice of current § 10.4 of providing for a Committee on Discipline.

Paragraph (a) of § 11.23 would describe the organization of the Committee on Discipline. The Committee would have two or more subcommittees having three members each to facilitate processing of the matters the OED Director refers to the Committee. The Committee would designate a Contact Member to review and approve or suggest modifications of recommendations by OED Director for dismissals, and warnings.

Paragraph (b) of § 11.23 would set forth the powers and duties of the Committee on Discipline. The Committee would designate a Contact Member to review, and approve or suggest modifications of, recommendations by OED Director of dismissals and warnings. The Committee would prepare and forward its own probable cause recommendations to the OED Director.

Paragraph (c) of § 11.23 would provide that no discovery could be had of deliberations of the Committee on Discipline. *See Morgan* v. *United States,* 313 U.S. 409, 422 (1941). Accordingly, under the proposed rules, a disciplinary proceeding would resolve whether a practitioner has or has not committed violations alleged in the complaint that the Committee authorized to be filed under § 11.26.

Section 11.24 would provide for interim suspension and discipline based on reciprocal discipline of a practitioner suspended or disbarred, or who resigns in lieu of discipline. The USPTO Director, upon being provided with a certified copy of a disciplinary court's record disciplining a practitioner, would suspend the practitioner in the interim. The practitioner would be provided with a forty-day period to show cause why reciprocal discipline should not be imposed. A certified copy of the record of suspension, disbarment, or resignation shall be conclusive evidence of the commission of professional misconduct. The practitioner may challenge imposition of reciprocal discipline on four specific grounds, *i.e.*, lack of notice or opportunity to be heard, infirmity of proof of establishing misconduct, grave injustice resulting from imposing the same discipline, or the misconduct warrants imposition of a different discipline.

Section 11.25 would provide for interim suspension and discipline of a practitioner convicted of committing a serious crime or other crime coupled with confinement or commitment to imprisonment. The USPTO Director, upon being provided with a certified copy of a court's record or docket entry, would suspend the practitioner from

practice before the Office in the interim until the conviction becomes final. Practitioners would be disqualified from practicing before the Office if confined or committed to prison. Upon the conviction becoming final, the practitioner would be provided with a forty-day period to show cause why discipline should not be imposed. A practitioner convicted of a serious crime involving moral turpitude *per se,* or a crime wherein the underlying conduct involved moral turpitude, would be excluded. The practitioner may challenge imposition of discipline if material facts are in dispute.

Section 11.26 would provide a program for diversion from a disciplinary proceeding.

Paragraph (a) of § 11.26 would permit the OED Director to offer diversion to a practitioner under investigation, subject to limitations.

Paragraph (b) of § 11.26 would make diversion available in cases of alleged minor misconduct. However, diversion would not be available when the alleged misconduct resulted in, or is likely to result in, prejudice to a client or another person; discipline was previously imposed, a warning previously issued, or diversion was previously offered and accepted (unless exceptional circumstances justify waiver of this limitation); the alleged misconduct involves fraud, dishonesty, deceit, misappropriation or conversion of client funds or other things of value, or misrepresentation; or the alleged misconduct constitutes a criminal offense under applicable law.

Paragraph (c) of § 11.26 would set forth procedures for diversion.

Paragraph (d) of § 11.26 would provide a diversion program that is designed to remedy the alleged misconduct of the practitioner. It may include participation in formal courses of education sponsored by a voluntary bar organization, a law school, or another organization; completion of an individualized program of instruction specified in the agreement or supervised by another entity; or any other arrangement agreed to by the parties which is designed to improve the ability of the practitioner or other individual to practice in accordance with the Rules of Professional Conduct.

Paragraph (e) of § 11.26 would close an investigation if the practitioner completes the diversion program. If the practitioner does not successfully complete the diversion program, the OED Director would be able to take such other action as is authorized and prescribed under section 11.32.

Section 11.27 would provide for excluding a practitioner on consent. This would be the sole manner for settling any disciplinary matter.

Paragraph (a) of § 11.27 would provide that a practitioner under investigation or the subject of a pending proceeding may consent to exclusion, but only by delivering to the OED Director an affidavit declaring the practitioner's consent to exclusion. The affidavit would state, *inter alia,* that the consent is freely and voluntarily rendered, that the practitioner is aware that there is currently pending an investigation into, or a proceeding involving, allegations of misconduct, the nature of which shall be specifically set forth in the affidavit; that the practitioner acknowledges that the material facts upon which the allegations of misconduct are predicated are true; and that the practitioner submits the consent because the practitioner knows that if disciplinary proceedings based on the alleged misconduct were brought, the practitioner could not successfully defend against them.

Paragraph (b) of § 11.27 would provide that the affidavit and any related papers are submitted to the USPTO Director for review and approval. The USPTO Director would enter an order excluding the practitioner on consent.

Paragraph (c) of § 11.27 would provide for informing the hearing officer of receipt of the required affidavit, and for transfer of the disciplinary proceeding to the USPTO Director.

Paragraph (d) of § 11.27 would proscribe a practitioner excluded by consent from petitioning for reinstatement for five years, require compliance with the provisions of § 11.58, and require reinstatement be sought in accordance with § 11.60.

Section 11.28 would provide procedures for addressing four broad groups of practitioners. The first are those judicially declared to be ''mentally incompetent'' or ''involuntarily committed to a mental hospital.'' The second are disabled practitioners who are mentally or physically infirm. The third are practitioners addicted to any chemical or having a psychological dependency upon intoxicants or drugs. The fourth are incapacitated practitioners who suffer from a disability or addiction of such nature as to cause the practitioner to be unfit to be entrusted with professional matters.

Definitions of ''mentally incompetent,'' ''involuntarily committed to a mental hospital,'' ''disability,'' ''addiction,'' ''incapacitated,'' ''significant evidence of rehabilitation,'' and ''disability matter'' would be found in § 11.1.

Paragraph (a) of § 11.28 would set forth the scope and purpose of disability proceedings. Such proceedings would determine whether a practitioner has been judicially declared to be mentally incompetent or involuntarily committed to a mental hospital as an inpatient; whether the hearing officer should apply to a court for an order requiring a practitioner to submit to an examination by qualified medical experts regarding an alleged disability or addiction; whether a practitioner is incapacitated from continuing to practice before the Office by reason of disability or addiction; whether the OED Director should hold in abeyance a disciplinary investigation, or a hearing officer should hold in abeyance a disciplinary proceeding, because of a practitioner's alleged disability or addiction; whether a practitioner (having previously been suspended solely on the basis of a judicial order declaring the practitioner to be mentally incompetent) has subsequently been judicially declared to be competent and is therefore entitled to have the prior suspension terminated; whether a practitioner (having previously been suspended solely on the basis of an involuntary commitment to a mental hospital as an inpatient) has subsequently been discharged from inpatient status and is therefore entitled to have the prior order of suspension terminated; and whether a practitioner (having previously acknowledged or having been found by the hearing officer or USPTO Director to have suffered from a prior disability or addiction sufficient to warrant suspension (whether or not any suspension has yet occurred)), has recovered to the extent, and for the period of time, sufficient to justify the conclusion that the practitioner is fit to resume or continue the practice before the Office and/or is fit to defend the alleged charges against the practitioner in a disciplinary investigation or disciplinary proceeding that has been held in abeyance pending such recovery.

Paragraph (b) of § 11.28 would provide that the hearing officer may authorize the OED Director to apply to a court of competent jurisdiction for an order appointing counsel to represent the practitioner whose disability or addiction is under consideration if it appears to the hearing officer's satisfaction, based on the practitioner's motion or notice of the OED Director, that otherwise the practitioner will appear *pro se* and may therefore be without adequate representation.

Paragraph (c) of § 11.28 would provide that all proceedings addressing disability matters before the hearing officer be initiated by motion. The motion would contain a brief statement of all material facts, a proposed petition and/or recommendation to be filed with the USPTO Director if the movant's request is granted by the hearing officer, and affidavits, medical reports, official records, or other documents setting forth or establishing any of the material facts on which the movant is relying. The non-moving party's reply would set forth all objections, an admission, denial or lack of knowledge with respect to each of the material facts in the movant's papers, and affidavits, medical reports, official records, or other documents setting forth facts on which the non-moving party intends to rely for purposes of disputing or denying any material fact set forth in the movant's papers.

Paragraph (d) of § 11.28 would provide a procedure addressing a practitioner judicially declared to be mentally incompetent or involuntarily committed to a mental hospital as an inpatient. The procedure would include action by the OED Director (paragraph (1)).

Paragraph (e) of § 11.28 would provide a procedure to address circumstances in which a practitioner is incapacitated from continuing to practice before the Office because of disability or addiction, but is nonetheless likely to offer or attempt to perform legal services while so incapacitated. The procedure would include action by the OED Director (paragraph (1)), and the required evidence (paragraph (2)).

Paragraph (f) of § 11.28 would locate in one paragraph the provision for further proceedings for paragraphs (d) and (e). The procedure would include action by the Committee on Discipline Panel (paragraph (1)), action by OED Director (paragraph (2)), response by Practitioner (paragraph (3)), initial decision by the hearing officer (paragraph (4)), appeal to the USPTO Director (paragraph (5)), and action by USPTO Director (paragraph (6)).

Paragraph (g) of § 11.28 would provide a procedure for the circumstance in which a practitioner files a motion requesting the hearing officer to enter an order holding a disciplinary proceeding in abeyance based on the contention that the practitioner is suffering from a disability or addiction that makes it impossible for the practitioner to adequately defend the charges in the disciplinary proceeding. The procedure would include the practitioner's motion (paragraph (1)), and disposition of the practitioner's motion (paragraph (2)).

Paragraph (h) of § 11.28 would provide a procedure for deciding allegations that a practitioner has recovered from a prior disability. This paragraph would apply to proceedings for reactivation as well as for resumption of disciplinary matters held in abeyance. Paragraphs (2) and (3) would pertain to reactivation, whereas paragraph (4) would apply to resumption of disciplinary proceedings held in abeyance. The regulation would limit an incapacitated practitioner suspended under this section to applying for reinstatement once a year, unless the USPTO Director orders shorter intervals. The practitioner may be required to undergo examination by a qualified medical expert, selected by the OED Director, at the practitioner's expense. The practitioner also may be required to establish his or her competence and learning in the law.

Paragraph (i) of § 11.28 would provide that a hearing officer may order resumption of a disciplinary proceeding against a practitioner upon determining that the practitioner is not incapacitated from defending himself or herself, or not incapacitated from practicing before the Office.

Section 11.32, like current § 10.132, would provide a procedure for initiating a disciplinary proceeding and for referring the proceeding to a hearing officer. Under paragraph (2) of § 11.32, when the OED Director is of the opinion that there is probable cause to believe that an imperative rule of the USPTO Rules of Professional Conduct has been violated, the OED Director would determine whether a practitioner should be given notice under 5 U.S.C. 558(c). Section 558(c) provides, in part, ''Except in cases of willfulness or those in which public health, interest, or safety requires otherwise, the withdrawal, suspension, revocation, or annulment of a license is lawful only if, before the institution of agency proceedings therefor, the licensee has been given (1) notice by the agency in writing of the facts or conduct which may warrant the action; and (2) opportunity to demonstrate or achieve compliance with all lawful requirements.'' The provisions of 5 U.S.C. 558(c) would apply to a registered patent practitioner who is investigated for possible misconduct occurring in connection with either a patent or a trademark matter. However, the provisions of 5 U.S.C. 558(c) do not apply to disciplinary proceedings in the Office involving practitioners who are not registered inasmuch as the Office does not issue a license to such practitioners. Nevertheless, OED customarily provides unregistered practitioners with the opportunity to demonstrate or achieve compliance with all lawful requirements. Where a practitioner willfully violates an imperative rule of the USPTO Rules of Professional Conduct, notice and opportunity to demonstrate compliance would not be required. In certain cases, the public interest may require suspension of an incompetent practitioner or a practitioner who has been found guilty of a crime and committed to the custody of the Attorney General or has otherwise been incarcerated.

After giving notice under 5 U.S.C. 558(c), or if no notice is needed, the OED Director would call a meeting of a panel of the Committee on Discipline. The Committee panel consisting of three USPTO employees, would determine by a majority vote whether there is probable cause to believe that a practitioner has violated an Office Rule of Professional Conduct. If the Committee determines that a violation has occurred, the OED Director would institute a disciplinary proceeding by filing a ''complaint'' under § 11.34. Upon the filing of a complaint, an attorney under the Office of General Counsel designated to represent the OED Director would prosecute the disciplinary proceeding on behalf of the OED Director. Upon the filing of the complaint, the disciplinary proceedings will be referred to a hearing officer.

A hearing officer would be used in disciplinary proceedings brought under 35 U.S.C. 32. The hearing officer may be an employee of the Office appointed by the USPTO Director, or an Administrative Law Judge (ALJ). The use of a hearing officer is not required to suspend or exclude a practitioner in trademark or other non-patent matters. *See Herman* v. *Dulles,* 205 F.2d 715 (D.C. Cir. 1958). Nevertheless, a hearing officer is qualified to handle disciplinary proceedings. Accordingly, as a matter of policy the Office is and will continue to use ALJ's, and take the opportunity to use Office employees as hearing officers.

Section 11.34, like current § 10.134, would set out the requirements of a complaint. A complaint would be deemed sufficient if it fairly informs the respondent of any violation of an imperative rule of the USPTO Rules of Professional Conduct which form the basis of the disciplinary proceeding so that the respondent is able to answer. *See In re Ruffalo,* 390 U.S. 540 (1968).

Section 11.35, like current § 10.135, would provide alternative methods for serving a complaint. Service of complaints by certified or registered

mail is not always available, because receipts are returned signed by individuals other than the respondent. Moreover, the Office may have to resort to proving who signed a particular receipt. Accordingly, § 11.35 provides that service may be accomplished by handing the complaint to the respondent. When service is by hand delivery, the party serving the respondent would file an affidavit with the OED Director. An alternative method for serving the complaint is to mail the complaint first-class mail or ''Express Mail'' to the last known address of the respondent. Although the proposed rule being considered does not so specify, under this rule the OED Director would probably attempt to contact the respondent shortly after mailing to determine whether the complaint had been received. A third method of service would be any method mutually agreeable to the OED Director and a respondent.

Paragraph (b) of § 11.35 would provide that if a complaint is returned by the Postal Service, a second complaint would be mailed. If the second complaint is returned, the respondent would be served by appropriate notice published in the Official Gazette for two consecutive weeks. Any time for answering would run from the second publication of the notice.

Section 11.36 would continue, in paragraphs (a) through (e), to provide the same procedure as in current § 10.136 for answering a complaint. For instance, under paragraph (a), an answer would be due within thirty days unless extended for up to no more than thirty additional days by the hearing officer. Paragraph (f) would provide procedures for giving notice of intent to raise an alleged disability in mitigation of the sanction that may be imposed. The regulation also would provide for appointment of monitor(s), and for suspension of respondent if the monitor reports violation of any terms or conditions under which the respondent continued to practice.

Section 11.37, like current § 10.137, would provide that false statements in an answer could be made the basis of supplemental charges.

Section 11.38, like current § 10.138, would provide that on filing of an answer, a disciplinary proceeding would become a contested case within the meaning of 35 U.S.C. 24. Evidence obtained by a subpoena issued under 35 U.S.C. 24 would not be admissible in evidence or considered unless leave to proceed under 35 U.S.C. 24 is first obtained from the hearing officer. Ordinarily, a subpoena under 35 U.S.C. 24 is needed when a witness will not voluntarily appear. Often, subpoenas are issued to be sure that a witness appears—particularly if both counsel and the hearing officer have to travel to hear the testimony of a witness. Approval by the hearing officer before a subpoena is issued is necessary. Initially, the hearing officer can determine whether the evidence is relevant and/or whether a third party should be subjected to the inconvenience of a subpoena. In this respect, if the hearing officer does not believe any proffered evidence is admissible, the hearing officer may refuse to permit any party to proceed under 35 U.S.C. 24. If a party nevertheless caused a subpoena to issue, a motion to quash the subpoena would lie in the District Court, which issued the subpoena. Moreover, evidence obtained by subpoena without leave of the hearing officer would not be admitted or considered in the disciplinary proceeding. The proposed rule would adopt the policy of *Sheehan* v. *Doyle,* 513 F.2d 895, 898, 185 USPQ 489, 492 (1st Cir.), *cert. denied,* 423 U.S. 874 (1975), and *Sheehan* v. *Doyle,* 529 F.2d 38, 40, 188 USPQ 545, 546 (1st Cir.), *cert. denied,* 429 U.S. 879 (1976), *rehearing denied,* 429 U.S. 987 (1976), while rejecting the policy announced in *Brown* v. *Braddick,* 595 F.2d 961, 967, 203 USPQ 95, 101–102 (5th Cir. 1979).

Section 11.39, like current § 10.139, would provide for an ALJ to conduct disciplinary proceedings. Additionally, a hearing officer appointed under 35 U.S.C. 32 also would be able to conduct the proceedings. Paragraph (b) of § 11.39 would set out the authority of the hearing officer.

Paragraph (2) of § 11.39(c) would provide for the hearing officer's ruling on motions. *See also* § 11.43. It should be noted that, under § 11.42(e), a hearing officer could require papers to be served by ''Express Mail.''

Paragraph (4) of § 11.39(c) would require the hearing officer to authorize the taking of depositions in lieu of personal appearance at a hearing. The hearing officer would have discretion to authorize the taking of depositions. If demeanor is an issue for a particular witness, the hearing officer could exercise discretion and deny a request to take a deposition in lieu of appearance. When the hearing officer would authorize a deposition, notice and taking of the deposition would be governed by § 11.51(a).

Paragraph (8) of § 11.39(c) would provide for the hearing officer adopting procedures for the orderly disposition of disciplinary proceedings. For example, the hearing officer could require the parties to file not only a pre-hearing exchange setting out the names of witnesses to be called, a summary of their expected testimony, and copies of exhibits to be used in their respective cases-in-chief; but also a pre-hearing brief discussing any disputed legal and factual issues.

Paragraph (d) of § 11.39 would provide for the hearing officer exercising such control over the disciplinary proceeding as to normally issue an initial decision within nine months from the filing of the complaint. The hearing officer, however, could issue an initial decision after nine months if in his or her opinion there exists unusual circumstances that preclude issuance of the initial decision within the nine-month period. The purpose of this provision would be to put parties on notice that the hearing officer has authority to complete his or her work within nine months, and that parties should plan to meet any time schedules set by the hearing officer. This paragraph would be designed to minimize delays. It is expected that the hearing officer would, as in the past, consult with the parties in setting times, and the nine-month provision will not set an undue hardship on either party.

Paragraphs (e) and (f) of § 11.39 would preclude interlocutory appeal by the OED Director or respondent from an order of the hearing officer except under limited circumstances. Under paragraph (d), the hearing officer could permit interlocutory review of his or her order when the interlocutory order involves a controlling question of procedure or law as to which there is a substantial ground for a difference of opinion and an immediate decision by the USPTO Director may materially advance the ultimate termination of the disciplinary proceeding or in an extraordinary situation where justice requires review. The standard would be the same as that of 28 U.S.C. 1292(b). Proceedings before the hearing officer would not be stayed for an interlocutory appeal unless the hearing officer or USPTO Director grants a stay. Under this section, stays would be granted only in the most compelling circumstances. The parties filing appeals or requests for review of interlocutory orders would not render the hearing officer ineffective.

Section 11.40, like current § 10.140, would provide for representation of respondent and the OED Director.

Section 11.41, like current § 10.141, would provide for the filing of papers. Under paragraph (a), the certificate of mailing practice under 37 CFR 1.8 and 1.10 is not applicable in disciplinary proceedings. Paragraph (b) would provide that papers filed after the

complaint and prior to entry of an initial decision would be filed with the hearing officer. The hearing officer would designate the address to which he or she would want papers mailed. The hearing officer, however, could require that papers be hand-delivered to his or her office. All papers filed after the initial decision would be filed with the OED Director, who would transmit to the USPTO Director any paper requiring action by the USPTO Director.

Section 11.42, like current § 10.142, would provide for the method of serving papers in disciplinary proceedings.

Section 11.43, like current § 10.143, would provide for filing of motions. No motion could be filed unless supported by a written statement that the moving party conferred with the opposing party for the purpose of resolving the issues raised by the motion and that agreement has not been reached. If the parties resolve the issue raised in the motion prior to a decision on the motion by the hearing officer, the parties would be required to notify the hearing officer.

Section 11.44, like current § 10.144, would provide for hearings before the hearing officer. Hearings would be transcribed and a copy of the transcript would be provided to the OED Director and the respondent at the expense of the Office. If the respondent fails to appear at the hearing, the hearing officer may proceed with the hearing in the absence of the respondent. Under paragraph (c), a hearing normally would not be open to the public. The need for closed hearings in matters involving patent applications is occasioned in part by 35 U.S.C. 122. Apart from the Office obligation to keep information concerning patent applications confidential, until a practitioner is disciplined, it is believed that opening hearings to the public would constitute a clearly unwarranted invasion of privacy. The closure of the hearing, however, would not preclude the OED Director and respondent from approaching witnesses and providing those witnesses with sufficient information to determine whether they can give relevant information.

Section 11.45, like current § 10.145, would provide a procedure for handling cases where there is variance between the allegations and in pleading and evidence. Any party would be given reasonable opportunity to meet any allegations in an amended complaint or answer. *See In re Ruffalo,* 390 U.S. 544 (1968). The section is modified to provide that the matter need not be referred back to the Committee on Discipline to amend the complaint.

Section 11.49, like current § 10.149, would provide that the OED Director would have the burden of proving a violation of the imperative USPTO Rules of Professional Conduct by clear and convincing evidence. The Respondent would have the burden of proving any affirmative defense by clear and convincing evidence.

It is reported that the USPTO is among a minority of agencies that apply the clear and convincing standard in their disciplinary proceedings. Agencies are not required to apply that standard to their disciplinary proceedings under the Administrative Procedure Act. *See Steadman* v. *SEC,* 450 U.S. 91 (1981); and *Checkosky* v. *SEC,* 23 F.3d 452, 475 (D.C. Cir. 1994). *See also* Rules Governing Misconduct by Attorneys or Party Representative, Final Rule, 61 Fed. Register 65323, 65328–29 (Dec 12, 1996). Comments are invited whether the USPTO should continue to use the ''clear and convincing'' standard, or adopt the preponderance of evidence standard established by the Administrative Procedure Act.

Section 11.50, like current § 10.150, would provide rules governing evidence. Under paragraph (a) of § 11.50, the rules of evidence prevailing in courts of law and equity would not be controlling. This provision is based on 5 U.S.C. 556(d), which provides, in part, that ''[a]ny oral or documentary evidence may be received, but the agency as a matter of policy shall provide for the exclusion of irrelevant, immaterial, or unduly repetitious evidence.'' Thus, evidence in a disciplinary proceeding is not controlled by the Federal Rules of Evidence. *See Klinestiver* v. *Drug Enforcement Administration,* 606 F.2d 1128, 1130 (D.C. Cir. 1979). While most evidence admissible under the Federal Rules of Evidence would be admissible in a disciplinary proceeding, there is evidence that is not admissible under the Federal Rules of Evidence, but which may be admissible in a disciplinary proceeding. Paragraph (b) of § 11.50 would provide for admission into evidence of depositions taken under § 11.51. Any deposition under § 11.51(a) would have prior approval of the hearing officer. A deposition under § 11.51(b) would not have prior approval, but may or may not be admissible. Admissibility of the latter deposition is within the discretion of the hearing officer. Under paragraph (c) of § 11.50, Office documents, records, and papers would not have to be certified to be admissible. Under paragraph (e) of § 11.50, objections to evidence would be in short form, all objections and rulings would be part of the record, and no exception to the ruling would be necessary to preserve the rights of the parties.

Section 11.51, like current § 10.151, would provide for depositions. Under paragraph (a) of § 11.51, either the OED Director or the respondent may move for leave to take a deposition of a witness in lieu of personal appearance of the witness before the hearing officer. The hearing officer is authorized to grant leave to take the deposition upon a showing of good cause. The taking of depositions under paragraph (a) would not be for the purpose of discovery. A deposition would be taken only when it is not possible or desirable for the hearing officer to hear the witness in person. Under paragraph (b) of § 11.51, the OED Director and the respondent could agree to take a deposition. Often depositions are desirable during settlement. The testimony of a witness may be ''locked-in'' through a deposition. The Office has settled several disciplinary matters in the past. However, under paragraph (b) of § 11.51, the parties could not take depositions for use at a hearing without prior approval of the hearing officer. This provision is necessary for the hearing officer to maintain control over the proceeding.

Section 11.52, like current § 10.152, would provide for limited discovery. There are cases holding that discovery is not necessary in disciplinary proceedings. *See In re Murray,* 362 N.E.2d 128 (Ind. 1977); and *In re Wireman,* 367 N.E.2d 1368 (Ind. 1977). However, the USPTO proposes to limit some discovery while seeking to avoid delays frequently experienced in the discovery permitted by the Federal Rules of Civil Procedure. Under § 11.52, the hearing officer could require parties to file and serve, prior to any hearing, a pre-hearing statement listing all proposed exhibits to be used in connection with the party's case-in-chief, a list of proposed witnesses, the identity of any Government employee who investigated the case, and copies of memoranda reflecting respondent's own statements. This provision is patterned after *Silverman* v. *Commodities Futures Trading Commission,* 549 F.2d 28 (7th Cir. 1977). The hearing officer could determine when discovery authorized by paragraph (a) of § 11.52 should be made.

Paragraphs (a) and (b) of § 11.52 would limit discovery to exhibits that a party intends to use as part of his or her case-in-chief. Exhibits not used in a party's case-in-chief, but which might be used to impeach or cross-examine the other party's witnesses, would not have to be produced. If a document were to

be used both in a case-in-chief and to impeach, it would have to be produced.

Paragraph (4) of § 11.52(e) would provide for identifying any Government witness who investigated the matter. Respondent could then call the Government witness. Paragraph (5) of § 11.52 would provide for producing copies of any statement made by the respondent.

Section 11.53, like current § 10.153, would afford the parties a reasonable opportunity to submit proposed findings and conclusions, and a post-hearing memorandum. *See* 5 U.S.C. 557(c).

Section 11.54, like current § 10.154, would provide for the hearing officer to file an ''initial decision.'' It would be expected that the hearing officer would make appropriate reference to the administrative record in explaining an initial decision. *See, e.g., Food Marketing Institute* v. *Interstate Commerce Commission,* 587 F.2d 1285, 1292, n.20 (D.C. Cir. 1978). In the absence of an appeal to the USPTO Director under § 11.55, the decision of the hearing officer would become the final decision in the disciplinary proceeding. *See* 5 U.S.C. 557(b).

Paragraph (b) of 11.54 would require the hearing officer to explain the reason(s) for any penalty. Four factors would guide the hearing officer and the USPTO Director in setting and approving penalties. The factors are the public interest, the seriousness of the violation of the imperative USPTO Rules of Professional Conduct, the deterrent effects deemed necessary, and the integrity of the bar. These factors are derived from numerous cases, including *Silverman* v. *Commodities Futures Trading Commission,* 562 F.2d 432, 439 (7th Cir. 1977); and *In re Merritt,* 363 N.E.2d 961, 971 (Ind. 1977). *See also Florida Bar* v. *Murrell,* 74 So.2d 221 (Fla. 1954). Under the proposed rules, a sanction would be a matter within the discretion of the hearing officer, with ultimate discretion in the USPTO Director. The discipline in each disciplinary case would be tailored for the individual case. *See In re Wines,* 660 P.2d 454 (Ariz. 1983). Manifestly, absolute uniformity or perfection would not be expected. *Id.* Likewise, relitigation of penalties imposed in prior cases would not be permitted. *Id.*

Section 11.55, like current § 10.155, would provide for an appeal from an initial decision of the hearing officer to the USPTO Director. Under paragraph (a) of § 11.55, any appeal would have to be taken within thirty days after the initial decision of the hearing officer. A cross-appeal would have to be filed fourteen days after the date of service of the appeal or thirty days after the initial decision, whichever is later. Under paragraph (c) of § 11.55, the USPTO Director may order reopening of a disciplinary proceeding in accordance with the principles that govern the granting of new trials based on newly discovered evidence that could not have been discovered by due diligence. Under paragraph (d) of § 11.55, if an appeal is not taken, the initial decision of the hearing officer would become the decision of the USPTO Director. *See* § 11.54(a).

Section 11.56, like current § 10.156, would provide for a decision by the USPTO Director. The USPTO Director could affirm, reverse, or modify an initial decision of a hearing officer, or remand the proceeding to the hearing officer for such further proceedings as the USPTO Director may deem appropriate. Under paragraph (c) of § 11.56, a respondent could make a single request for reconsideration or modification.

Section 11.57, like current § 10.157, would set out how judicial review could be obtained from a final decision of the USPTO Director. Judicial review must occur in the United States District Court for the District of Columbia in accordance with 35 U.S.C. 32, and Local Rule LCvR 83.7 of the United States District Court for the District of Columbia.

Section 11.58, like current § 11.158, would set out conditions imposed on a practitioner suspended or excluded from the practice of law before the Office. Paragraph (a) of § 11.58 would make clear that a practitioner suspended or excluded under § 11.56 will not be automatically reinstated. For example, a suspended or excluded practitioner would be required, *inter alia,* to comply with the provisions of §§ 11.12 and 11.60 to be reinstated.

Paragraph (b) of § 11.58 sets out what a suspended or excluded practitioner would be required to do. Paragraph (1) of § 11.58(b) would require the practitioner take a number of actions within twenty days after the date of entry of the order of suspension or exclusion. The actions include filing notices of withdrawal in pending patent and trademark applications, reexamination and interference proceedings, and every other matter pending before the Office within twenty days after the entry of the order. The practitioner would be required to notify affiliated bars, and all clients having business before the Office, of the discipline imposed and inability to act; notify practitioners for all opposing parties having business before the Office; deliver to all clients having business before the Office any papers or other property to which the clients are entitled; and refund any part of any fees paid in advance and unearned. A practitioner also would be required to remove from any telephone, legal, or other directory any advertisement, statement, or representation which would reasonably suggest that the practitioner is authorized to or does practice before the Office.

Paragraph (2) of § 11.58(b) would require the practitioner within 30 days after entry of the order of exclusion or suspension to file with the OED Director an affidavit certifying that the practitioner has fully complied with the provisions of the order, and with the Rules of Professional Conduct. Appended to the affidavit would be documents showing compliance with the suspension or exclusion order. The documents would include a copy of each form of notice, the names and addressees of the clients, practitioners, courts, and agencies to which notices were sent, and all return receipts or returned mail received up to the date of the affidavit. Also appended would be a schedule of all accounts where the practitioner holds or held as of the entry date of the order any client, trust, or fiduciary funds regarding practice before the Office, proof of the proper distribution of the client, trust and fiduciary funds; a list of all jurisdictions to which the practitioner is admitted to practice, and the steps taken to remove any advertisement or representation suggesting that the practitioner is authorized to or does practice before the Office.

Paragraph (c) of § 11.58 would require that an order of exclusion or suspension be effective immediately after entry except as provided in §§ 11.24, 11.25, and 11.28, where the order would be effective immediately. The excluded or suspended practitioner, after entry of the order, would not accept any new retainer regarding immediate, pending, or prospective business before the Office, or engage as a practitioner for another in any new case or legal matter regarding practice before the Office. However, the practitioner would be granted limited recognition for thirty days to conclude other work on behalf of a client on any matters that were pending before the Office on the date of entry. If such work cannot be concluded, the practitioner would have to so advise the client so that the client could make other arrangements.

Paragraph (d) of § 11.58 would provide for an excluded or suspended practitioner to keep and maintain records of the various steps taken under this section, so that in any subsequent

proceeding, proof of compliance with this section and with the exclusion or suspension order will be available. Proof of compliance will be required as a condition precedent to reinstatement. These provisions were derived from District of Columbia Appellate Rule XI, section 14.

Paragraph (e) of § 11.58, like § 10.158(c), would provide conditions under which a suspended or excluded practitioner could aid another practitioner in the practice of law before the Office. These provisions were derived from the same cases considered when current § 10.158(c) was proposed, including *In re Christianson,* 215 N.W. 2d 920 (N.D. 1974); *In re Hawkins,* 503 P.2d 95 (Wash. 1972); *Florida Bar* v. *Thomson,* 354 So.2d 3000 (Fla. 1975); *In re Kraus,* 670 P.2d 1012 (Ore. 1983); *In re Easler*, 272 S.E.2d 32 (S.C. 1980); *Crawford* v. *State Bar of California,* 7 Cal. Rptr. 746 (Cal. 1960); and *Ohio State Bar Ass'n.* v. *Hart,* 375 N.E.2d 1246 (Ohio 1978). Like a suspended or disbarred attorney, who ''is not the same as a layman,'' *In re Christianson,* 215 N.W.2d at 925, the same would obtain for a practitioner suspended or excluded from practice before the Office. Thus, while a suspended or excluded practitioner would be permitted to be employed by a practitioner, the suspended or excluded practitioner would have to be a salaried employee of the practitioner for whom he or she works and could not share profits from practice before the Office. A suspended or excluded practitioner could not communicate directly with clients, render legal advice, or meet with witnesses regarding prospective or immediate business before the Office. A suspended or excluded practitioner could research the law, write patent or trademark applications (provided he or she did not interview clients or witnesses, the practitioner reviewed the application, and the practitioner signed the papers filed in the Office), or conduct patent or trademark searches. The provisions of § 11.58 are considered necessary if suspension or exclusion is to have any significance.

Paragraph (f) of § 11.58, like current § 10.158(d), would proscribe reinstatement of a suspended or excluded practitioner who has acted as paralegal or performed other services assisting another practitioner before the Office, unless an affidavit is filed explaining the nature of all paralegal and other services performed, and showing that the suspended or excluded practitioner complied with the provisions of this section and the imperative USPTO Rules of Professional Conduct.

Comment is invited whether the USPTO should delete the provisions of § 10.58(c) and (d), and not adopt proposed paragraphs (e) and (f) of § 11.58. Permitting the suspended or excluded practitioner to aid another practitioner places at least some suspended or excluded practitioners in conflict with state laws or court orders. For example, a number of states' disciplinary jurisdictions prohibit suspended or excluded attorneys from acting as paralegals. Also, permitting a suspended or excluded practitioner to aid another practitioner provides the former with an opportunity to continue serving the same clients from whose cases the practitioner was required to withdraw. This can be not only confusing for the clients, but also provides the suspended or excluded practitioner with an opportunity to maintain some appearance of a continued practice. Further, the USPTO is and will continue to reciprocally discipline attorneys suspended or disbarred by state disciplinary authorities. Permitting the practitioner reciprocally disciplined by the USPTO to engage in conduct proscribed by state laws or court orders, such as aiding a practitioner by preparing patent or trademark applications, leads to conflicting circumstances. The same conflicts can arise if a state disciplines an attorney following discipline imposed by the USPTO. Accordingly, the USPTO wishes to consider comments favoring or disagreeing with such a change to the current practice.

Section 11.59, like current § 10.159, would provide for notice of suspension or exclusion. Under paragraph (a) of § 11.59, upon issuance of an unfavorable final decision, the OED Director would give appropriate notice to employees of the Office, United States courts, the National Discipline Data Bank maintained by the American Bar Association Standing Committee on Professional Discipline and the appropriate authorities of any State in which a suspended or excluded practitioner is known to be a member of the bar. If a practitioner is registered under § 11.6(c), the OED Director would also notify the patent office of the country where the practitioner resides. Under paragraph (b) of § 11.59, the OED Director would publish an appropriate notice in the Official Gazette and the Office Web site. Under paragraph (c) of § 11.59, the OED Director would maintain records that would be available to the public concerning disciplinary proceedings. The files of most disciplinary proceedings resulting in imposition of a public reprimand, suspension, or exclusion are presently available to the public for inspection in the Office of Enrollment and Discipline. Public availability would continue under the proposed rules being considered subject to the removal of any information required by law to be maintained in confidence or secrecy. Under paragraph (e) of § 11.59, the order of exclusion when a practitioner is excluded on consent would be accessible, but the affidavit under paragraph (a) of § 11.27 would not be accessible except upon order of the USPTO Director or on consent of the practitioner.

Section 11.60, like current § 10.160, would provide for a petition for reinstatement. Under paragraph (a) of § 11.60 an excluded or suspended practitioner would not be permitted to resume practice of patent, trademark, or other non-patent law before the Office until reinstated by order of the OED Director or the USPTO Director. An excluded practitioner not otherwise ineligible for reinstatement may not apply for reinstatement until the expiration of at least five years from the effective date of the exclusion. Under paragraph (b) of § 11.60, a practitioner suspended indefinitely because of disability may seek reinstatement, but reinstatement would not be ordered except on a showing by clear and convincing evidence that the disability has ended, that the practitioner has complied with § 11.12, and that the practitioner is fit to resume the practice of law.

Paragraph (c) of § 11.60, like current §§ 10.160(a) and (d), would proscribe a suspended practitioner from being eligible for reinstatement until a period of the time equal to the period of suspension elapses following compliance with § 11.58, and an excluded practitioner would not be eligible for reinstatement until five years elapses following compliance with § 11.58.

Paragraph (d) of § 11.60 would require a petition for reinstatement to include proof of rehabilitation. If the practitioner is not eligible for reinstatement apart from rehabilitation, or the petition is insufficient or defective on its face, the OED Director may dismiss the petition. Otherwise the OED Director would consider a petitioner's attempted showing of rehabilitation. The practitioner would have the burden of proof by clear and convincing evidence. The proof would establish that the practitioner has the moral character qualifications, competency, and learning in law required under § 11.7 for readmission, and that resumption of practice before

the Office would not be detrimental to the administration of justice, or subversive to the public interest.

Paragraph (e) of § 11.60 would provide that if the petitioner is found fit to resume practice before the Office, the OED Director will order reinstatement, which may be conditioned upon the making of partial or complete restitution to persons harmed by the misconduct that led to the suspension or exclusion, upon the payment of all or part of the costs of the disciplinary and reinstatement proceedings, or any combination thereof.

Paragraph (f) of § 11.60 would provide that if the petitioner is unfit to resume practice before the Office, the petitioner is provided an opportunity to show cause in writing why the petition should not be denied. If unpersuaded by the showing, the petition would be denied. The suspended or excluded practitioner may be required to take and pass an examination under § 11.7(b), ethics courses, and/or the Multistate Professional Responsibility Examination.

Paragraph (g) of § 11.60 would proscribe filing a further petition for reinstatement if the petition is denied until the expiration of at least one year following the denial unless the order of denial provides otherwise.

Paragraph (h) of § 11.60, like § 10.160(e), would open to the public proceedings on any petition for reinstatement.

Section 11.61 would have savings clauses.

Section 11.62 would express a policy that if a practitioner dies, disappears, or is suspended for incapacity or disability, and there is no partner, associate, or other responsible practitioner capable of conducting the practitioner's affairs, a court of competent jurisdiction may appoint a registered practitioner to make appropriate disposition of any patent application files. All other matters would be handled in accordance with the laws of the local jurisdiction.

Rules of Professional Conduct

The following comments contain several references to invention promotion companies (invention promoters). At the outset, the Office wishes to make clear that neither the current Disciplinary Rules nor the proposed Rules of Professional Conduct prohibit a practitioner from associating with an invention promoter. Moreover, neither the current Disciplinary Rules nor the proposed Rules of Professional Conduct prevent a practitioner from having an arrangement with an invention promoter, or from providing professional services in compliance with the rules. However, practitioners having arrangements with invention promoters face the same scrutiny that attorneys having arrangements with non-lawyer parties that market legal service (marketers) have faced. The arrangements with promoters have faced intense scrutiny throughout the country by ethics committees, courts, and disciplinary authorities. Decisions and opinions in other jurisdictions hold the arrangements unethical on a variety of bases. Practitioners should carefully examine their participation in any arrangement of this sort with a promoter.

There is reasonable cause to scrutinize the arrangements with invention promoters. For more than two decades, the Federal Trade Commission (FTC) has investigated, and absent a settlement, has sought injunctive and other equitable relief against invention promoters for violations of § 5 of the Federal Trade Commission Act, 15 U.S.C. 45. The FTC has investigated whether or alleged that in one manner or another a promoter has engaged in unfair or deceptive acts or practices, in or affecting commerce, with customers who contracted with the promoter for invention development services. *See Raymond Lee Organization, Inc.*, 92 F.T.C. 489 (1978), *aff'd sub nom. Raymond Lee* v. *FTC*, 679 F.2d 905 (D.C. Cir. 1980); *FTC* v. *Invention Submission Corp.*, 1991–1 Trade Cases § 69,338, 1991 WL 47104 (D.D.C 1991); *FTC* v. *American Institute for Research and Development*, 219 B.R. 639 (D Mass. 1998), *modified sub nom. FTC* v. *American Inventors Corporation*, 1996 WL 641642 (D. Mass 1996); and *FTC* v. *National Invention Services, Inc.*, 1997 WL 718492 (D.N.J. 1997). Each promoter offered the services of a registered patent attorney. A patent attorney associated with one promoter was indicted on five counts of conspiracy to commit mail fraud and mail fraud, and a warrant for his arrest was issued in 1999 by the U.S. Postal Inspection Service. Inasmuch as equitable relief was obtained in each instance, it would be appropriate for the Rules of Professional Conduct to address the conduct that practitioners must address upon agreeing to accept referrals from promoters.

Section 11.100 would provide guidance for interpreting the Office Rules of Professional Conduct. In interpreting these Rules, the specific would control the general in the sense that any rule that specifically addresses conduct would control the disposition of matters and the outcome of such matters would not turn upon the application of a more general rule that arguably also applies to the conduct in question. In a number of instances, there are specific rules that address specific types of conduct. The rule of interpretation expressed here is meant to make it clear that the general rule does not supplant, amend, enlarge, or extend the specific rule. So, for instance, the general terms of proposed rule 11.103 are not intended to govern conflicts of interest, which are particularly discussed in proposed rules 11.107, 11.108, and 11.109. Thus, conduct that is proper under the specific conflict rules is not improper under the more general rule of proposed rule 11.103. Except where the principle of priority is applicable, however, compliance with one rule does not generally excuse compliance with other rules. Accordingly, once a practitioner has analyzed the ethical considerations under a given rule, the practitioner must generally extend the analysis to ensure compliance with all other applicable rules.

Sections 11.100 through 11.901 are proposed to establish Office Rules of Professional Conduct. Presently, practitioners representing parties in patent, trademark and other non-patent matters are required to conform to the Code of Professional Responsibility set forth in 37 CFR 10.20 through 10.112. The Office believes that it would be more desirable to bring the Office disciplinary rules into greater conformity with the Rules of Professional Conduct followed by a majority of the states. Such conformity would provide not only consistency in practicing law before the Office as well as in the states, but also a body of precedent already developed in the states having ethics opinions and disciplinary results based on the Model Rules of Professional Conduct.

The proposed Office Rules of Professional Conduct, in large part, follow the Model Rules of Professional Conduct of the American Bar Association. The concordance between the rules is based on two factors. First, many registered patent attorneys are members of bars that have adopted the Model Rules or a modified version thereof. Accordingly, they already would be subject to substantially the same Model Rules for conduct in connection with their practice. Rule 8.5. Second, adopting USPTO Rules of Professional Conduct that follow, in many respects, the Model Rules of Professional Conduct adopted in more than 40 jurisdictions, facilitates both compliance with the rules, and the ability of practitioners to move between the employment by the Office, other

Government agencies, and the private sector.

Several of the proposed Office Rules of Professional Conduct do not conform to the Model Rules of Professional Conduct of the American Bar Association. For example, the Rules of Professional Conduct of the Bar of the District of Columbia would be the source of proposed §§ 1.101(b), 11.102(f), 11.104(c), 11.105(e)(2)–(4), 11.106(a)(2)–(3), 11.106(d)–(g), 11.601, and 11.701(b)(1)–(4) and (c). The Rules of Professional Responsibility of the Virginia State Bar would be the source of proposed §§ 11.115(a), and (c) through (g). The source of the provisions in proposed § 1.806 are the Court Rules of the New York Appellate Division, Second Department. Other proposed rules, addressing relations with invention promoters, would be original. Still other proposed rules would conform to disciplinary rules previously adopted by the USPTO or other Federal agencies, such as § 11.804(h). It is necessary to diverge from the Model Rules of Professional Conduct of the American Bar Association. The Rules of Professional Conduct of the District of Columbia tend to address responsibilities of Government attorneys in greater depth than the Model Rules of Professional Conduct of the American Bar Association, particularly in connection with ''revolving door'' issues. This is appropriate inasmuch as numerous registered practitioners are employees of the United States Government and are admitted to practice law in the District of Columbia. Upon practicing before the Office, they are subject to the USPTO Rules of Professional Conduct adopted by the Office, as well as the Rules of Professional Conduct of the Bar of the District of Columbia. A detailed concordance between the proposed rules and the divergent sources can be found in Table 3, ''Principal Source of Sections 11.100 through 11.806,'' *infra*. Further, unlike the Model Rules that require consent of a client following consultation, the proposed rules would require the client give informed consent in writing after full disclosure. Compare, for example, Model Rule 1.6(a) with proposed rule 11.106(a). This departure is intended to provide both the client and practitioner with certainty regarding communication, and a stronger record.

Section 11.100 would provide interpretive guidance of the proposed Rules of Professional Conduct. Some of the Rules are imperatives, cast in the terms ''shall'' or ''shall not.'' These define proper conduct for purposes of professional discipline. Other Rules, generally cast in the term ''may,'' are permissive and define areas under the Rules in which the practitioner has professional discretion. No disciplinary action should be taken when the practitioner chooses not to act, or acts, within the bounds of such discretion. Inasmuch as the Rules of Professional Conduct in many jurisdictions have the same or similar Rules, it is appropriate for the Office to adopt the same standards where such acts or conduct, in practice before the Office, would not be inconsistent with the protection of the public interest.

Other Rules define the nature of relationships between the practitioner and others. The latter Rules are partly obligatory and disciplinary, and partly constitutive and descriptive in that they define a lawyer's professional role.

Inasmuch as the rules pertain to practice before the Office, they do not address criminal or domestic relations practices addressed in the Rules of Professional Conduct adopted by the states. A practitioner engaging in criminal or domestic relations practice is subject to the state ethics rules. A practitioner disqualified from practicing elsewhere for misconduct should not be trusted or permitted to practice before the Office. Misconduct elsewhere should also be misconduct for purposes of practicing before the Office. *See* §§ 11.25 and 11.803(f)(1). Practitioners have been disciplined by the Office for conduct arising in the practice of law other than intellectual property. For example, the USPTO Director excluded an attorney after disbarment in Virginia following a criminal conviction for conduct arising from representing a client in a domestic relations matter. *See In re Hodgson*, 1023 Off. Gaz. 13 (Oct. 12, 1982).

Section 11.101 would continue the present practice of 37 CFR 10.77(a) and (b) requiring a practitioner to provide competent representation to a client. Paragraph (a) of § 11.101 would specify that such competence requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation. The Office has disciplined practitioners lacking competence. *See In re Wyden*, 973 Off. Gaz. 40 (Aug. 22 1978) (suspending agent for general incompetence in handling patent applications); and *In re Paley*, 961 Off. Gaz. 48 (Aug. 30, 1977) (suspending agent for improper handling of application).

Legal knowledge and skill. In determining whether a practitioner employs the requisite knowledge and skill in a particular matter, relevant factors include the relative complexity and specialized nature of the matter, the practitioner's general experience, the practitioner's training and experience in the field in question, the preparation and study the practitioner is able to give the matter, and whether it is feasible to refer the matter to, or associate or consult with, a practitioner of established competence in the field in question. In some instances, the required proficiency is that of a general patent practitioner. Expertise in a particular field of patent law, science, engineering, or technology may be required in some circumstances. One such circumstance would be where the practitioner, by representations made to the client, has led the client reasonably to expect a special level of expertise in the matter undertaken by the practitioner.

A practitioner need not necessarily have special legal training or prior legal experience to handle legal problems of a type with which the practitioner is unfamiliar. However, basic training in scientific and technical matters is required for registration as a patent attorney or agent to provide a client with valuable service, advice and assistance in the presentation and prosecution of their patent applications before the Office. 35 U.S.C. 2(b)(2)(D). A newly admitted practitioner can be as competent as a practitioner with long experience. Some important legal skills, such as the analysis of precedent, the evaluation of evidence, and legal drafting, are required in all legal problems. Perhaps the most fundamental legal skill consists of determining what kind of legal problems a situation may involve, a skill that necessarily transcends any particular specialized knowledge. A practitioner can provide adequate representation in a wholly novel field through necessary study. Competent representation can also be provided through the association of a practitioner of established competence in the field in question.

In an emergency a practitioner may give advice or assistance in a matter in which the practitioner does not have the skill ordinarily required where referral to or consultation or association with another practitioner would be impractical. Even in an emergency, however, assistance should be limited to that reasonably necessary in the circumstances, for ill-considered action under emergency conditions could jeopardize the client's interest.

A practitioner may accept representation where the requisite level of competence can be achieved by reasonable preparation. A registered patent agent registered after January 1, 1957, who is not an attorney is not

authorized to, and cannot accept representation in trademark and other non-patent law. This applies as well to a practitioner who is appointed as counsel for an unrepresented person. *See also* § 11.602.

Thoroughness and preparation. Competent handling of a particular patent, trademark, or other non-patent matter includes inquiry into and analysis of the factual and legal elements of the problem, and use of methods and procedures meeting the standards of competent practitioners. It also includes adequate preparation, and continuing attention to the needs of the representation to assure that there is no neglect of such needs. The required attention and preparation are determined in part by what is at stake; like major litigation, complex transactions or inventions ordinarily require more elaborate treatment than matters of lesser consequence.

Maintaining competence. To maintain the requisite knowledge and skill, a practitioner should engage in such continuing study and education as may be necessary to maintain competence, taking into account that the learning acquired through a practitioner's practical experience in actual representations may reduce or eliminate the need for special continuing study or education. If a system of peer review has been established, the practitioner should consider making use of it in appropriate circumstances.

Paragraph (c) of § 11.101 would define some, but not all, acts that would constitute violations of paragraphs (a) or (b) of this section. The USPTO believes that it would be helpful to practitioners if some specific prohibitions were set out in the rules. The prohibitions set out in paragraphs (1) through (8) of § 11.101(c) represent violations that have occurred in the past or that the Office specifically seeks to prevent. The specific acts set out in paragraph (c) would not constitute a complete description of all acts in violation of paragraphs (a) or (b).

Paragraph (1) of § 11.101(c) would include as misconduct knowingly withholding from the Office information identifying a patent or patent application of another from which one or more claims have been copied. *See* §§ 1.604(b) and 1.607(c) of this subpart.

Section 11.102 would address the scope of representation. Both practitioner and client have authority and responsibility in the objectives and means of representation. The client has ultimate authority to determine the purposes to be served by legal representation, within the limits imposed by law and the practitioner's professional obligations. Within those limits, a client also has a right to consult with the practitioner about the means to be used in pursuing those objectives. At the same time, a practitioner is not required to pursue objectives or employ certain means simply because the client may wish that a practitioner do so. A clear distinction between objectives and means sometimes cannot be drawn, and in many cases the client-practitioner (including client-lawyer or client-agent) relationship partakes of a joint undertaking. In questions of means, the practitioner should assume responsibility for technical and legal tactical issues, but should defer to the client regarding such questions as the expense to be incurred and concern for third persons who might be adversely affected. Law defining a lawyer's scope of authority in litigation varies among jurisdictions.

An agreement concerning the scope of representation must accord with the Rules of Professional Conduct and other law. Thus, the client may not be asked to agree to representation so limited in scope as to violate proposed § 11.101, to surrender the client's right to terminate the practitioner's services, or the client's right to settle litigation that the practitioner might wish to continue.

Unlike Rule 1.2(a) of the Model Rules of Professional Conduct, paragraph (a) of § 11.102 would not address an attorney's duty in a criminal case to abide by the client's decision. Inasmuch as practice before the Office does not involve criminal proceedings, the portion of Model Rule 1.2(a) addressing a criminal case is not being proposed. Nevertheless, an attorney who practices both before the Office and in criminal cases would be subject to both the Office and State professional conduct rules. If, in the course of a criminal proceeding, the attorney violates the state's professional conduct rules and is disciplined by the state authorities, the attorney could be subject to discipline under the proposed rules. *See* §§ 11.24 and 11.803(f)(5).

Paragraph (e) of § 11.102 would continue a practitioner's responsibility to give an honest opinion about the actual consequences that appear likely to result from a client's conduct. The fact that a client uses advice in a course of action that is criminal or fraudulent does not, of itself, make a practitioner a party to the course of action. However, as in current § 10.85(a)(8), a practitioner may not knowingly assist a client in criminal or fraudulent conduct. There is a critical distinction between presenting an analysis of legal aspects of questionable conduct, and recommending the means by which a crime or fraud might be committed with impunity.

When the client's course of action has already begun and is continuing, the practitioner's responsibility is especially delicate. The practitioner is not permitted to reveal the client's wrongdoing, except where permitted by proposed § 11.102(g) and proposed § 11.106. Moreover, the practitioner is required to avoid furthering the purpose, for example, by suggesting how it might be concealed. A practitioner may not continue assisting a client in conduct that the practitioner originally supposes is legally proper, but then discovers is criminal or fraudulent. Withdrawal from the representation, therefore, may be required.

Where the client is a fiduciary, the practitioner may be charged with special obligations in dealings with a beneficiary.

Paragraph (e) of § 11.102 would apply whether or not the defrauded party is a party to the transaction. Hence, a practitioner should not participate in a sham transaction; for example, a transaction to effectuate fraudulent acquisition of a patent or trademark. Paragraph (e) would not preclude undertaking a defense incident to a general retainer for legal services to a lawful enterprise. The last clause of paragraph (e) recognizes that determining the validity or interpretation of a statute or regulation may require a course of action involving disobedience of the statute or regulation or of the interpretation placed upon it by governmental authorities.

In a case in which the client appears to be suffering mental disability, the practitioner's duty to abide by the client's decisions is to be guided by reference to proposed rule 11.114.

Paragraph (b) of § 11.102 would provide that representing a client does not constitute approval of the client's views or activities. By the same token, legal representation should not be denied to people, including applicants, who are unable to afford legal services, or whose cause is controversial or the subject of popular disapproval. Unlike Rule 1.2(b) of the Model Rules of Professional Conduct, proposed § 11.102(b) would not provide for practitioner's being appointed to represent any party. Inasmuch as the Office does not appoint practitioners to represent persons having business before the Office, the provision is believed to be unwarranted.

Paragraph (c) of § 11.102, would provide that the objectives or scope of services provided by the practitioner may be limited by agreement with the

client or by terms under which the practitioner's services are made available to the client. For example, a retainer may be for a specifically defined purpose, such as a utility patent application for an article of manufacture. The terms upon which representation is undertaken may exclude specific objectives or means. Such limitations may exclude objectives or means that the practitioner regards as repugnant or imprudent, or which the practitioner is not competent to handle. For example, a patent agent who is not an attorney should exclude services beyond the scope authorized by registration as a patent agent, such as preparing and prosecuting trademark and copyright registrations, patent validity or infringement opinions, or drafting or selecting contracts, including assignments. Practitioners taking referrals from invention promoters must assure that the promoter has not limited or attempted to limit by agreement with the inventor-client the scope of services the practitioner provides, and that the agreement is in compliance with § 11.504(c). *See* § 11.804(a).

Paragraph (g) of § 11.102, like current § 10.85(b)(1), would require that a practitioner reveal to the Office a fraud that the client has perpetrated on the Office after calling upon the client to rectify the same, and the client refuses or is unable to do so.

Section 11.103 would require a practitioner to act with diligence and zeal. Paragraphs (a), (b), and (c) of § 11.103 would continue the policy in current § 10.84(a).

Paragraph (a) of § 11.103 would continue to recognize that a practitioner has a duty, to both the client and to the legal system, to represent the client before the Office zealously within the bounds of the law, including the proposed Office Rules of Professional Conduct and other enforceable professional regulations. This duty requires the practitioner to pursue a matter on behalf of a client despite opposition, obstruction, or personal inconvenience to the practitioner, and to take whatever lawful and ethical measures are required to vindicate a client's cause or endeavor. A practitioner should act with commitment and dedication to the interests of the client. However, a practitioner is not bound to press for every advantage that might be realized for a client. A practitioner has professional discretion in determining the means by which a matter should be pursued. See proposed § 11.102. A practitioner's workload should be controlled so that each matter can be handled adequately.

This duty derives from the practitioner's recognition to practice in a profession that has the duty of assisting members of the public to secure and protect available legal rights and benefits. In our government of laws and not of individuals, each member of our society is entitled to have such member's conduct judged and regulated in accordance with the law; to seek any lawful objective through legally permissible means; and to present for adjudication any lawful claim, issue, or defense.

Where the bounds of law are uncertain, the action of a practitioner may depend on whether the practitioner is serving as advocate or adviser. A practitioner may serve simultaneously as both advocate and adviser, but the two roles are essentially different. In asserting a position on behalf of a client, an advocate for the most part deals with past conduct and must take the facts as the advocate finds them. By contrast, a practitioner serving as adviser primarily assists the client in determining the course of future conduct and relationships. While serving as advocate, a practitioner should resolve in favor of the client doubts as to the bounds of the law, but even when acting as an advocate, a practitioner may not institute or defend a proceeding unless the positions taken are not frivolous. *See* proposed § 11.301. In serving a client as adviser, a practitioner, in appropriate circumstances, should give a practitioner's professional opinion as to what the ultimate decisions of the Office and courts would likely be as to the applicable law.

In the exercise of professional judgment, a practitioner should always act in a manner consistent with the best interests of the client. However, when an action in the best interests of the client seems to be unjust, a practitioner may ask the client for permission to forgo such action. If the practitioner knows that the client expects assistance that is not in accord with the proposed Rules of Professional Conduct or other law, the practitioner must inform the client of the pertinent limitations on the practitioner's conduct. *See* proposed §§ 11.102(e) and (f). This is believed to be entirely consistent with *Link* v. *Wabash R.R.,* 370 U.S. 626, 633–34 (1962); *Johnson* v. *Department of the Treasury,* 721 F.2d 361 (Fed Cir. 1983). Similarly, the practitioner's obligation not to prejudice the interests of the client is subject to the duty of candor toward the tribunal under proposed § 11.303 and the duty to expedite litigation under proposed § 11.302.

The duty of a practitioner to represent the client before the Office with zeal does not militate against the concurrent obligation to treat with consideration all persons involved in the legal process and to avoid the infliction of needless harm. Thus, the practitioner's duty to pursue a client's lawful objectives zealously does not prevent the practitioner from acceding to reasonable requests of opposing counsel, *e.g.*, in an interference or reexamination, that do not prejudice the client's rights, from being punctual in fulfilling all professional commitments, from avoiding offensive tactics, or from treating all persons involved in the legal process with courtesy and consideration.

Perhaps no professional shortcoming is more widely resented by clients than procrastination. A client's interests, including patent rights, often can be adversely affected by the passage of time or the change of conditions; in extreme instances, as when a practitioner overlooks a statute of limitations under 35 U.S.C. 102(b), the client's legal position may be destroyed. Even when the client's interests are not affected in substance, however, unreasonable delay can cause a client needless anxiety and undermine confidence in the practitioner's trustworthiness. Neglect of client matters is a serious violation of the obligation of diligence.

Unless the relationship is terminated as provided in proposed § 11.116, a practitioner should carry through to conclusion all matters undertaken for a client. If a practitioner's employment is limited to a specific matter, the relationship terminates when the matter has been resolved. If a practitioner has served a client over a substantial period in a variety of matters, the client sometimes may assume that the practitioner will continue to serve on a continuing basis unless the practitioner gives notice of withdrawal. Doubt about whether a client-practitioner relationship still exists should be eliminated by the practitioner, preferably in writing, so that the client will not mistakenly suppose the practitioner is looking after the client's affairs when the practitioner has ceased to do so. For example, if a practitioner has prosecuted a patent application that has become abandoned for failure to respond to an Office action having a final rejection, but the practitioner has not been specifically instructed concerning pursuit of an appeal, the practitioner should advise the client of the possibility of appeal before relinquishing responsibility for the matter.

Paragraph (c) of § 11.103 would define some, but not all, acts that would constitute violations of paragraphs (a) or

(b) of this section. The USPTO believes that it would be helpful to practitioners if some specific prohibitions were set out in the rules. The prohibitions set out in paragraphs (1) through (3) of § 11.103(c) represent violations that have occurred in the past or that the Office specifically seeks to prevent. The specific acts set out in paragraph (c) would not constitute a complete description of all acts in violation of paragraphs (a) or (b).

Section 11.103 is a rule of general applicability, and it is not meant to enlarge or restrict any specific rule. In particular, § 11.103 is not meant to govern conflicts of interest, which are addressed by proposed §§ 11.107, 11.108, and 11.109.

Section 11.104 would provide in paragraph (a) that a practitioner shall communicate with a client regarding the status of a matter, respond to a client's reasonable requests for information, sufficiently explain matters to permit the client to make informed decisions, and inform the client of settlement offers.

The client should have sufficient information to participate intelligently in decisions concerning the objectives of the representation before the Office, and the means by which they are to be pursued, to the extent the client is willing and able to do so. For example, a practitioner prosecuting an application should provide the client with facts relevant to the matter, promptly inform the client of communications received from and sent to the Office and take other reasonable steps that permit the client to make a decision regarding the course of prosecution. Thus, a registered practitioner failing to timely communicate with one or more clients could be subject to discipline under this section. *See In re Barndt,* 27 USPQ2d 1749 (Comm'r Pat. 1993); *Weiffenbach* v. *Logan,* 27 USPQ2d 1870 (Comm'r Pat. 1993), *aff'd. sub nom., Logan* v. *Comer,* No. 93–0335 (D.D.C. 1994), *aff'd. sub nom., Logan* v. *Lehman,* No. 95–1216 (Fed. Cir. 1995). A practitioner who receives from opposing counsel an offer of settlement in an interference is required to inform the client promptly of its substance. *See* proposed rule 11.101(a). Even when a client delegates authority to the practitioner, the client should be kept advised of the status of the matter.

A client is entitled to whatever information the client wishes about all aspects of the subject matter of the representation unless the client expressly consents not to have certain information passed on. The practitioner must be particularly careful to ensure that decisions of the client are made only after the client has been informed of all relevant considerations. The practitioner must initiate and maintain the consultative and decision-making process if the client does not do so, and must ensure that the ongoing process is thorough and complete.

Adequacy of communication depends in part on the kind of advice or assistance involved. The guiding principle is that the practitioner should fulfill reasonable client expectations for information consistent with (1) the duty to act in the client's best interests, and (2) the client's overall requirements and objectives as to the character of representation.

Maintenance Fees, and Section 8 and Section 15 Affidavits. Some practitioners maintain a long-term docket and periodically send communications to parties they may view as being former clients, regarding possible need for further action regarding a completed matter, such as payment of maintenance fees for patents. Whether, absent a specific agreement, the practitioners continue to have an attorney-client or agent-client relationship with the parties depends on the facts, such as the reasonable expectations or intent of the putative clients, evidence of objective facts supporting the existence of the expectation or intent, and evidence placing the practitioner on notice of the putative client's expectation or intent. A formal agreement to pay fees is not necessary. A recipient of a periodic notice, absent any other facts, may well have the subjective belief, supported by objective evidence they are receiving legal advice from the practitioner, that the practitioner and recipient continue to be in an attorney-client or agent-client relationship. A practitioner desiring to terminate an attorney-client or agent-client relationship upon completion of legal services should make the termination clear to the client, *e.g.*, by sending a termination letter to the client upon issuance of a patent or registration of a mark, and advising the recipient of the notices, and that the communication is not for the offering of advice, but as a reminder. *See* Formal Opinion No. 1996–146, Legal Ethics Committee of the Oregon State Bar. The practitioner should also withdraw from representation in accordance with 37 CFR 1.36 and proposed rule 11.116.

Responsibility to a Former Client. Even though a practitioner may have terminated any attorney-client or agent-client relationship with a client, the practitioner nevertheless would continue to have certain obligations to a former client. The proposed rules would continue the practice of placing certain obligations on the practitioner. For example, a practitioner's obligation to preserve in confidence information relating to representation of a client would continue after termination of the practitioner's employment. Section 11.106(g). Under § 11.804(i)(8), practitioners would have a duty to inform a former client or timely notify the Office of an inability to notify a former client of certain correspondence received from the Office. The obligation is necessarily imposed for the proper conduct of proceedings before the Office, such as receipt of notices regarding maintenance fees, reexamination proceedings, and institution of inter partes patent and trademark proceedings.

Practitioners not wishing to receive notices regarding maintenance fees may file a change of correspondence address under 37 CFR 1.33 without filing a request to withdraw, or provide a fee address pursuant to 37 CFR 1.363 to which maintenance fee correspondence should be sent. Since § 1.33(c) requires that all notices, official letters, and other communications for the patent owner(s) in reexamination proceedings will be directed to the attorney or agent of record in a patent file, a request for permission to withdraw under §§ 1.36 and 11.116 would have to be filed if a practitioner does not wish to receive correspondence regarding reexaminations.

Invention promoters. A Commissioner published two notices in the Official Gazette, 1086 OG 457 (December 10, 1987), and 1091 OG 26 regarding the ''Responsibilities of Practitioners Representing Clients in Proceedings Before The Patent and Trademark Office'' (Notices). The Notices address agency relationships between practitioners and intermediaries. For example, the Notices, *inter alia,* address the use of corporate liaisons to obtain instructions. The notices do not specifically refer to invention promoters. Nevertheless, some practitioners associated with invention promoters have relied upon the Notices to accept the invention promoter as the inventor's agent, take instructions from the agent, and conduct all communications through the agent. There are numerous ethics opinions and cases where attorneys have been warned or found to have aided the unauthorized practice of law by permitting a marketer to communicate directly with the client. For example, Formal Opinion 87, Ethics Committee of the Colorado Bar Association (1995), advises that an attorney aids the unauthorized practice of law where a non-lawyer markets a

living trust, gathers information from a consumer, forwards the information to a ''factory,'' where the lawyer may assist in preparing and reviewing living trust documents, and the non-lawyer delivers the documents to the consumer, but the attorney has no personal contact with the consumer. An attorney was found to have aided the unauthorized practice of law to process workmen's compensation claims by permitting a disbarred attorney to obtain clients' signatures on retainer agreements, gather factual information from clients, and have the clients execute medical authorization forms, and it was inferred that the disbarred attorney was called upon to explain the retainer agreement and other legal documents. *See In re Discipio,* 645 N.E.2d 906 (Ill. 1994). *See also Wayne County Bar Ass'n.* v. *Naumoff,* 660 N.E.2d (Ohio 1996); *Comm. On Professional Ethics & Conduct* v. *Baker,* 492 N.W.2d 695 (Iowa 1992); and *In re Komar,* 532 N.E.2d 801(Ill. 1988). The situations are analogous to invention promoters entering into agreements with inventors to engage a practitioner to prepare and prosecute a patent application for the inventor's invention, the promoter gathers information from the inventor for an application, then forwards the information and drawings to the practitioner to prepare an application, and thereafter secures the inventor's signature on the application. There is no direct communication between the practitioner and inventor.

Clearly, the Office does not desire to have practitioners aiding non-lawyers and non-practitioners in the unauthorized practice of law. Section 11.505 would proscribe a practitioner from aiding in the unauthorized practice of law. Accordingly, adoption of proposed rule § 11.104(a)(1) would require a practitioner, receiving clients from an invention promoter, to communicate directly with the client, and promptly report each Office action directly to the client.

Further, the Director found that the guidance in the second of the two Notices was not ''intended to significantly extend the coverage of the first Notice to practitioners using invention developers as intermediaries, and concluded that the omission of invention developers from the Notices supports the inference that invention developers were not intended to be included as permissible intermediaries. *Moatz* v. *Colitz,* 2002 WL 32056607, (Com'r. Pat. & Trademarks Dec 03, 2002). With the adoption of the proposed rules, the Notices (Official Gazette, 1086 OG 457 (December 10, 1987), and 1091 OG 26 regarding the ''Responsibilities of Practitioners Representing Clients in Proceedings Before The Patent and Trademark Office'') would be withdrawn and superseded by these comments.

Practitioners Must Maintain a Direct Relationship With Their Clients. Some practitioners relied upon promoters to obtain from the inventor all information used to prepare the patent application. In obtaining information for preparation of patent applications, the promoter may be a barrier to a direct relationship between the practitioner and the client-inventor. The barrier arises, for example, where the promoter instructs the inventor to communicate with the promoter and suggests that the inventor may incur additional charges if the inventor communicates directly with the practitioner. The barrier also might arise where the promoter provides the practitioner with a description of the invention that differs from or alters the inventor's description of the invention. For example, the information and drawings furnished by some promoters to the practitioner change an invention to have one or more surface indicia or elements not described by the inventor. Some unsophisticated inventors first learn of the changes when they receive their applications for review and signature. The inventors, being cautioned by a promoter that the inventors may incur additional costs by communicating with the practitioner, direct their questions to the promoter about the changes. The promoters advise the inventors that the changes were provided to improve the invention's potential to succeed in the market, and that the inventors should sign the declaration.

A promoter also can interfere with communications when the practitioner relies on the promoter to convey communications, including the collection of Office fees. For example, some promoters have delayed or failed to forward to the inventor-clients copies of Office actions the promoter receives from the practitioner, or requests for funds. As a result of the delay or lack of communication with the inventor-client, if the Office action is reported to the inventor-client, it may not be reported until after the period of response has expired. The patent application may become abandoned in these circumstances. Alternatively, a promoter may interfere with communications by instructing the inventor-clients to make their checks for filing or issue fees payable to the USPTO Director, deposit the checks in the promoter's own account, and issue their own checks that are sometimes returned to the Office unpaid. In these situations, the patent application becomes abandoned. It is problematic whether the funds delivered to the promoter may be recoverable.

A practitioner receiving referrals from a promoter may be motivated to provide the shortest and least expensive reply to an Office action. Such practitioners can receive a relatively small, set fee from the promoter for a reply to the Office action, regardless of the length or complexity needed to respond. Minimizing communication with the inventor-client reduces overhead costs, and maximizes time available to produce responses for multiples of such clients. It also can avoid providing the inventor-client with an opportunity to suggest presentation of affidavit, *e.g.*, an antedating affidavit under 37 CFR 1.131, or comparative test results under 37 CFR 1.132. Accordingly, the practitioner may not report an Office action to the inventor-client until after a response has been prepared and filed. This deprives the unsophisticated inventor-client of the opportunity to contribute to the response.

Paragraph (1) of § 11.104(a) would require practitioners receiving clients from an invention promoter to communicate directly with the client, and promptly report Office actions and replies directly to the client.

Paragraph (2) of § 11.104(a) would provide that a practitioner accepting referrals from a foreign attorney or foreign agent located in a foreign country may, with the written consent of a client located in a foreign country, conduct said communications with the client through said foreign attorney or agent. It is common for instructions relating to the application of a foreign patent and trademark owner, who is the practitioner's client, to be given to the practitioner through a foreign attorney or foreign patent agent. The fact that a practitioner receives instructions from an invention or trademark owner through a foreign attorney or agent does not change the fact that the client is still the foreign invention or trademark owner. *See Strojirensti* v. *Toyoda,* 2 USPQ2d 1222 (Comm'r Pat. 1986), which at 1223 cited *Toulmin* v. *Becker,* 105 USPQ 511 (Ohio Ct. App. 1954) for the principle that ''foreign patent agents or attorneys were not clients of U.S. patent attorney.''

A practitioner would be permitted to communicate through, rely on instructions of, and accept payment from the foreign attorney or agent only if the practitioner has obtained the consent of the client after full disclosure in accordance with the provisions of §§ 11.106(a)(1) and (d), 11.107(a) and (b), and 11.108(f). An agreement between the client and the foreign

attorney or agent may establish an agency relationship between the foreign attorney or agent and the client such that the practitioner may obtain instructions from the foreign attorney or agent, except if the instructions are adverse to the client's interests. For example, if the foreign attorney or agent instructs the practitioner to abandon the application because the client had not paid the foreign attorney or agent, the practitioner should consult with the client directly before acting on the instructions.

Ordinarily, the information to be provided is that appropriate for a client, who is a comprehending and responsible adult. This should obtain in all instances involving filing replies to Office actions. However, fully informing the client according to this standard may be impracticable, for example, where the client is a child or suffers from mental disability. *See* proposed rule 11.114. When the client is an organization or group, it is often impossible or inappropriate to inform every one of its members about its legal affairs; ordinarily, the practitioner should address communications to the appropriate officials of the organization. *See* proposed rule 11.113. Where many routine matters are involved, a system of limited or occasional reporting may be arranged with the client. Such communications as Office actions, notices of abandonment, and notices of allowance are not routine matters for a client. Practical exigency may also require a practitioner to act for a client without prior consultation. When the practitioner is attending an appeal hearing, for example, it is often not possible for the practitioner to consult with the client and obtain the client's acquiescence in tactical matters arising during the course of the hearing. It is sufficient if the practitioner consults with the client in advance of the hearing on significant issues that can be anticipated as arising during the course of the hearing, and consults after the hearing.

In rare circumstances, a practitioner may be justified for humanitarian reasons, in delaying or not conveying transmission of information, for example, where the information would merely be upsetting to a terminally ill client. A practitioner may not withhold information to serve the practitioner's own interest or convenience, *e.g.,* to conceal abandonment of an application. *See Weiffenbach* v. *Logan,* 27 USPQ2d 1870 (Comm'r Pat. 1993)*, aff'd. sub nom., Logan* v. *Comer,* No. 93–0335 (D.D.C. 1994), *aff'd. sub nom., Logan* v. *Lehman,* 73 F.3d 379 (Fed. Cir. 1995). No Office rules governing practice before the Office justify withholding information from a client to serve a practitioner, or to keep the client uninformed about an Office action.

Paragraph (d) of § 11.104 would define some, but not all, acts that would constitute violations of paragraph (a) of this section. The USPTO believes that it would be helpful to practitioners if some specific prohibitions were set out in the rules. The prohibitions set out in paragraph (1) of § 11.104(d) represents violations that have occurred in the past or that the Office specifically seeks to prevent. The specific acts set out in paragraph (d) would not constitute a complete description of all acts in violation of paragraph (a).

Paragraph (1) of § 11.104(d) would address failure to inform a client or former client, or failure to timely notify the Office of an inability to notify a client or former client, of correspondence received from the Office or the client's or former client's opponent in an *inter partes* proceeding before the Office when the correspondence (i) could have a significant effect on a matter pending before the Office, (ii) is received by the practitioner on behalf of a client or former client and (iii) is correspondence of which a reasonable practitioner would believe under the circumstances the client or former client should be notified.

Section 11.105 would continue to require fees be reasonable, and would introduce a requirement for written fee agreements.

Basis or rate of fee. Paragraph (a) of § 11.105 would continue the present practice for determining reasonableness of basis or rate of fees. When a practitioner has regularly represented a client, they ordinarily will have evolved an understanding concerning the basis or rate of the fee. In a new client-practitioner relationship, however, an understanding as to the fee should be promptly established. It is not necessary to recite all the factors that underlie the basis of the fee, but only those that are directly involved in its computation. It is sufficient, for example, to state that the basic rate is an hourly charge or a fixed amount or an estimated amount, or to identify the factors that may be taken into account in finally fixing the fee. When developments occur during the representation that render an earlier estimate substantially inaccurate, a revised estimate should be provided to the client. A written statement concerning the fee reduces the possibility of misunderstanding. Furnishing the client with a simple memorandum or a copy of the practitioner's customary fee schedule is usually sufficient if the basis or rate of the fee is set forth.

Paragraph (b) of § 11.105(b) would introduce a new requirement. A written statement concerning the fee, required to be furnished in advance in most cases by this section, would reduce the possibility of misunderstanding. In circumstances in which paragraph (b) requires that the basis for the practitioner's fee be in writing, an individualized writing specific to the particular client and representation is generally not required. Unless there are unique aspects of the fee arrangement, the practitioner may utilize a standardized letter, memorandum, or pamphlet explaining the practitioner's fee practices, and indicating those practices applicable to the specific representation. Such publications would, for example, explain applicable hourly billing rates, if billing on an hourly rate basis is contemplated, and indicate what charges (such as filing fees, Office fees, transcript costs, duplicating costs, and long-distance telephone charges) are imposed in addition to hourly rate charges.

Where the services to be rendered are covered by a fixed-fee schedule that adequately informs the client of the charges to be imposed, a copy of such schedule may be utilized to satisfy the requirement for a writing. Such services as patentability opinions, for example, may be suitable for description in such a fixed-fee schedule.

Written fee agreement. If a practitioner has not regularly represented a client, *e.g.,* an inventor, the basis or hourly rate of the fee must be communicated directly to the client, in writing. The written communication must distinguish between the fees charged for preparing and filing a patent application, and the fee(s) for prosecuting a patent application. A clearly written communication regarding fees can avoid confusion regarding whether a fee for an application includes fees for prosecuting an application.

A practitioner may require advance payment of a fee, but would be obliged to return any unearned portion. *See* proposed rule 11.116(d). A practitioner may accept property in payment for services, such as an ownership interest in an enterprise. However, a fee paid in property instead of money may be subject to special scrutiny. For example, it involves questions concerning both the value of the services and the practitioner's special knowledge of the value of the property. *See* Formal Opinion 300, Legal Ethics Committee of the District of Columbia (2000) (addressing ethical considerations when

a practitioner is asked to accept stock in lieu of legal fees). Further, a fee paid in property, such as acquisition of ownership of a percentage of the rights to an invention, would require compliance with § 11.108. *See Rhodes* v. *Buechel,* 685 N.Y.S.2d 65, 1999 N.Y. App. Div. LEXIS 904 (1999), *appeal denied,* 711 N.E.2d 984, 689 N.Y.S.2d 708, 1999 N.Y. LEXIS 1206 (NY 1999).

An agreement would not be made whose terms might induce the practitioner improperly to curtail services for the client or perform them in a way contrary to the client's interest. For example, a practitioner should not enter into an agreement or arrangement with an invention promoter to provide limited services, such as only up to a stated amount, only for a particular type of patent application, such as a design application, only so long as a promoter pays the practitioner, or only for one application or one type of application when it is foreseeable that more extensive services or the continuation of services may be required, unless the situation is fully disclosed to and consent is obtained from the client. Otherwise, the client might have to bargain for further assistance in the midst of a proceeding before the Office. However, it is proper to define the extent of services in light of the client's ability to pay. A practitioner should not, by using wasteful procedures, exploit a fee arrangement based primarily on an hourly charge.

Paragraph (c) of § 11.105 would continue the current practice regarding contingent fees. Generally, contingent fees are permissible in all civil cases, including patent and trademark registration applications.

Under paragraph (c) of § 11.105, the contingent fee arrangement would be required to be in writing. This writing must explain the method by which the fee is to be computed. The practitioner must also provide the client with a written statement at the conclusion of a contingent fee matter, stating the outcome of the matter and explaining the computation of any remittance made to the client. Consistent with paragraph (a) of § 11.105, the contingent fee must be reasonable.

Paragraph (d) of § 11.105 would permit the practice of dividing a fee with another practitioner. A division of fee would be a single billing to a client covering the fee of two or more practitioners who are not in the same firm. A division of fee facilitates association of more than one practitioner in a matter in which neither alone could serve the client as well, and most often is used when the fee is contingent and the division is between a referring practitioner and a trial specialist.

Under paragraph (d) of § 11.105, the practitioners would be permitted to divide a fee either on the basis of the proportion of services they render or by agreement between the participating practitioners if all assume responsibility for the representation as a whole. Attorneys who are not registered as patent attorneys or agents are not authorized to render services in patent matters before the Office. Accordingly, before assuming responsibility for the representation as a whole, the attorneys would be advised to inquire of their insurance carrier regarding malpractice coverage in patent matters, and seek expert legal advice regarding whether the rendition of services in patent application matters involves unauthorized practice of law. Joint responsibility for the representation would entail the obligations stated in proposed rule 11.105 for purposes of the matter involved. Permitting a division on the basis of joint responsibility, rather than on the basis of services performed, would represent a change from the basis for fee divisions allowed under the prior Office Code of Professional Responsibility. The change is intended to encourage practitioners to affiliate other registered patent counsel, who are better equipped by reason of experience or specialized (scientific or technical) background, to serve the client's needs, rather than to retain sole responsibility for the representation in order to avoid losing the right to a fee.

The concept of joint responsibility would not, however, be merely a technicality or incantation. For example, the registered practitioner who refers the client to another registered practitioner, or affiliates another registered practitioner in the representation, would remain fully responsible to the client, and is accountable to the client for deficiencies in the discharge of the representation by the registered practitioner who has been brought into the representation. If a practitioner wishes to avoid such responsibility for the potential deficiencies of another practitioner, the matter must be referred to the other practitioner without retaining a right to participate in fees beyond those fees justified by services actually rendered.

The concept of joint responsibility would not require the referring practitioner to perform any minimum portion of the total legal services rendered. The referring practitioner may agree that the practitioner to whom the referral is made will perform substantially all of the services to be rendered in connection with the representation, without review by the referring practitioner. Thus, the referring practitioner would not be required to review replies to Office actions, appeal briefs, or other documents, attend hearings or depositions, or otherwise participate in a significant and continuing manner. The referring practitioner would not, however, by avoiding direct participation, escape the implications of joint responsibility.

When fee divisions are based on assumed joint responsibility, the requirement of paragraph (a) that the fee be reasonable would apply to the total fee charged for the representation by all participating practitioners.

Paragraph (d) of § 11.105 would require that the client be advised, in writing, of the fee division and states that the client must affirmatively consent to the proposed fee arrangement. This provision would not require disclosure to the client of the share that each practitioner is to receive but would require that the client be informed of the identity of the practitioners sharing the fee, their respective responsibilities in the representation, and the effect of the association of practitioners outside the firm on the fee charged.

Paragraph (e) of § 11.105 would provide a new policy for determining unreasonableness of a fee. If a state bar has established a procedure for resolution of fee disputes, such as an arbitration or mediation, the practitioner who is an attorney should conscientiously consider submitting to it. Law may prescribe a procedure for determining a practitioner's fee, for example, in representation of an executor or administrator of the estate of a deceased registered practitioner. The practitioner entitled to such a fee and a practitioner representing another party concerned with the fee should comply with the prescribed procedure. The Office does not provide facilities or proceedings for fee dispute resolution.

Section 11.106 would address a practitioner's responsibilities regarding information provided by a client. A practitioner practicing before the Office is a participant in a quasi-judicial and administration system, and as such is responsible for upholding the law. One of the practitioner's functions is to advise clients so that they avoid any violation of the law in the proper exercise of their rights.

Paragraph (a)(1) of § 11.106 would require that a practitioner not reveal information relating to representation of a client unless the client consents after consultation. There would be exceptions for disclosures that are

impliedly authorized in order to carry out the representation, and exceptions as stated in paragraph (b).

Under paragraph (a)(1) of § 11.106, practitioner-client confidentiality obtains upon commencement of the practitioner-client relationship. Principles of substantive law external to these proposed rules determining when an attorney-client or agent-client relationship exists also determines whether a client-practitioner relationship exists. Although most of the duties flowing from the practitioner-client relationship attach only after the client has requested the practitioner to render legal services and the practitioner has agreed to do so, the duty of confidentiality imposed by this section attaches when the practitioner agrees to consider whether an attorney-client or agent-client relationship shall be established. Thus, a practitioner may be subject to a duty of confidentiality with respect to information disclosed by a client to enable the practitioner to determine whether representation of the potential client would involve a prohibited conflict of interest under proposed rules 11.107, 11.108, or 11.109.

The observance of the ethical obligation of a practitioner to hold inviolate confidential information of the client not only facilitates the full development of facts essential to proper representation of the client but also encourages people to seek early legal assistance. Almost without exception, clients come to practitioners in order to determine what their rights are and what is, in the maze of laws and regulations, deemed to be legal and correct. The common law recognizes the client's confidences must be protected from disclosure. Based upon experience, practitioners know that almost all clients follow the advice given, and the law is upheld.

There would be a difference between § 11.106 and attorney-client evidentiary privilege and the work product doctrine. The principle of confidentiality is given effect in two related bodies of law: the attorney-client privilege and the work product doctrine in the law of evidence and the rule of confidentiality established in professional ethics. The attorney-client privilege and the work product doctrine apply in judicial and administrative proceedings in which a practitioner may be called as a witness or otherwise required to produce evidence concerning a client. Section 11.106 would not be intended to govern or affect judicial or administrative application of the attorney-client privilege or work product doctrine. The privilege and doctrine were developed to promote compliance with law and fairness in litigation. In reliance on the attorney-client privilege, clients are entitled to expect that communications within the scope of the privilege will be protected against compelled disclosure. The attorney-client privilege is that of the client and not of the practitioner. The fact that in exceptional situations the practitioner under § 11.106 would have limited discretion, and pursuant to § 1.56, a requirement, to disclose a client confidence does not vitiate the proposition that, as a general matter, the client has a reasonable expectation that information relating to the client will not be voluntarily disclosed and that disclosure of such information may be judicially compelled only in accordance with recognized exceptions to the attorney-client privilege and work product doctrine. The privilege is applicable in certain cases to communications between registered patent agents and their clients. *See, e.g., In re Ampicillin Antitrust Litigation*, 81 F.R.D. 377, 392–394 (D.D.C. 1978).

A fundamental principle in the client-lawyer or client-agent relationship is that the practitioner maintain confidentiality of information relating to the representation. The client is thereby encouraged to communicate fully and frankly with the lawyer even as to embarrassing or legally damaging subject matter. The principle of confidentiality is given effect in two related bodies of law, the attorney-client privilege in the law of evidence and the rule of confidentiality established in professional ethics. The attorney-client privilege applies in judicial and other proceedings in which a lawyer may be called as a witness or otherwise required to produce evidence concerning a client. The rule of client-lawyer confidentiality applies in situations other than those where evidence is sought from the lawyer through compulsion of law. The confidentiality rule applies not merely to matters communicated in confidence by the client but also to all information relating to the representation, whatever its source. A practitioner would not be permitted to disclose such information except as authorized or required by the Rules of Professional Conduct or other law.

In addition to prohibiting the disclosure of a client's confidences and secrets, paragraph (a)(2) provides that a practitioner may not use the client's confidences and secrets to the disadvantage of the client. For example, a practitioner who has learned of the abandonment or allowance of a client's patent application may not file a patent application in the practitioner's own name on a variation or an improvement of the client's invention if doing so may adversely affect the client's ability to market the invention or patent rights. Similarly, information acquired by the practitioner in the course of representing a client may not be used to the disadvantage of that client even after the termination of the practitioner's representation of the client. However, the fact that a practitioner has once served a client does not preclude the practitioner from using generally known information about the former client when later representing another client. Under proposed rules (a)(3) and (d)(2), a practitioner may use a client's confidences and secrets for the practitioner's own benefit or that of a third party only after the practitioner has made full disclosure to the client regarding the proposed use of the information and obtained the client's affirmative consent to the use in question.

Implied authorized disclosure. A practitioner is impliedly authorized to make disclosures about a client when appropriate in carrying out the representation, except to the extent that the client's instructions or special circumstances limit that authority. In patent prosecution, for example, a practitioner and applicant must disclose information material to the patentability of the pending claims. In another example, in litigation a practitioner may disclose information by admitting a fact that cannot properly be disputed, or in negotiation by making a disclosure that facilitates a satisfactory conclusion.

Practitioners in a firm may, in the course of the firm's practice, disclose to each other information relating to a client of the firm, unless the client has instructed that particular information be confined to specified practitioners.

Paragraph (b) of § 11.106 would provide for disclosures adverse to the client. The confidentiality rule is subject to limited exceptions. In becoming privy to information about a client, a practitioner may foresee that the client intends serious harm to another person.

However, to the extent a lawyer is required or permitted to disclose a client's purposes, the client will be inhibited from revealing facts which would enable the practitioner to counsel against a wrongful course of action. The public is better protected if full and open communication by the client is encouraged than if it is inhibited.

Several situations must be distinguished. First, the practitioner may not counsel or assist a client in conduct that is criminal or fraudulent. *See* proposed § 11.102(d). *See also Kingsland* v. *Dorsey*, 338 U.S. 318

(1949) (sustaining disbarment of attorney for deceiving Office as to real author of article presented in support of pending application, and misrepresenting that the article was the work of a ''reluctant witness''). Similarly, a practitioner has a duty under proposed § 11.303(a)(4) not to use false evidence. *See* proposed §§ 11.303(a)(4) and (b). This duty is essentially a special instance of the duty prescribed in proposed § 11.102(d) to avoid assisting a client in criminal or fraudulent conduct.

Further, the practitioner may have been innocently involved in past conduct by the client that was criminal or fraudulent. In such a situation the practitioner has not violated proposed § 11.102(d), because to ''counsel or assist'' criminal or fraudulent conduct requires knowing that the conduct is of that character.

Still further, the practitioner may learn that a client intends prospective conduct that is criminal and likely to result in imminent death or substantial bodily harm. As stated in paragraph (b)(1), the practitioner has professional discretion to reveal information in order to prevent such consequences. The practitioner may make a disclosure in order to prevent homicide or serious bodily injury, which the practitioner reasonably believes is intended by a client.

It is very difficult for a practitioner to be certain when such a heinous purpose will actually be carried out, for the client may have a change of mind. The practitioner's exercise of discretion requires consideration of such factors as the nature of the practitioner's relationship with the client and with those who might be injured by the client, the practitioner's own involvement in the transaction and factors that may extenuate the conduct in question. Where practical, the practitioner should seek to persuade the client to take suitable action. In any case, a disclosure adverse to the client's interest should be no greater than the practitioner reasonably believes necessary to the purpose. A practitioner's decision not to take preventive action permitted by paragraph (b)(1) would not violate this Rule.

Withdrawal. If the practitioner's services will be used by a client in materially furthering a course of criminal or fraudulent conduct, the practitioner must withdraw, as stated in proposed § 11.116(a)(1).

After withdrawal the lawyer is required to refrain from disclosing the client's confidences, except as otherwise provided in §§ 11.106(c) and (d). Neither §§ 11.106(c) and (d), nor § 11.108(b), nor § 11.116(d) prevent the practitioner from giving notice of the fact of withdrawal, and the practitioner may also withdraw or disaffirm any opinion, document, affirmation, or the like. Giving notice of withdrawal, without elaboration, is not a disclosure of a client's confidences. Furthermore, a practitioner's statement to the Office that withdrawal is based upon ''irreconcilable differences between the practitioner and the client'' is not elaboration. Similarly, after withdrawal under either proposed § 11.116(a)(1) or proposed §§ 11.116(b)(1) or (2), the practitioner may retract or disaffirm any opinion, document, affirmation, or the like that contains a material misrepresentation by the practitioner that the practitioner reasonably believes will be relied upon by others to their detriment.

Where the client is an organization, the practitioner may be in doubt whether contemplated conduct will actually be carried out by the organization. Where necessary to guide conduct in connection with § 11.106, the practitioner may make inquiry within the organization as indicated in proposed § 11.113(b).

Dispute Concerning Lawyer's Conduct. Where a legal claim or disciplinary charge alleges complicity of the practitioner in a client's conduct or other misconduct of the practitioner involving representation of the client, the practitioner may respond to the extent the practitioner reasonably believes necessary to establish a defense. The same is true with respect to a claim involving the conduct or representation of a former client. The practitioner's right to respond arises when an assertion of such complicity has been made. Paragraph (b)(2) of § 11.106 does not require the practitioner to await the commencement of an action or proceeding that charges such complicity, so that the defense may be established by responding directly to a third party who has made such an assertion. The right to defend, of course, applies where a proceeding has been commenced. Where practicable and not prejudicial to the practitioner's ability to establish the defense, the practitioner should advise the client of the third party's assertion and request that the client respond appropriately. In any event, disclosure should be no greater than the practitioner reasonably believes is necessary to vindicate innocence, the disclosure should be made in a manner which limits access to the information to the tribunal or other persons having a need to know it, and appropriate protective orders or other arrangements should be sought by the practitioner to the fullest extent practicable.

If the practitioner is charged with wrongdoing in which the client's conduct is implicated, the rule of confidentiality should not prevent the practitioner from defending against the charge. Such a charge can arise in a civil, criminal or professional disciplinary proceeding, and can be based on a wrong allegedly committed by the practitioner against the client, or on a wrong alleged by a third person; for example, a person claiming to have been defrauded by the practitioner and client acting together. A practitioner entitled to a fee is permitted by paragraph (b)(2) of § 11.106 to prove the services rendered in an action to collect it. This aspect of the rule expresses the principle that the beneficiary of a fiduciary relationship may not exploit it to the detriment of the fiduciary. As stated above, the practitioner must make every effort practicable to avoid unnecessary disclosure of information relating to a representation, to limit disclosure to those having the need to know it, and to obtain protective orders or make other arrangements minimizing the risk of disclosure.

Paragraphs (c) and (d) of § 11.106—Disclosures otherwise required or authorized. The attorney-client or agent-client privilege is differently defined in various jurisdictions. If a practitioner is called as a witness to give testimony concerning a client, absent waiver by the client, paragraph (a) of § 11.106 requires the practitioner to invoke the privilege when it is applicable. The practitioner must comply with the final orders of a court or other tribunal of competent jurisdiction requiring the practitioner to give information about the client.

The proposed Office Rules of Professional Conduct in various circumstances permit or require a practitioner to disclose information relating to the representation. See proposed §§ 11.202, 11.203, 11.303, and 11.401.

In addition to these provisions, a practitioner may be obligated or permitted by other provisions of law to give information provided in confidence by the client. Paragraph (c) of § 11.106 would require disclosure necessary to comply with 37 CFR 1.56 requiring a practitioner to disclose information material to patentability of pending claims. The practitioner may learn that a client intends to engage in conduct or is involved in conduct constituting fraud on the Office. As stated in proposed § 11.106(d), the practitioner has professional duty to comply with

§ 1.56 by submitting all information known to be material to the patentability of any existing claim. The USPTO has disciplined practitioners for failing to reveal evidence required by law to be disclosed. *See In re Milmore*, 196 USPQ 628 (Comm'r Pat. 1977) (suspending practitioner for not calling a reference to the examiner's attention). To address situations wherein practitioners are found by a court of record to have engaged in inequitable conduct, the proposed rules would provide that such a finding is cause for concluding that the practitioner violated the Rules of Professional Conduct. *See* § 11.804(h)(7).

The obligation to protect confidences and secrets obviously does not preclude a practitioner from revealing information when the client consents after full disclosure, when necessary to perform the professional employment, when permitted or required by these proposed rules (*e.g.*, to comply with § 1.56), or when required by law. Unless the client otherwise directs, a practitioner may disclose the affairs of the client to partners or associates of the practitioner's firm.

It is a matter of common knowledge that the normal operation of a law office exposes confidential professional information to non-practitioner employees of the office, particularly secretaries and those having access to the files; and this obligates a practitioner to exercise care in selecting and training employees so that the sanctity of all confidences and secrets of clients may be preserved. If the obligation extends to two or more clients as to the same information, a practitioner should obtain the permission of all before revealing the information. A practitioner must always be sensitive to the rights and wishes of the client and act scrupulously in the making of decisions that may involve the disclosure of information obtained in the course of the professional relationship. Thus, in the absence of consent of the client after full disclosure, a practitioner should not associate another practitioner in the handling of a matter; nor should the practitioner, in the absence of consent, seek counsel from another practitioner if there is a reasonable possibility that the identity of the client or the client's confidences or secrets would be revealed to such practitioner. Proper concern for professional duty should cause a practitioner to shun indiscreet conversations concerning clients.

Invention promoter—Full Disclosure—Informed Consent. Likewise, a practitioner should not communicate a confidence from the inventor-client to an invention promoter without first obtaining the inventor-client's consent to disclose the confidences after full disclosure. Full disclosure is defined in § 11.1(n). Confidence can include patentability opinions, patent applications, Office actions, amendments, appeal briefs, and notices or allowance or abandonment. Information communicated between the practitioner and inventor-client through an invention promoter may not be privileged. *Denver Tramway Co.* v. *Owens*, 36 P. 848 (Colo. 1894) (information gathered from client in presence of third party is not privileged). Consent of an inventor-client would necessitate full disclosure that the client would be waiving any attorney-client or agent-client privilege attached to the confidence by permitting the confidence to be communicated to the promoter, as well as waiving confidential status for the information.

Paragraph (c)(3)(B) and paragraph (d) of § 11.106 would address the unique circumstances raised by attorney-client relationships within the Government.

Paragraph (c)(3)(B) of proposed § 11.106 would apply only to practitioners employed by the Government who are representing Government interests when appearing before the USPTO. It is designed to permit disclosures that are not required by law or court order under proposed § 11.106(c)(3)(A), but which the Government authorizes its attorneys to make in connection with their professional services on behalf of the Government. Such disclosures may be authorized or required by statute, executive order, or regulation, depending on the constitutional or statutory powers of the authorizing entity. If so authorized or required, paragraph (c)(3)(B) of proposed § 11.106 governs.

The term ''agency'' in paragraph (d) includes, *inter alia*, executive and independent departments and agencies, special commissions, committees of the legislature, agencies of the legislative branch such as the Office, General Accounting Office, and the courts to the extent that they employ practitioners (*e.g.*, staff counsel) to counsel them. The employing agency has been designated the client under this rule to provide a commonly understood and easily determinable point for identifying the Government client.

Government practitioners may also be assigned to provide an individual with counsel or representation in circumstances that make clear that an obligation of confidentiality runs directly to that individual and that paragraph (d)(2)(A), not (d)(2)(B), of proposed § 11.106 applies. It is, of course, acceptable in this circumstance for a Government practitioner to make disclosures about the individual representation to supervisors or others within the employing governmental agency so long as such disclosures are made in the context of, and consistent with, the agency's representation program. *See, e.g.*, 28 CFR 50.15 and 50.16. The relevant circumstances, including the agreement to represent the individual, may also indicate the extent to which the individual client to whom the Government practitioner is assigned will be deemed to have granted or denied consent to disclosures to the practitioner's employing agency. Examples of such representation include representation by a public defender, a Government practitioner representing a defendant sued for damages arising out of the performance of the defendant's Government employment, and a military practitioner representing a court-martial defendant.

Paragraph (g) of § 11.106 —Former client. The duty of confidentiality would continue after the client-lawyer or client-agent relationship has terminated.

Paragraph (h) of § 11.106. There are circumstances in which a person who ultimately becomes a practitioner provides assistance to a practitioner while serving in a nonpractitioner capacity. The typical situation is that of the law clerk or summer associate in a law firm or Government agency. Paragraph (h) of proposed § 11.106 would address the confidentiality obligations of such a person after becoming a member of a Bar or becoming registered; the same confidentiality obligations are imposed as would apply if the person had been a member of a Bar at the time confidences or secrets were received. For a related provision dealing with the imputation of disqualifications arising from prior participation as a law clerk, summer associate, or in a similar position, *see* proposed § 11.110(b).

Section 11.107 is intended to provide clear notice of circumstances that may constitute a conflict of interest. Loyalty to a client is an essential element in the practitioner's relationship to a client. An impermissible conflict of interest may exist before representation is undertaken, in which event the representation should be declined. The practitioner should adopt reasonable procedures, appropriate for the size and type of firm and practice, to determine in both litigation and non-litigation matters, including patent and trademark matters before the Office, the parties and issues involved and to determine

whether there are actual or potential conflicts of interest.

If such a conflict arises after representation has been undertaken, the practitioner should withdraw from the representation. *See* proposed § 11.116. Where more than one client is involved and the practitioner withdraws because a conflict arises after representation, whether the practitioner may continue to represent any of the clients is determined by proposed § 11.109. *See also* proposed § 11.202(c). As to whether a client-lawyer or client-agent relationship exists or, having once been established, is continuing, see the comments to proposed § 11.103

Paragraph (a) of § 11.107 would express the general rule that loyalty to a client prohibits undertaking representation directly adverse to that client without that client's consent. Thus, a practitioner ordinarily may not act as advocate against a person the practitioner represents in some other matter, even if it is wholly unrelated. On the other hand, simultaneous representation in unrelated matters of clients whose interests are only generally adverse, such as competing economic enterprises, does not require consent of the respective clients. Paragraph (a) applies only when the representation of one client would be directly adverse to the other.

The prohibition of paragraph (a) of § 11.107 would relate only to actual conflicts of positions, not to mere formalities. For example, a practitioner would not be absolutely forbidden to provide joint or simultaneous representation if the clients' positions are only nominally but not actually adverse. Joint representation is commonly provided to joint inventors, to incorporators of a business, to parties to a contract, in formulating estate plans for family members, and in other circumstances where the clients might be nominally adverse in some respect but have retained a practitioner to accomplish a common purpose. If no actual conflict of positions exists with respect to a matter, the absolute prohibition of paragraph (a) does not come into play.

Paragraph (b) of 11.107 would address situations where loyalty to a client can be impaired when a practitioner cannot consider, recommend or carry out an appropriate course of action for the client because of the practitioner's other responsibilities or interests. The conflict in effect forecloses alternatives that would otherwise be available to the client. Paragraph (b) addresses such situations. A possible conflict does not itself preclude the representation. The critical questions are the likelihood that a conflict will eventuate and, if it does, whether it will materially interfere with the practitioner's independent professional judgment in considering alternatives or foreclose courses of action that reasonably should be pursued on behalf of the client. Consideration should be given as to whether the client wishes to accommodate the other interest involved.

Full disclosure and consent. A client may consent to representation notwithstanding a conflict. However, as indicated in paragraph (a)(1) with respect to representation directly adverse to a client, and paragraph (b)(1) with respect to material limitations on representation of a client, when a disinterested practitioner would conclude that the client should not agree to the representation under the circumstances, the practitioner involved cannot properly ask for such agreement or provide representation on the basis of the client's consent. When more than one client is involved, the question of conflict would have to be resolved as to each client. Moreover, there may be circumstances where it is impossible to make the disclosure necessary to obtain consent. For example, when the practitioner represents different clients in related matters and one of the clients refuses to consent to the disclosure necessary to permit the other client to make an informed decision, the practitioner cannot properly ask the latter to consent.

Full Disclosure. Disclosure and consent are not mere formalities. Full disclosure is defined in § 11.1(n). As defined therein, full disclosure requires a clear explanation of the differing interests involved in a transaction, the advantages of seeking independent legal advice, and a detailed explanation of the risks and disadvantages to the client entailed in any agreement or arrangement, including not only any financial losses that will or may foreseeably occur to the client, but also any liabilities that will or may foreseeably accrue to the client.

Proposed § 11.107 would not require that disclosure be in writing or in any other particular form in all cases. Nevertheless, it should be recognized that the form of disclosure sufficient for more sophisticated business clients may not be sufficient to permit less sophisticated clients to provide fully informed consent. Moreover, it would be prudent for the practitioner to provide potential joint clients with at least a written summary of the considerations disclosed, and to request and receive a written consent. This can reduce the opportunity for dispute regarding the scope and content of the disclosure.

Consent. The term ''consent'' is defined in § 11.1(e). As indicated there, a client's consent must not be coerced either by the practitioner or by any other person. In particular, the practitioner should not use the client's investment in previous representation by the practitioner as leverage to obtain or maintain representation that may be contrary to the client's best interests. If a practitioner has reason to believe that undue influence has been used by anyone to obtain agreement to the representation, the practitioner should not undertake the representation.

When a practitioner has two clients, the clients might have potential conflicts. In circumstances having potential conflicts, the circumstances would trigger § 11.107(a) and (b). Potential conflicts between an inventor and invention promoter may arise from a contract between them providing for the promoter to obtain a practitioner to represent the inventor in obtaining a patent. The practitioner engaged by the promoter may have a lawyer-client or agent-client relationship with both the inventor and promoter. For example, if the contract provides for the promoter to pay the practitioner, the practitioner may regard the promoter as a client, while the practitioner obtains a power of attorney from the inventor to prosecute the latter's patent application. Another potential conflict may arise regarding funds advanced by the inventor for the practitioner's legal services. Normally, when a client advances legal fees, the funds are received by a practitioner, who places the funds in an escrow account. *See* § 11.115(a). In such circumstances, the client is entitled to a refund of unearned fees. *See* proposed §§ 11.115(d)(4), and 11.116(d). If, however, in accordance with the contract between the promoter and inventor, the inventor delivers the funds to the promoter, the promoter may place the funds in its own account(s). The funds are then subject to the promoter's control. The inventor may expect the practitioner to deliver legal services inasmuch as the funds have been advanced. There is a potential for the promoter going out of business, or the inventor being dissatisfied with the services from the promoter and practitioner. The client may desire to discharge the practitioner. In such circumstances, the inventor might be unable to recover the unearned advanced legal fees held by the promoter, and there is a potential conflict between the inventor and promoter regarding the advanced legal

fees. In a variation on the same example, a potential conflict exists if the inventor, although permitted to discharge the practitioner, may view the situation as compelling him or her to remain with the practitioner selected by the promoter inasmuch as the promoter holds the inventor's funds. The circumstances and differing interests of an inventor-client and a promoter-client may create at least potential conflicts requiring consent under § 11.107(a). *Accord*, Formal Opinion 1997–148, Standing Committee on Professional Responsibility and Conduct (California).

Further, to the extent the practitioner's relationship with one client affects the practitioner's loyalty and independent judgment on behalf of the other client, an actual conflict of interest exists. This can occur when the practitioner receives conflicting instructions from the clients, or is called upon to advance inconsistent objectives of two clients. For example, if an inventor-client insists that the practitioner pursue a utility patent application, and the promoter client will pay for only a design patent application, the practitioner is receiving conflicting instructions and is being called upon to advance inconsistent objectives. Such circumstances require a practitioner to obtain further consent under § 11.107(b). *Accord*, Formal Opinion 1997–148, Standing Committee on Professional Responsibility and Conduct (California).

If joint representation of inventor and an invention promoter involves potential conflicts, it is necessary to obtain consent of both clients after full disclosure. This obtains if the clients have different objectives that are implicated by a decision made by the practitioner. For example, differing interests are implicated if an inventor-client expects the several thousand dollars paid to the promoter to be used to obtain the broadest patent protection available, and the invention promoter would be satisfied with any patent protection, including narrowest patent protection. A practitioner, receiving numerous referrals from the promoter and being paid a relatively low fee for each application, knowingly provides only narrow, even ''picture'' claims. The practitioner's action accommodates processing of the referrals, and facilitates continued receipt of referrals, whereas broader patent protection was available. The practitioner's action may be satisfactory for the promoter-client, whereas the inventor-client expects broad patent protection. There is at least a potential conflict of interest.

Also, where an inventor-client delivers to an invention promoter-client all funds advanced for legal fees to pay the practitioner, full disclosure of all risks and consent from both clients would be required by § 11.107(b). For example, the inventor must be fully informed of the consequences if the invention promoter goes out of business or declares bankruptcy, and does not pay the practitioner. The inventor may be unable to obtain from the promoter a refund of the unearned funds advanced for legal services, whereas the practitioner, if he or she had received the funds and declined to provide legal services, would be required to refund the unearned advanced funds. Moreover, there may be circumstances where it is impossible to make the disclosure necessary to obtain consent. For example, when the practitioner represents different clients in related matters and one of the clients refuses to consent to the disclosure necessary to permit the other client to make an informed decision, the practitioner cannot properly ask the latter to consent.

Practitioner's interests. The practitioner's own interests should not be permitted to have an adverse effect on representation of a client. For example, a practitioner's need for income should not lead the practitioner to undertake matters that cannot be handled competently and at a reasonable fee. *See* proposed §§ 11.101 and 11.105. If the probity of a practitioner's own conduct in a transaction is in serious question, it may be difficult or impossible for the practitioner to give a client detached advice. A practitioner may not allow related business interests to affect representation, for example, by referring clients to an enterprise in which the practitioner has an undisclosed interest.

There can be circumstances where an invention promoter refers inventors to a practitioner, and the practitioner has an attorney-client or agent-client relationship with the inventor-client, and a business or financial relationship exists between the practitioner and an invention promoter. When the promoter compensates the practitioner, they may have a business and financial relationship like a third-party payor relationship between an attorney and insurer. The practitioner and invention promoter also may have a business and financial relationship because the practitioner obtains employment (*e.g.*, referrals) through the promoter. For example, this can occur where the practitioner provides legal services at reduced fees, paid by the promoter, in expectation of receiving numerous referrals from the promoter. The volume of referrals and rapid production of patent applications may make up for the reduction in the fees. The inventor-client may expect the practitioner to provide extensive attentiveness to his or her needs, and zealous efforts to obtain the broadest patent protection at the least cost. If the practitioner regards the invention promoter as his or her client, the full disclosure requirements of § 11.107(b) are triggered. Even in the absence of any attorney-client or agent-client relationship between the practitioner and promoter, the existence of the business or financial relationship between them requires disclosure obligations by the practitioner under § 11.108(f). *Accord*, Formal Opinion 1997–148, Standing Committee on Professional Responsibility and Conduct (California). The business dealings between a lawyer and an invention promoter have been recognized as giving rise to conflicts between the lawyer's duty to furnish independent legal counsel to another client, and the business interests of the lawyer acting in the capacity of representing the invention promoter. *See* Informal Opinion 1482, American Bar Association (1982).

In another example, if a practitioner depends on receiving referrals from an organization the practitioner regards as the client, and not the individuals purchasing legal services (trusts, patent applications) offered by the organization and referred to the practitioner, representation of the individual implicates at least potential conflicts of interest in violation of § 11.107(b). *See In re R.W. Hodgson*, 721 Off. Gaz. 414 (Aug. 20, 1957) (rejecting patent agent's argument that invention promoter holding 10% interest in each application of numerous applications, as opposed to the patent applicant, was his client, and pointing out that Rule 32 (37 CFR 1.32) does not confer on an assignee of partial interest in an application the right to conduct the prosecution of an application); *People* v. *Volk*, 805 P.2d 1116, 1117 (Colo. 1991) (holding attorney suffered from conflict of interest for ''consider[ing] the corporation to be her client, not the individual purchasers of the trusts''). Consent, after full disclosure, must be obtained to provide representation.

The foregoing situations are to be distinguished from those commonly experienced when an inventor, employed by a corporation to invent, is represented by a practitioner who is employed by the corporation. For example, the inventor has signed an employment contract that contains a provision whereby the inventor agrees to assign to the corporation all inventions conceived during

employment. The attorney is employed either in-house by the corporation, or is a member of a firm and is retained to represent the corporation. Following the inventor's discovery and disclosure to the corporation of a new and useful invention, the attorney prepares a patent application. The attorney's actual client is the corporation, and the attorney has not made any representations to the inventor that he or she represents the inventor or the inventor's interests. It would be prudent, before filing the application, to secure from the inventor, the inventor's signature on a combined declaration and power of attorney, as well as on assignment of the patent rights to the corporation. The attorney also would be acting prudently to clearly inform the inventor before signing the documents that the attorney represents only the corporation. Upon obtaining the signed combined declaration and power of attorney, and the assignment, these documents can be filed in the USPTO, and the assignment recorded. The corporation may then revoke all previous powers of attorney, and give its own power of attorney in favor of the attorney.

Conflicts in litigation and administrative proceedings. Paragraph (a) of § 11.107 would prohibit representation of opposing parties in litigation and administrative proceedings. Simultaneous representation of parties whose interests in litigation or an interference in the Office may conflict, such as coplaintiffs or codefendants, or opposing parties in an interference is governed by paragraph (b). An impermissible conflict may exist by reason of substantial discrepancy in the parties' testimony, or incompatibility in positions in relation to an opposing party in an interference. On the other hand, common representation of persons having similar interests, such as joint applicants, is proper if the risk of adverse effect is minimal and the requirements of paragraph (b) are met. Compare proposed § 11.202 involving intermediation between clients.

Ordinarily, a practitioner may not act as advocate against a client the practitioner represents in some other matter, even if the other matter is wholly unrelated. However, there are circumstances in which a practitioner may act as an advocate against a client. For example, a practitioner representing an enterprise with diverse operations may accept employment as an advocate against the enterprise in an unrelated matter if doing so will not adversely affect the practitioner's relationship with the enterprise or conduct of the suit and if both clients consent upon full disclosure. The propriety of concurrent representation can depend on the nature of the litigation. For example, a suit charging fraud entails conflict to a degree not involved in a suit for a declaratory judgment concerning statutory interpretation.

Interest of third person paying for a practitioner's service. A practitioner may be paid from a source other than the client, if the client consents after full disclosure and the arrangement does not compromise the practitioner's duty of loyalty to the client. *See* proposed § 11.108(f). Full disclosure is defined in § 11.1(n), and consent is defined in § 11.1(e). For example, when an invention promoter and inventor have conflicting interests in a matter arising from an invention marketing agreement, and the promoter is required to provide a patent practitioner to file and prosecute a patent application for the inventor, the arrangement should assure the practitioner professional independence. Thus, the arrangement should assure that the practitioner's professional independence permits him or her to zealously pursue the inventor's patent rights, including any necessary appeal or covering an interference.

Other Conflict Situations. Conflicts of interest in contexts other than litigation sometimes may be difficult to assess. Relevant factors in determining whether there is potential for adverse effect include the duration and intimacy of the practitioner's relationship with the client or clients involved, the functions being performed by the practitioner, the likelihood that actual conflict will arise and the likely prejudice to the client from the conflict if it does arise. The question is often one of proximity and degree.

For example, a practitioner may not represent multiple parties to a negotiation whose interests are fundamentally antagonistic to each other, but common representation is permissible where the clients are generally aligned in interest even though there is some difference of interest among them.

A practitioner for a corporation or other organization who is also a member of its board of directors should determine whether the responsibilities of the two roles may conflict. The lawyer may be called on to advise the corporation in matters involving actions of the directors. Consideration should be given to the frequency with which such situations may arise, the potential intensity of the conflict, the effect of the practitioner's resignation from the board and the possibility of the corporation's obtaining legal advice from another practitioner in such situations. If there is material risk that the dual role will compromise the practitioner's independence of professional judgment, the practitioner should not serve as a director.

Conflict charged by an opposing party. Resolving questions of conflict of interest is primarily the responsibility of the practitioner undertaking the representation. As in litigation, where a court may raise the question of conflicting interests when there is reason to infer that the practitioner has neglected the responsibility, the same may obtain in *inter parte* practice before the Office. Where the conflict is such as clearly to call in question the fair or efficient administration of justice, opposing counsel may properly raise the question. Such an objection should be viewed with caution, however, for it can be misused as a technique of harassment.

Withdrawal. It is much preferred that a representation that is likely to lead to a conflict be avoided before the representation begins, and a practitioner should bear this fact in mind in considering whether disclosure should be made and consent obtained at the outset. If, however, a conflict only arises after a representation has been undertaken, and the conflict falls within § 11.107(a), or if a conflict arises under § 11.107(b), then the practitioner should withdraw from the representation, complying with § 11.106. Where a conflict is not foreseeable at the outset of representation and arises only under § 11.107, a practitioner would have to seek consent to the conflict at the time that the actual conflict becomes evident. Where the conflict is such as clearly to call in question the fair or efficient administration of justice, opposing counsel may properly raise the question. Such an objection should be viewed with caution, however, because it can be misused as a technique of harassment. In determining whether a conflict is reasonably foreseeable, the test is an objective one, *i.e.*, that which a lawyer of reasonable prudence and competence would ascertain in regard to the matter in question. In determining the reasonableness of a practitioner's conduct, such factors as whether the practitioner (or practitioner's firm) has an adequate conflict-checking system in place, must be considered. Where more than one client is involved and the practitioner must withdraw because a conflict arises after representation has been undertaken, the question of whether the practitioner may continue to represent any of the clients would be determined by § 11.109.

Imputed Disqualification. All of the references in § 11.107 and this

accompanying comment to the limitation upon a ''practitioner'' must be read in light of the imputed disqualification provisions of § 11.110, which affect practitioners practicing in a firm.

In the Government-practitioner context, § 11.107(b) is not intended to apply to conflicts between agencies or components of Government (Federal, state, or local) where the resolution of such conflicts has been entrusted by law, order, or regulation to a specific individual or entity.

Businesses Affiliated with a Practitioner or Firm. Practitioners, either alone or through firms, may have interests in enterprises that do not or would not be authorized to practice law but that, in some or all of their work, become involved with practitioners or their clients either by assisting the practitioner in providing legal services or by providing related services to the client. Examples of such enterprises are accounting firms, consultants, invention promoters, and the like. The existence of such interests would raise several questions under § 11.107. First, a practitioner's recommendation, as part of legal advice, that the client obtain the services of an enterprise with which the practitioner is affiliated implicates § 11.107(b)(4). The practitioner should not make such a recommendation unless able to conclude that the practitioner's professional judgment on behalf of the client will not be adversely affected. Even then, the practitioner should not make such a recommendation without full disclosure to the client so that the client can make a fully informed choice. Such disclosure should include the nature and substance of the practitioner's or the firm's interest in or relation with the enterprise, alternative sources for the non-legal services in question, and sufficient information so that the client understands that the related enterprise's services are not legal services, and the client's relationship to the enterprise will not be that of client to attorney. Second, such an affiliated enterprise may refer a potential client to the practitioner; the practitioner should take steps to assure that the related enterprise will inform the practitioner of all such referrals. The practitioner should not accept such a referral without full disclosure of the nature and substance of the practitioner's interest in the related enterprise, including the number of clients annually referred. *See also* § 11.701(b). Third, the practitioner should be aware that the relationship of the enterprise to its own customer may create a significant interest in the practitioner in the continuation of that relationship. The substantiality of such an interest may be enough to require the practitioner to decline a proffered client representation that would conflict with that interest; at least §§ 11.107(b)(4) and (c) may require the prospective client to be informed and to consent before the representation could be undertaken. Fourth, a practitioner's interest in an affiliated enterprise that may also serve the practitioner's clients would create a situation in which the practitioner must take unusual care to fashion the relationship among practitioner, client, and enterprise to assure that confidences and secrets are properly preserved pursuant to § 11.106 to the maximum extent possible. *See* § 11.503.

Section 11.108—Transactions Between Client and Practitioner. As a general principle, all transactions between client and practitioner should be fair and reasonable to the client. In such transactions a review by independent counsel on behalf of the client is often advisable. Section 11.108(a) does not, however, apply to standard commercial transactions between the practitioner and the client for products or services that the client generally markets to others; for example, banking or brokerage services, medical services, products manufactured or distributed by the client, and utility services. In such transactions, the practitioner has no advantage in dealing with the client, and the restrictions in § 11.108(a) are unnecessary and impracticable.

A practitioner may accept a gift from a client, if the transaction meets general standards of fairness. For example, a simple gift such as a present given at a holiday or as a token of appreciation is permitted. If effectuation of a substantial gift requires preparing a legal instrument such as a will or conveyance, however, the client should be advised by the practitioner to obtain the detached advice that another practitioner can provide. Section 11.108(c) recognizes an exception where the client is a relative of the donee or the gift is not substantial.

Proposed § 11.108 does not prevent a practitioner from entering into a contingent fee arrangement with a client in a civil case, if the arrangement satisfies all the requirements of § 11.105(c).

Literary Rights. An agreement by which a practitioner acquires literary or media rights concerning the conduct of the representation creates a conflict between the interests of the client and the personal interests of the practitioner. Measures that might otherwise be taken in the representation of the client may detract from the publication value of an account of the representation. Section 11.108(d) would not prohibit a practitioner representing a client in a transaction concerning literary property from agreeing that the practitioner's fee shall consist of a share in ownership in the property, if the arrangement conforms to § 11.105.

Patent Rights. An agreement whereby a practitioner acquires patent rights or an inventor assigns patent rights to an enterprise funded by the practitioner, but equally owned by the practitioner and the inventor, also creates a conflict between the interests of the client and the personal interests of the practitioner. A practitioner must do more than advise the client to seek the advice of independent counsel in the transaction. Full disclosure requires the practitioner to advise the client of all options or alternatives, including advising the client to consult with independent counsel, and potential conflicts between the practitioner and client. *See Monco* v. *Janus,* 583 N.E.2d 575 (Ill. 1991); *Rhodes* v. *Buechel,* 685 N.Y.S.2d 65, 1999 N.Y.App. Div. LEXIS 904 (1999), appeal denied, 711 N.E.2d 984, 689 N.Y.S.2d 708, 1999 N.Y. LEXIS 1206 (NY 1999). A practitioner should advise a client, before entering into an agreement, of the alternatives to assigning all patent rights to the enterprise. For example, one alternative is to lease the rights to the company. The conflict is evident when following a lack of success, the practitioner seeks to dissolve the enterprise due to a deadlock with client, and the client expects the practitioner to exercise professional judgment on the client's behalf.

Paying Certain Administrative Proceeding or Litigation Costs and Client Expenses. Historically, under the Code of Professional Responsibility, practitioners could only advance the costs of litigation. The client remained ultimately responsible, and was required to pay such costs even if the client lost the case. That rule was modified by the USPTO in 1985 by adoption of 37 CFR 10.64(b), that eliminated the requirement for the client to remain ultimately liable for all costs of patent prosecution by permitting the practitioner to advance any fee required to prevent or remedy abandonment by reason of an act or omission attributable to the practitioner. The provisions of § 11.108(e) would continue the provisions of current § 10.64(b), but go further by providing that a practitioner may also pay certain expenses of a client that are not patent prosecution or litigation expenses. Thus, under § 11.108(e), a practitioner may pay medical or living expenses of

a client to the extent necessary to permit the client to continue patent or trademark prosecution, or litigation. The payment of these additional expenses is limited to those strictly necessary to sustain the client during patent prosecution or the litigation, such as medical expenses and minimum living expenses. Permitting such payments would bring the proposed rules in conformity with the Rules of Professional Conduct adopted for many state bars. The purpose of permitting such payments is to avoid situations in which a client is compelled by exigent financial circumstances to continue patent prosecution, or settle a claim on unfavorable terms in order to receive the immediate proceeds of settlement. This provision does not permit practitioners to ''bid'' for clients by offering financial payments beyond those minimum payments necessary to sustain the client until the patent prosecution or litigation is completed. Regardless of the types of payments involved, assuming such payments are proper under § 11.108(e), client reimbursement of the practitioner is not required. However, no practitioner is required to pay litigation or other patent costs to a client. Section 11.108 would merely permit such payments to be made without requiring reimbursement by the client.

Paragraph (e)(3) of § 11.108 would continue the present practice of permitting a practitioner to advance any fee required to prevent or remedy an abandonment of a client's application by reason of an act or omission attributable to the practitioner and not to the client, whether or not the client is ultimately liable.

Paragraph (f) of § 11.108—Person Paying for Practitioner's Services. Section 11.108(f) would require full disclosure and client consent before the practitioner's services can be paid for by a third party. Such an arrangement would also have to conform to the requirements of § 11.106 concerning confidentiality and § 11.107 concerning conflict of interest and risks. Where the client is a class, consent may be obtained on behalf of the class by court-supervised procedure. The disclosure and consent must be in writing.

The only interest of some of third parties that offer a practitioner's legal service may be a financial one: closing the sale of a legal service, such as a living trust or patent application, to the individual. Such a party, *e.g.,* an invention promoter, facilitates the practitioner's access to such individuals. The practitioner may depend upon the promoter for employment, and even compensation in these circumstances. In such situations, the promoter can control the engagement of the practitioner. Potential conflicts may arise where the practitioner permits the third party, with whom the practitioner has a business or financial relationship, to perform the essential planning tasks, including fact-finding without supervision. The practitioner should be exercising independent professional judgment.

In order to create an appropriate patent application, relevant information must be ascertained from the inventor. The practitioner must, with the inventor's input, determine the proper type of patent application to prepare, the facts to be included, and the scope of protection to be sought. The practitioner must counsel an inventor regarding all of the options that are appropriate and the pros and cons of each option. After such counseling, the participant (*e.g.,* an inventor) must decide if a patent application, or some other arrangement should be the cornerstone of the intellectual property plan. If a practitioner permits an invention promoter to assume this function, the practitioner allows a third party to interfere with the practitioner's independence of professional judgment. *See* § 11.107(b). *Accord,* Formal Opinion No. 1997–148, Standing Committee on Professional Responsibility and Conduct (California).

Accordingly, in matters involving an invention promoter paying the practitioner, proposed paragraph (f) would require practitioners to fully disclose all involved conflicts of interest and risks. The duty of full disclosure includes informing the inventor of reasonably foreseeable adverse consequences if the inventor advances or has advanced legal fees or expenses to the promoter. Thus, the practitioner would have to inform the client of the full extent to which the advanced funds are or would be at risk of being lost by being placed with the promoter, as opposed to being delivered directly to the practitioner. The risks could include, but are not limited to, the loss of the funds if the promoter ceases doing business, declares bankruptcy, or is otherwise unable to obtain a refund of unearned advanced legal fees. In contrast, the client could obtain the refund if the funds are delivered to the practitioner. For example, if delivered to the practitioner, the advanced legal fees should be deposited in the practitioner's escrow account. *See* § 11.115. Unearned funds would be refundable to the client, even if the practitioner ceases to continue practicing, and may not be subject to bankruptcy. Another risk in the event the promoter ceases to do business, or declares bankruptcy is the possibility that the practitioner will refuse to provide legal services for the client unless the client again provides funds to pay for legal services for which the client previously paid.

Paragraph (f)(1)(ii) of § 11.108 would provide if the client is an inventor who advances legal fees and costs to an invention promoter, and the promoter compensates the practitioner, the practitioner has a duty to disclose to the client all conflicting interests and risks in writing.

Paragraph (2) of § 11.108(f) would require a practitioner to avoid interference with his or her independence of professional judgment if a third party is paying for the practitioner's services. Thus, a practitioner must avoid relying on a contract or other agreement between a client/inventor and an invention promoter as limiting his or her professional services rendered to a particular number of applications, *e.g.,* a provisional application, or to a particular type of invention for which an application will be filed, *e.g.,* a design patent application.

An invention promoter can interfere with the attorney-client or agent-client relationship between the practitioner and inventor-client in several ways. First, the promoter can interfere with the attorney-client or agent-client relationship between the practitioner and inventor. For example, this can occur if the promoter determines the legal protection that the practitioner will seek for the inventor. These situations obtain where a promoter enters into a contract with its patron, the inventor, using its standard contract form to provide only design patent protection, or only utility patent protection. If the practitioner permits the promoter's contract to control the extent to which legal services are provided for the fee paid by the inventor, the practitioner permits the promoter to direct or regulate the practitioner's professional judgment.

The invention promoter also may interfere with the relationship by collecting the legal fees to be paid for the practitioner's legal services. For example, if the promoter deposits the funds in its own bank account, and does not pay the practitioner, the promoter interferes with the relationship to the extent the practitioner refuses to provide legal services unless or until paid. A practitioner may be willing to continue representation only if the inventor-client again pays for the legal services, but only if legal fees are now paid directly to the practitioner. Inasmuch as the practitioner undertook

to represent the client under the circumstances where the company collects the legal fees, it is believed that the practitioner should provide the legal services, and pursue his or her legal recourse against the company for recovery of the fees.

Similarly, invention promoters may interfere with the relationship if they go out of business. Practitioners employed by such promoters may leave the inventor-client's files behind the promoter's closed doors, and abandon the inventors to their own resources. Section 11.108(f)(2) would require a practitioner to avoid interference with his or her independence of professional judgment if third party payment for a practitioner's services is to be permitted.

Sections 11.108(f)(2) and 11.504(c) would proscribe a practitioner from permitting an invention promoter to direct or regulate the practitioner's professional judgment in rendering legal services.

Family Relationships Between Practitioners. Paragraph (i) of § 11.108 would apply to related practitioners who are in different firms. Related practitioners in the same firm would be governed by §§ 11.107, 11.109, and 11.110. Pursuant to the provisions of § 11.110, the disqualification stated in paragraph (i) is personal and is not imputed to members of firms with whom the practitioners are associated. Since each of the related practitioners is subject to § 11.110(i), the effect is to require the consent of all materially affected clients.

Practitioner's Liens. Paragraph (j) of § 11.108 would be substantially the same as the provisions of current § 10.64(a). The substantive law of each state and territory differs regarding whether practitioners are permitted to assert and enforce liens against the property of clients. In the District of Columbia, an attorney's lien is permitted. *See, e.g., Redevelopment Land Agency* v. *Dowdey,* 618 A.2d 153, 159–60 (D.C. 1992), and cases cited therein. *See also Beardsley* v. *Cockerell,* 240 F.Supp 845 (D.D.C. 1965) (attorney retaining lien applied to legal patent work, legal non-patent work, and other property for payment for services). Whether a practitioner may legally have a lien on money or property belonging to a client is generally a matter of substantive law. Exceptions to which the common law might otherwise permit are made with respect to contingent fees and retaining liens. *See,* respectively, § 11.105(c) and § 11.108(i). Exceptions regarding retention of papers relating to a client are addressed in § 11.116(d).

Paragraph (d) of § 11.116 would require a practitioner to surrender papers and property to which the client is entitled when representation of the client terminates. Section 11.108(j) would state a narrow exception to § 11.116(d): a practitioner may retain anything the law permits—including property—except for files. As to files, a practitioner may retain only the practitioner's own work product, and then only if the client has not paid for the work. However, if the client has paid for the work product, the client is entitled to receive it, even if the client has not previously seen or received a copy of the work product. Furthermore, the practitioner may not retain the work product for which the client has not paid, if the client has become unable to pay or if withholding the work product might irreparably harm the client's interest.

Under paragraph (d) of § 11.116, for example, it would require a practitioner to return all papers received from a client, such as birth certificates, invention disclosures, or invention prototypes. Section 11.116(d) would prohibit retention of such papers to secure payment of any fee due. Only the practitioner's own work product—results of factual investigations, legal research and analysis, and similar materials generated by the practitioner's own effort—could be retained (the term ''work product'' as used herein is limited to materials falling within the ''work product doctrine,'' but includes any material generated by the practitioner that would be protected under that doctrine whether or not created in connection with pending or anticipated litigation). Office actions would not be considered work product. A practitioner could not, however, withhold all work product merely because a portion of the practitioner's fees had not been paid. *See* § 11.116(d).

There are situations in which withholding work product would not be permissible because of irreparable harm to the client. The possibility of involuntary incarceration or criminal conviction constitutes one category of irreparable harm. *See* Formal Opinion 1690, Legal Ethics Committee of the Virginia State Bar (1997). The realistic possibility that a client might irretrievably lose a significant right, *e.g.*, patent rights, or become subject to a significant liability because of the withholding of the work product constitutes another category of irreparable harm. On the other hand, the mere fact that the client who can afford to might have to pay another practitioner to replicate the work product does not, standing alone, constitute irreparable harm. These examples are merely indicative of the meaning of the term ''irreparable harm,'' and are not exhaustive.

Taking an interest in a client's patent. Paragraph (j)(3) of § 11.108 would be substantially the same as the provisions of current § 10.64(a)(3), in permitting a practitioner to take an interest in a patent or in the proceeds from a patent as part of his or her fee. However, consistent with § 11.105(a), the fee obtained by the interest may not exceed an amount that is reasonable. The paragraph adds information that a practitioner who is or has been an officer or employee of the Office has an additional legal issue to consider. The latter practitioner is ineligible during the period of the practitioner's appointment and for one year thereafter from acquiring, directly or indirectly, except by inheritance or bequest, any right or interest in any patent, issued or to be issued by the Office. *See* 35 U.S.C. 4. In the year following separation from the Office, a practitioner who has been an officer or employee of the Office may acquire an interest in a client's patent only at such time and insofar as is permitted by § 4.

Paragraph (k) of 11.108 would address situations wherein a practitioner acquires access to inventor-clients through an invention promoter. A promoter's interests may be served merely if the inventor accepts a marketing plan. The plan often includes protection of the inventor-client's invention with a patent. However, the best interests of the inventor may mean that no patent is necessary, or both utility and design patents should be considered an integral part of the plan. The practitioner's duty to the participant includes educating the inventor as to the available options and not simply following the sole patent plan format offered by the promoter which all must use. The practitioner in these situations is attempting to serve two masters, the inventor and the invention promoter.

A lawyer-client or agent-client relationship can exist between the practitioner and the inventor at least when representation before the Office occurs. A business and professional relationship can exist between the practitioner and the invention promoter whereby the practitioner acquires inventor-clients through the promoter. The practitioner and the promoter have a business and financial relationship because the practitioner obtains employment or compensation through the promoter.

Paragraph (k) of § 11.108 would address situations in which a

practitioner's relationship with another party could interfere with a practitioner's loyalty and independent professional judgment on an inventor-client's behalf. The practitioner's relationship with the invention promoter here creates the possibility of a conflict of interest that warrants disclosure under the rule. The inventor-client and the promoter may have differing interests in the engagement. The best interests of the inventor may mean that a patent should not be an integral part of the marketing plan. The best interest of the promoter, however, is most often served only if the inventor's plan includes a patent. The practitioner's duty to the inventor-client includes educating the inventor as to the available options to protect the invention, including patent rights, and not simply presenting one patent format offered by the promoter which all must use. The practitioner's duty of loyalty flows from his other client.

Here, the practitioner's judgment may be influenced by the practitioner's relationship with the promoter, who is a ''party'' as the facilitator of the transaction, or perhaps as a partial assignee of the invention. This relationship would trigger § 11.108(k)(1). Additionally, the promoter profits from the sale of the marketing plan, and receives the opportunity to market other products or services to the inventor and this would trigger § 11.108(k)(2). Accordingly, under either paragraph (1) or (2) of § 11.108(k), the practitioner would be barred from representing the inventor unless the practitioner makes the required full written disclosure and receives the consent of the inventor. Section 11.1(n) defines ''full disclosure'' as a ''clear explanation of the differing interests involved in a transaction, * * * and detailed explanation of the risks and disadvantages to the client entailed in any agreement or arrangement, including not only any financial loses that will or may foreseeably occur to the client, but also any liabilities that will or may foreseeably accrue to the client.''

In this situation, a practitioner has a duty to inform the inventor-client in writing of the full extent of the practitioner's and client's differing interests. For example, the duty would require full disclosure of the practitioner's business and financial relationship with the promoter, and the differing interests of the practitioner, the promoter, and inventor in the transaction. The practitioner's duty of ''full disclosure'' includes informing the inventor-client of reasonably foreseeable adverse consequences and includes informing the inventor in writing about how these relationships could cause the practitioner to favor the interests of the promoter and influence the practitioner's advice to the client. *See* Opinion No. 1997–148, Standing Committee on Professional Responsibility and Conduct (California).

Section 11.109. After termination of a client-practitioner relationship, a practitioner may not represent another client except in conformity with proposed § 11.109. The principles in § 11.107 would determine whether the interests of the present and former client are adverse. Thus, a practitioner could not properly seek to rescind on behalf of a new client a contract drafted on behalf of the former client. So also a practitioner who prosecutes a patent application for joint inventors, and has an attorney-client relationship with each joint inventor could not properly represent one joint inventor in breach of contract suit against the other joint inventor while the patent application was pending where each joint inventor agreed to pay half of the legal fees, and the practitioner is aware that each applicant would benefit directly from successful prosecution of the application. *See Henry Filters, Inc.* v. *Peabody Barnes, Inc.,* 611 N.E.2d 873 (Ohio 1992).

The scope of a ''matter'' for purposes of § 11.109 may depend on the facts of a particular situation or transaction. The practitioner's involvement in a matter can also be a question of degree. For example, a practitioner previously and currently served as local counsel in several patent applications for a Czechoslovakian agency that acted as an inventor's foreign attorney in prosecution of U.S. patent applications and that serves as Czechoslovakian representative for all Czechoslovakian patent applicants. The practitioner represented a client from Japan in an interference with another client of the Czechoslovakian agency. The practitioner was found not to be disqualified from representing a client adverse to the Czechoslovakian agency's other client. No evidence was adduced showing that the practitioner represented the agency's other client, or that the subject matter in the patents of the agency's client or any other Czechoslovakian application handled by the practitioner was substantially related to the subject matter of the practitioner's client. *See Strojirenstvi* v. *Toyada,* 2 USPQ2d 1222 (Comm'r Pat. 1986). In another example, attorneys in a firm representing an accused patent infringer, as well as the firm, were disqualified where one of the firm's partners worked directly for the patent owner in a substantially related case, and the other firm partner, designated as the lead counsel for the accused infringer, was an associate in the firm that represented the patent owner in the prior related case. The two suits involved the same adversaries. In both suits, the accused infringer filed antitrust counterclaims alleging the same improper marketing practices. Both suits involve the same technology, and were found to be ''substantially related'' actions. *See W.L. Gore & Associates, Inc.* v. *International Medical Prosthetics Research Associates, Inc.,* 223 USPQ 884 (Fed. Cir. 1984). When a practitioner has been directly involved in a specific transaction, subsequent representation of other clients with materially adverse interests clearly is prohibited. On the other hand, a practitioner who recurrently handled a type of problem for a former client is not precluded from later representing another client in a wholly distinct problem of that type even though the subsequent representation involves a position adverse to the prior client. Similar considerations can apply to the reassignment of Government practitioners between defense and prosecution functions. The underlying question is whether the practitioner was so involved in the matter that the subsequent representation can be justly regarded as a changing of sides in the matter in question. Section 11.109 is intended to incorporate Federal case law defining the ''substantial relationship'' test. *See, e.g., T.C. Theatre Corp.* v. *Warner Brothers Pictures,* 113 F.Supp. 265 (S.D.N.Y. 1953), and its progeny; *see also Conflicts of Interest in the Legal Profession,* 94 Harv. L. Rev.1244, 1315–34 (1981).

Disqualification from subsequent representation is for the protection of clients and can be waived by them. A waiver is effective only if there is full disclosure of the circumstances, including the practitioner's intended role in behalf of the new client. The question of whether a practitioner is personally disqualified from representation in any matter on account of successive Government and private employment would be governed by proposed § 11.111 rather than by § 11.109.

With regard to an opposing party's raising a question of conflict of interest, see the comment to § 11.107. With regard to disqualification of a firm with which a practitioner is associated, see §§ 11.110 and 11.111.

Practitioners moving between firms. When practitioners have been associated within a firm but then end their association, the question of

whether a practitioner should undertake representation is more complicated. There are several competing considerations. The client previously represented by the former firm must be reasonably assured that the principle of loyalty to the client is not compromised. The rule should not be so broadly cast as to preclude other persons from having reasonable choice of legal counsel. The rule also should not unreasonably hamper practitioners from forming new associations and taking on new clients after having left a previous association. In this connection, it should be recognized that today many practitioners practice in firms, that many practitioners to some degree limit their practice to one field or another, and that many move from one association to another several times in their careers. If the concept of imputation were applied with unqualified rigor, the result would be radical curtailment of the opportunity of practitioners to move from one practice setting to another and of the opportunity of clients to change counsel.

Reconciliation of these competing principles in the past has been attempted under two rubrics. One approach has been to seek *per se* rules of disqualification. For example, it has been held that a partner in a law firm is conclusively presumed to have access to all confidences concerning all clients of the firm. Under this analysis, if a practitioner has been a partner in one law firm and then becomes a partner in another law firm, there may be a presumption that all confidences known by the partner in the first firm are known to all partners in the second firm. This presumption might properly be applied in some circumstances, especially where the client has been extensively represented, but may be unrealistic where the client was represented only for limited purposes. Furthermore, such a rigid rule exaggerates the difference between a partner and an associate in modern law firms.

The other rubric formerly used for dealing with disqualification is the appearance of impropriety proscribed in Canon 9 of the ABA Model Code of Professional Responsibility. This rubric has a two-fold problem. First, the appearance of impropriety can be taken to include any new client-lawyer or agent-client relationship that might make a former client feel anxious. If that meaning were adopted, disqualification would become little more than a question of subjective judgment by the former client. Second, since ''impropriety'' is undefined, the term ''appearance of impropriety'' is question-begging. It therefore has to be recognized that the problem of disqualification cannot be properly resolved either by simple analogy to a practitioner practicing alone or by the very general concept of appearance of impropriety.

The standard that would be followed by the Office is addressed in the following paragraphs styled Confidentiality and Adverse positions.

Confidentiality. Preserving confidentiality is a question of access to information. Access to information, in turn, is essentially a question of fact in particular circumstances, aided by inferences, deductions or working presumptions that reasonably may be made about the way in which practitioners work together. A practitioner may have general access to files of all clients of a law firm and may regularly participate in discussions of their affairs; it should be inferred that such a practitioner in fact is privy to all information about all the firm's clients. In contrast, another practitioner may have access to the files of only a limited number of clients and participate in discussions of the affairs of no other clients; in the absence of information to the contrary, it should be inferred that such a practitioner in fact is privy to information about the clients actually served but not confidences of other clients.

Paragraph (b) of § 11.109. Application of paragraph (b) of § 11.109 would depend on a situation's particular facts. In such an inquiry the burden of proof should rest upon the firm whose disqualification is sought.

Paragraph (b) of § 11.109 would operate to disqualify the practitioner only when the practitioner involved has actual knowledge of information protected by §§ 11.106 and 11.109(b). Thus, if a practitioner while with one firm acquired no confidential knowledge or information relating to a particular client of the firm, and that practitioner later joined another firm, neither the practitioner individually nor the second firm is disqualified from representing another client in the same or a related matter even though the interests of the two clients conflict. *See* § 11.110(b) for the restrictions on a firm once a practitioner has terminated association with the firm.

Independent of the question of disqualification of a firm, a practitioner changing professional association has a continuing duty to preserve confidentiality of information about a client formerly represented. *See* §§ 11.106 and 11.109.

Adverse positions. The second aspect of loyalty to a client is the practitioner's obligation to decline subsequent representations involving positions adverse to a former client arising in substantially related matters. This obligation requires abstention from adverse representation by the individual practitioner involved, but does not properly entail abstention of other practitioners through imputed disqualification. Hence, this aspect of the problem is governed by § 11.109(a). Thus, if a practitioner left one firm for another, the new affiliation would not preclude the firms involved from continuing to represent clients with adverse interests in the same or related matters, so long as the conditions of paragraphs (b) and (c) concerning confidentiality have been met.

Confidential information acquired by the practitioner in the course of representing a client may not subsequently be used or revealed by the practitioner to the disadvantage of the client. However, the fact that a practitioner has once served a client does not preclude the practitioner from using generally known information about that client when later representing another client.

Disqualification from subsequent representation is for the protection of former clients and can be waived by them. A waiver is effective only if there is full disclosure of the circumstances, including the practitioner's intended role in behalf of the new client.

With regard to an opposing party's raising a question of conflict of interest, see comment to § 11.107. With regard to disqualification of a firm with which a practitioner is or was formerly associated, *see* § 11.110.

Section 11.110 would provide a general rule for disqualification. For purposes of the USPTO Rules of Professional Conduct, the term ''firm'' includes practitioners in a private firm, and practitioners employed in the legal department of a corporation or other organization, or in a legal services organization, but does not include a Government agency or other Government entity. Whether two or more practitioners constitute a firm within this definition can depend on the specific facts. For example, two practitioners who share office space and occasionally consult or assist each other ordinarily would not be regarded as constituting a firm. However, if they present themselves to the public in a way suggesting that they are a firm or conduct themselves as a firm, they should be regarded as a firm for purposes of the Rules. The terms of any formal agreement between associated practitioners are relevant in determining whether they are a firm, as is the fact

that they have mutual access to confidential information concerning the clients they serve. Furthermore, it is relevant in doubtful cases to consider the underlying purpose of the Rule that is involved. A group of practitioners could be regarded as a firm for purposes of the Rule that the same practitioner should not represent opposing parties in litigation, while it might not be so regarded for purposes of the Rule that information acquired by one practitioner is attributed to another.

With respect to the law department of an organization, there ordinarily would be no question that the members of the department constitute a firm within the meaning of the Rules of Professional Conduct. However, there can be uncertainty as to the identity of the client. For example, it may not be clear whether the law department of a corporation represents a subsidiary or an affiliated corporation, as well as the corporation by which the members of the department are directly employed. A similar question can arise concerning an unincorporated association and its local affiliates.

Similar questions can also arise with respect to practitioners in legal aid organizations. Practitioners employed in the same unit of a legal service organization constitute a firm, but not necessarily those employed in separate units. As in the case of independent practitioners, whether the practitioners should be treated as associated with each other can depend on the particular Rule that is involved, and on the specific facts of the situation.

Where a practitioner has joined a private firm after having represented the Government, the situation would be governed by § 11.111. The individual practitioner involved is bound by these rules generally, including §§ 11.106, 11.107, and 11.109.

Different provisions are thus made for movement of a practitioner from one private firm to another and for movement of a practitioner from the Government to a private firm. The Government is entitled to protection of its client confidences, and therefore to the protections provided in §§ 11.106 and 11.111. However, if the more extensive disqualification in § 11.110 were applied to former Government practitioners, *e.g.,* patent examiners, the potential effect on the Government would be unduly burdensome. The Government deals with all private citizens and organizations, and thus has a much wider circle of adverse legal interests than does any private law firm. In these circumstances, the Government's recruitment of practitioners would be seriously impaired if § 11.110 were applied to the Government. On balance, therefore, the Government, including the USPTO, is better served in the long run by the protections stated in § 11.111.

Paragraph (a) of § 11.110 would address principles of imputed disqualification. The rule of imputed disqualification stated in § 11.110(a) gives effect to the principle of loyalty to the client as it applies to practitioners who practice in a law firm. Such situations can be considered from the premise that a firm of practitioners is essentially one practitioner for purposes of the rules governing loyalty to the client, or from the premise that each practitioner is vicariously bound by the obligation of loyalty owed by each practitioner with whom the practitioner is associated. Section 11.110(a) would govern only among the practitioners currently associated in a firm. When a practitioner moves from one firm to another, the situation would be governed by §§ 11.109 and 11.110(b).

Paragraph (b) of § 11.110 would operate to permit a law firm, under certain circumstances, to represent a person with interests directly adverse to those of a client represented by a practitioner who formerly was associated with the firm. This section would apply regardless of when the formerly associated practitioner represented the client. However, the law firm may not represent a person with interests adverse to those of a present client of the firm, which would violate § 11.107. Moreover, the firm may not represent the person where the matter is the same or substantially related to that in which the formerly associated practitioner represented the client and any other practitioner currently in the firm has material information protected by §§ 11.106 and 11.109(c).

Section 11.111 would address practitioners who leave public office, such as resigning or retiring from the USPTO as a patent examiner, and enter other employment, *e.g.,* becoming a patent searcher, or registered practitioner. It applies to judges and their law clerks as well as to practitioners who have acted in other public capacities. It is a counterpart of § 11.110(b), which applies to practitioners moving from one firm to another.

This section would prohibit a practitioner from exploiting his or her former association with a public office for the advantage of a private client. It is a counterpart of § 11.110(b), which applies to practitioners moving from one firm to another.

A practitioner representing a Government agency or section within the agency, whether employed or specially retained by the Government, is subject to the Rules of Professional Conduct, including the prohibition against representing adverse interests stated in § 11.107 and the protections afforded former clients in § 11.109. In addition, such a practitioner is subject to this § 11.111 and to statutes and Government regulations concerning conflict of interest. In the metropolitan Washington, DC area, where there are so many practitioners for the Federal Government agencies, a number of whom are leaving Government and accepting other employment, particular heed must be paid to the Federal conflict-of-interest statutes. *See, e.g.,* 18 U.S.C. Chapter 11 and regulations and opinions thereunder. In applying § 11.111, the Office would continue to follow the principles announced in *AH JU Steel Co., Ltd.* v. *Armco, Inc.,* 680 F.2d 751 (CCPA 1982); *Sierra Vista Hospital, Inc.,* v. *United States,* 639 F.2d 749 (Ct.Cla.1981); *Armstrong* v. *McAlpin,* 625 F.2d 433 (2nd Cir. 1980) (*en banc*) *vacated,* 449 U.S. 1106 (1981); *General Electric Co.* v. *United States,* 215 Ct.Cl. 928 (1977); and *Kesselhaut* v. *United States,* 555 F.2d 791 (Ct.Cl. 1977).

Where the successive employment is a private client and a public agency, the risk exists that power or discretion vested in public authority might be used for the special benefit of a private client. A practitioner should not be in a position where benefit to a private client might affect performance of the lawyer's professional functions on behalf of public authority. Thus, a registered practitioner should not be in a position as a patent examiner to be influenced by any loyalty to a former client. Also, unfair advantage could accrue to the private client by reason of access to confidential Government information about the client's adversary obtainable only through the practitioner's Government service. However, the rules governing practitioners presently or formerly employed by a Government agency should not be so restrictive as to inhibit transfer of employment to and from the Government. The Government has a legitimate need to attract qualified practitioners as well as to maintain high ethical standards. The provisions for screening and waiver are necessary to prevent the disqualification rule from imposing too severe a deterrent against entering public service.

When the client is an agency of one Government, that agency should be treated as a private client for purposes of this section if the practitioner thereafter represents an agency of another Government, as when a lawyer

represents a city and subsequently is employed by a Federal agency.

Paragraph (a) of § 11.111, like current § 10.111(b), flatly forbids a practitioner to accept other employment in a matter in which the practitioner participated personally and substantially as a public officer or employee; participation specifically includes acting on a matter in a judicial capacity. There is no provision for waiver of the individual practitioner's disqualification. The USPTO has disciplined a practitioner for accepting private employment in a matter in which he had personal responsibility while a public employee. *See Friedman* v. *Lehman,* 40 USPQ2d 1206 (D.D.C. 1996) (reprimanding attorney who, as an examiner signed a restriction requirement in a patent application, and in retirement gave expert testimony by deposition about the patent that issued on a continuation application of application wherein he signed the restriction requirement).

''Matter'' is defined in § 11.1(w) so as to encompass only matters that are particular to a specific party or parties. The making of rules of general applicability and the establishment of general policy will ordinarily not be a ''matter'' within the meaning of § 11.111. When a practitioner is forbidden by paragraph (a) to accept private employment in a matter, the partners and associates of that practitioner are likewise forbidden, by paragraph (b), to accept the employment unless the screening and disclosure procedures described in paragraphs (c) through (f) are followed.

Section 11.111 forbids practitioners to accept other employment in connection with matters that are the same as or ''substantially related'' to matters in which they participated personally and substantially while serving as public officers or employees. The leading case defining ''substantially related'' matters in the context of former Government employment is *Brown* v. *District of Columbia Board of Zoning Adjustment,* 486 A.2d 37 (D.C. 1984) (*en banc*). There the D.C. Court of Appeals, en banc, held that in the ''revolving door'' context, a showing that a reasonable person could infer that, through participation in one matter as a public officer or employee, the former Government practitioner ''may have had access to information legally relevant to, or otherwise useful in'' a subsequent representation, is *prima facie* evidence that the two matters are substantially related. If this prima facie showing is made, the former Government practitioner must disprove any ethical impropriety by showing that the practitioner ''could not have gained access to information during the first representation that might be useful in the later representation.'' *Id.* at 49–50. In *Brown,* the Court of Appeals announced the ''substantially related'' test after concluding that, under former DR 9–101(B), *see* ''Revolving Door,'' 445 A.2d 615 (D.C. 1982) (*en banc*) (*per* curiam), the term ''matter'' was intended to embrace all matters ''substantially related'' to one another—a test that originated in ''side-switching'' litigation between private parties. *See* § 11.109; *Brown,* 486 A.2d at 39–40 n.1, 41–42 & n.4. Accordingly, the words ''or substantially related to'' in paragraph (a) are an express statement of the judicial gloss in *Brown* interpreting ''matter.''

Paragraph (a)'s absolute disqualification of a practitioner from matters in which the practitioner participated personally and substantially carries forward a policy of avoiding both actual impropriety and the appearance of impropriety that is expressed in the Federal conflict-of-interest statutes and was expressed in the former Code of Professional Responsibility.

Paragraph (c) requires the screening of a disqualified practitioner from such a matter as a condition to allowing any practitioners in the disqualified practitioner's firm to participate in it. This procedure is permitted in order to avoid imposing a serious deterrent to practitioners' entering public service. Governments have found that they benefit from having in their service younger persons who do not intend to devote their entire careers to public service, as well as more experienced practitioners. Some practitioners might not enter into short-term public service if they thought that, as a result of their active governmental practice, a firm would hesitate to hire them because of a concern that the entire firm would be disqualified from matters as a result.

There is no imputed disqualification and consequently no screening requirement in the case of a judicial law clerk. But such clerks are subject to a personal obligation not to participate in matters falling within paragraph (a) of § 11.111, since participation by a law clerk is within the term ''judicial or other adjudicative capacity.''

''Other employment,'' as used in paragraph (a) of § 11.111, would include the representation of a governmental body other than an agency of the Government by which the practitioner was employed as a public officer or employee. In the case of a move from one Government agency to another, however, the prohibition provided in paragraph (a) might be waived by the Government agency with which the practitioner was previously employed. As used in paragraph (a), it would not be ''other employment'' for a practitioner who has left the employment of a particular Government agency and taken employment with another Government agency (*e.g.,* the Department of Justice) or with a private law firm to continue or accept representation of the same Government agency with which the practitioner was previously employed.

Paragraph (c) of § 11.111 would permit a practitioner to receive a salary or partnership share established by prior independent agreement, while prohibiting the attorney's compensation from being directly related in any way to the fee in the matter in which the practitioner is disqualified.

Section 11.112 would extend the basic requirements of § 11.111(a) to privately employed arbitrators. Section 11.112(a) is substantially similar to § 11.111(a), except that it allows an arbitrator to represent someone in connection with a matter with which the practitioner was substantially involved while serving as an arbitrator if the parties to the arbitration consent. Section 11.112(b) makes it clear that the prohibition set forth in § 11.112(a) does not apply to partisan arbitrators serving on a multimember arbitration panel.

Section 11.113 would address situations where the client is an entity, as opposed to a person. An organizational client is a legal entity, which cannot act except through its officers, directors, employees, shareholders, and other constituents. The duties defined herein apply equally to corporations and unincorporated associations. ''Other constituents'' as used herein means the positions equivalent to officers, directors, employees, and shareholders held by persons acting for organizational clients that are not corporations. Customers of an organizational client are not constituents.

When one of the constituents of an organizational client communicates with the organization's practitioner in that person's organizational capacity, the communication is protected by § 11.106. Thus, by way of example, if an organizational client requests its attorney to investigate allegations of wrongdoing, interviews made in the course of that investigation between the attorney and the client's employees or other constituents are covered by § 11.106. This does not mean, however, that constituents of an organizational client are the clients of the practitioner. The practitioner may not disclose to such constituents information relating to the representation except for

disclosures explicitly or impliedly authorized by the organizational client in order to carry out the representation or as otherwise permitted by § 11.106.

When constituents of the organization make decisions for it, the practitioner ordinarily must accept the decisions even if their utility or prudence is doubtful. The organization's constituents make decisions concerning policy and operations, including ones entailing serious risk. However, different considerations arise when the practitioner knows that the organization may be substantially injured by tortuous or illegal conduct by a constituent member of an organization that reasonably might be imputed to the organization or that might result in substantial injury to the organization. In such a circumstance, it may be reasonably necessary for the practitioner to ask the constituent to reconsider the matter. If that fails, or if the matter is of sufficient seriousness and importance to the organization, it may be reasonably necessary for the practitioner to take steps to have the matter reviewed by a higher authority in the organization. Clear justification should exist for seeking review over the head of the constituent normally responsible for it. The stated policy of the organization may define circumstances and prescribe channels for such review, and a practitioner should encourage the formulation of such a policy. Even in the absence of organization policy, however, the practitioner may have an obligation to refer a matter to a higher authority, depending on the seriousness of the matter and whether the constituent in question has apparent motives to act at variance with the organization's interest. Review by the chief executive officer or by the board of directors may be required when the matter is of importance commensurate with their authority. At some point it may be useful or essential to obtain an independent legal opinion.

In an extreme case, it may be reasonably necessary for the practitioner to refer the matter to the organization's highest authority. Ordinarily, that is the board of directors or similar governing body. However, applicable law may prescribe that under certain conditions highest authority reposes elsewhere; for example, in the independent directors of a corporation.

Relation to Other Rules. Section 11.113 would not limit or expand the practitioner's responsibility under §§ 11.106, 11.108, 11.116, 11.303, and 11.401. If the practitioner's services are being used by an organization to further a crime or fraud by the organization, § 11.102(d) can be applicable.

Government Agency. Because the Government agency that employs the Government practitioner is the practitioner's client, the practitioner represents the agency or section within the agency acting through its duly authorized constituents. Any application of proposed § 11.113 to Government practitioners must, however, take into account the differences between Government agencies and other organizations. For example, statutes and regulation may define duties of lawyers employed by the Government or lawyers in military service. Therefore, defining precisely the identity of the client and prescribing the resulting obligations of such lawyers may be more difficult in the Government context. Although in some circumstances the client may be a specific agency, it is generally the Government as a whole. For example, if the action or failure to act involves the head of a bureau, either the department of which the bureau is a part or the Government as a whole may be the client for the purpose of this Rule. Moreover, in a matter involving the conduct of Government officials, a Government lawyer may have authority to question such conduct more extensively than that of a lawyer for a private organization in similar circumstances. This Rule does not limit that authority.

Clarifying the Practitioner's Role. There are times when the organization's interest may differ from those of one or more of its constituents. This can occur, for example, where a constituent believes, incorrectly, that a practitioner is representing the constituent's interests, whereas the practitioner represents the interests of the organization. In such circumstances the practitioner should advise any constituent whose interest the practitioner finds differs from that of the organization, of the conflict or potential conflict of interest, that the practitioner's representation is limited to the client cannot permit the practitioner to represent such constituent, and that the constituent may wish to obtain independent representation. Care must be taken to assure that the individual understands that, when there is such divergent interest, the practitioner for the organization cannot provide legal representation for that constituent individual, and that discussions between the practitioner for the organization and the individual may not be privileged.

Whether the practitioner for the organization prudently should give such a warning to any constituent individual will turn on the facts of each case.

Dual Representation. Paragraph (c) of § 11.113 recognizes that a practitioner for an organization may also represent a principal officer or major shareholder.

Derivative Actions. Under generally prevailing law, the shareholders or members of a corporation may bring suit to compel the directors to perform their legal obligations in the supervision of the organization. Members of unincorporated associations have essentially the same right. Such an action may be brought nominally by the organization, but usually is, in fact, a legal controversy over management of the organization.

The question can arise whether counsel for the organization may defend such an action. The proposition that the organization is the practitioner's client does not alone resolve the issue. Most derivative actions are a normal incident of an organization's affairs, to be defended by the organization's practitioner like any other suit. However, if the claim involves serious charges of wrongdoing by those in control of the organization, a conflict may arise between the practitioner's duty to the organization and the practitioner's relationship with the board. In those circumstances, § 11.107 governs whether practitioners who normally serve as counsel to the corporation can properly represent both the directors and the organization.

Section 11.114 would introduce rules to address circumstances when a client is under a disability. The normal client-practitioner relationship is based on the assumption that the client, when properly advised and assisted, is capable of making decisions about important matters. When the client is a minor or suffers from a mental disorder or disability, however, maintaining the ordinary client-practitioner relationship may not be possible in all respects. In particular, an incapacitated person may have no power to make legally binding decisions. Nevertheless, a client lacking legal competence often has the ability to understand, deliberate upon, and reach conclusions about matters affecting the client's own well-being. Furthermore, to an increasing extent the law recognizes intermediate degrees of competence. For example, the Patent Statute draws no distinction based on age as to entitlement to a patent. Also, children as young as five or six years of age, and certainly those of ten or twelve, have been regarded as having opinions that are entitled to weight in legal proceedings concerning their custody. Conversely, it is recognized that some persons of advanced age can be quite

capable of handling routine financial matters while needing special legal protection concerning major transactions.

The fact that a client suffers a disability does not diminish the practitioner's obligation to treat the client with attention and respect. If the person has no guardian or legal representative, the practitioner may need to act as de facto guardian. Even if the person does have a legal representative, the practitioner should as far as possible accord the represented person the status of client, particularly in maintaining communication.

If a legal representative has already been appointed for the client, the practitioner should ordinarily look to the representative for decisions on behalf of the client. If a legal representative has not been appointed, the practitioner should see to such an appointment where it would serve the client's best interests. Thus, if a disabled client has substantial property that should be sold for the client's benefit, effective completion of the transaction ordinarily requires appointment of a legal representative. In many circumstances, however, appointment of a legal representative may be expensive or traumatic for the client. Evaluation of these considerations is a matter of professional judgment on the practitioner's part.

Disclosure of the Client's Condition. Rules of procedure in litigation generally provide that a guardian or next friend shall represent minors or persons suffering mental disability if they do not have a general guardian. Practitioners occasionally file patent applications for child inventors whose parents act as general guardians. However, disclosure of a client's disability can adversely affect the client's interests. For example, raising the question of disability could, in some circumstances, lead to proceedings for involuntary commitment. The practitioner's position in such cases is an unavoidably difficult one. The practitioner may seek guidance from an appropriate diagnostician.

Section 11.115 would continue the policies regarding the safeguarding of a client's property. A practitioner should hold property of others with the care required of a professional fiduciary. Securities should be kept in a safe deposit box, except when some other form of safekeeping is warranted by special circumstances. All property that is the property of clients or third persons should be kept separate from the practitioner's business and personal property and, if monies, in one or more trust accounts. Separate trust accounts may be warranted when administering estate monies or acting in similar fiduciary capacities.

Paragraph (a) of § 11.115 would be substantially the same as current § 10.112(a). Separation of the funds of a client from those of the practitioner not only serves to protect the client but also avoids even the appearance of impropriety, and therefore commingling of such funds should be avoided.

Paragraph (b) of § 11.115 would address situations wherein a practitioner has an arrangement with an invention promoter to be paid for legal services, and the promoter collects advanced legal fees from a client. In these situations, the practitioner would be responsible for safeguarding the funds advanced by inventor-clients to the promoter. The practitioner's involvement might provide the arrangement between the promoter and inventor-client with a genre of legitimacy and security for the funds. Thus, the arrangement enables the promoter to receive and have the funds for the practitioner's legal services. It would be appropriate for the practitioner to be expected to safeguard the client's funds advanced for the practitioner's legal services. Thus, if the promoter kept the funds advanced by the client and ceases doing business, the practitioner would be responsible for continuing to provide the legal services, even if he or she did not safeguard the advanced funds.

Some invention promoters eventually cease doing business. The Federal Trade Commission acted to freeze the assets of two invention promoters, and a District Court froze the assets. *See Federal Trade Commission* v. *American Inventors Corporation,* 37 USPQ2d 1154, 1995 U.S. Dist. LEXIS 18854 (D.Mass. 1995). The companies ceased doing business, and unsuccessfully sought protection in bankruptcy. *See Federal Trade Commission* v. *American Institute for Research and Development,* 219 B.R. 639, 1998 U.S. Dist. LEXIS 4391 (D.Mass. 1998) (dismissing involuntary bankruptcy proceedings by company to avoid risk of abuse of bankruptcy system and in support of the court's interest in vindicating its remedial orders). The matter remains pending, and what the clients will recover, if anything, is uncertain. Under § 11.115(b), a practitioner would be responsible for safeguarding the funds advanced by the client. For example, a practitioner could arrange to have the promoter return the funds to the client, who might then advance the funds to the practitioner.

Paragraph (c) of § 11.115 would be substantially the same as current § 10.112(b)(2). In a variety of circumstances, practitioners receive funds from third parties from which the practitioner's fee will be paid. If there is risk that the client may divert the funds without paying the fee, the lawyer is not required to remit the portion from which the fee is to be paid. A practitioner is not required to remit the portion from which the fee is to be paid. However, a practitioner may not hold funds to coerce a client into accepting the practitioner's contention. The disputed portion of the funds should be kept in trust and the practitioner should suggest means for prompt resolution of the dispute, such as arbitration. The undisputed portion of the funds shall be promptly distributed.

Third parties, such as a client's creditors, may have just claims against funds or other property in a practitioner's custody. A practitioner may have a duty under applicable law to protect such third-party claims against wrongful interference by the client, and accordingly may refuse to surrender the property to the client. However, a practitioner should not unilaterally assume to arbitrate a dispute between the client and the third party.

The obligations of a practitioner under this section are independent of those arising from activity other than rendering legal services. For example, the applicable law relating to fiduciaries governs a practitioner who serves as an escrow agent even though the practitioner does not render legal services in the transaction.

Paragraph (d) of § 11.115 would be substantially identical to current § 10.112(c).

Paragraph (e) of § 11.115 would require funds, securities or other properties held by a practitioner as a fiduciary to be maintained in separate fiduciary accounts, and the practitioner would not be permitted to commingle the assets of such fiduciary accounts except as provided by state bar ethics rules.

Paragraph (f) of § 11.115 would require a practitioner to maintain books and records that establish compliance with paragraphs (a) and (d) of § 11.115 for a period of five years after termination of the representation. A member of the bar in the District of Columbia is required to maintain records for a five-year period. Further, the five-year period is consistent with the statute of limitation period within which formal action must be taken to discipline a practitioner. *See Johnson* v. *SEC*, 87 F.3d, 484 (D.C.Cir. 1996); *3M Company* v. *Browner*, 17 F.3d 1453 (D.C.Cir. 1994).

Paragraph (g) of § 11.115 would require a minimum accounting procedure that would be applicable to all escrow accounts subject to §§ 11.115(a) and (d).

The records §§ 11.115(f) and (g) would require a practitioner to keep are the same records the practitioner must currently maintain to comply with 37 CFR 10.112(c)(3). Section 10.112(c)(3) requires a practitioner to ''maintain complete records of all funds, securities and other properties of a client coming into the possession of the practitioner.'' Section 10.112(c)(3) is substantially the same as DR 9–102(b)(3) of the Code of Professional Responsibility of the American Bar Association, which was adopted by numerous states. It has been long recognized that compliance with the Code's rule requires maintenance of, *inter alia*, a cash receipts journal, a cash disbursements journal, and a subsidiary ledger, as well as period trial balances, and insufficient fund check reporting. *See Wright* v. *Virginia State Bar*, 357 S.E.2d 518, 519 (Va. 1987); *In re Librizzi*, 569 A.2d 257, 258–259 (N.J. 1990); *In re Heffernan*, 351 N.W.2d 13, 14 (Minn. 1984); *In re A*ustin, 333 N.W.2d 633, 634 (Minn. 1983); and *In re Kennedy*, 442 A.2d 79, 84–85 (Del. 1982). Thus, §§ 11.115(f) and (g) articulate recordkeeping requirements that currently obtain for all practitioners.

With respect to property that constitutes evidence, such as the instruments or proceeds of crime, *see* § 11.304(a).

Paragraph (h) of § 11.115 would provide for accepting, as complying with §§ 11.115(f) and (g), financial records maintained by an attorney that comply with his or her state bar's financial recordkeeping requirements if the attorney is a member in good standing of the bar of the highest court of that state, and the attorney's principal place of business is in that state. For patent agents employed by a law firm, substantial compliance with the USPTO recordkeeping requirements will be met if the law firm in a state employing the agent complies with the financial recordkeeping requirements of that state. Attorneys and patent agents outside United States, all attorneys not maintaining a financial account records in compliance with his or her state bar's recordkeeping requirements, and all other patent agents must comply with USPTO recordkeeping requirements detailed in § 11.115. The USPTO presumes that patent agents employed by law firms do not have control over how records are to be maintained and may not have a choice of what guidelines with which they must comply. Patent agents who are hired as contractors, on the other hand, and self-employed patent agents are presumed to have control and, thus, must comply with the provisions of §§ 11.115(f) and (g).

Section 11.116 would continue the current practice regarding withdrawal. A practitioner should not accept representation in a matter unless it can be performed competently, promptly, without improper conflict of interest, and to completion.

Paragraph (a) of § 11.116 would address mandatory withdrawal. A practitioner ordinarily must decline or withdraw from representation if the client demands that the practitioner engage in conduct that is illegal or violates the Rules of Professional Conduct or other law. The practitioner is not obliged to decline or withdraw simply because the client suggests such a course of conduct; a client may make such a suggestion in the hope that a practitioner will not be constrained by a professional obligation.

Difficulty may be encountered if withdrawal is based on the client's demand that the practitioner engage in unprofessional conduct, or failure to pay agreed-upon fees. The Office or court may wish an explanation for the withdrawal, while the practitioner may be bound to keep confidential the facts that would constitute such an explanation. The practitioner's statement that irreconcilable differences between the practitioner and client require termination of the representation ordinarily should be accepted as sufficient.

Paragraph (a) of § 11.116 would also address discharge of a practitioner. A client has a right to discharge a practitioner at any time, with or without cause, subject to liability for payment for the practitioner's services. Where future dispute about the withdrawal may be anticipated, it may be advisable to prepare a written statement reciting the circumstances. Whether an inventor, who is employed by a company and has signed a power of attorney to a practitioner retained by the company, can discharge the practitioner may depend on the facts and applicable law. In the absence of evidence that the company is the assignee of record of the entire interest, and that as assignee, the company has given a power of attorney to the practitioner, the inventor at least technically may revoke the power of attorney. Upon recording an assignment of the entire interest, the company may elect to revoke all previous powers of attorney and appoint the practitioner. 37 CFR 1.36. If an employee-inventor refuses to execute an assignment, and there is an agreement between the employee and employer for assignment of patent rights, the employer may be entitled under state law to specific performance of the agreement. *See In re RCA Corporation*, 209 USPQ 1114 (Comm'r Pat. 1981).

If a client is mentally incompetent, the client may lack the legal capacity to discharge the practitioner. The practitioner should make a special effort to help the client consider the consequences and, in an extreme case, may initiate proceedings for a conservatorship or similar protection of the client. *See* § 11.114.

Paragraph (b) of § 11.116 would address optional withdrawal. A practitioner may withdraw from representation in some circumstances. The practitioner has the option to withdraw if the withdrawal can be accomplished without material adverse effect on the client's interests. Withdrawal is also justified if the client persists in a course of action that the practitioner reasonably believes is criminal or fraudulent, for a practitioner is not required to be associated with such conduct even if the practitioner does not further it. *See* § 11.102(d) and (e). Withdrawal is also permitted if the practitioner's services were misused in the past even if that would materially prejudice the client.

A practitioner may withdraw if the client refuses to abide by the terms of an agreement relating to the representation, such as an agreement concerning the timely payment of the practitioner's fees, court costs or other out-of-pocket expenses of the representation, or an agreement limiting the objectives of the representation.

If the matter is not pending in court or before the Office, a practitioner will not have ''other good cause for withdrawal'' unless the practitioner is acting in good faith and the circumstances are exceptional enough to outweigh the material adverse effect on the interests of the client that withdrawal will cause.

Paragraph (b) of § 11.116 would address assisting the client upon withdrawal. Even if the client has unfairly discharged the practitioner, a practitioner would be required to take all reasonable steps to mitigate the consequences to the client. The practitioner may retain papers as security for a fee only to the extent permitted by § 11.108(i).

Paragraph (c) of § 11.116 would address compliance with requirements of a tribunal, *e.g.*, the Office. This paragraph would reflect that a practitioner may, by appearing before a tribunal, become subject to the

tribunal's power in some circumstances to prevent a withdrawal that would otherwise be proper. Section 11.116(c) would require the practitioner who is ordered to continue a representation before a tribunal to do so. However, § 11.116(c) is not intended to prevent the practitioner from challenging the tribunal's order as beyond its jurisdiction, arbitrary, or otherwise improper while, in the interim, continuing the representation.

Paragraph (d) of § 11.116 would address return of a client's property or money. This paragraph would require a practitioner to make timely return to the client of any property or money ''to which the client is entitled.'' Where a practitioner holds property or money of a client at the termination of a representation and there is a dispute concerning the distribution of such property or money—whether such dispute is between the practitioner and a client, the practitioner and another practitioner who is owed a fee in the matter, or between either the practitioner or the client and a third party—the practitioner would have to segregate the disputed portion of such property or money, hold that property or money in trust as required by § 11.115, and promptly distribute any undisputed property and amounts. *See* § 11.115(c).

Notwithstanding the foregoing, where a practitioner has a valid lien covering undisputed amounts of property or money, the practitioner might continue to hold such property or money to the extent permitted by the substantive law governing the lien asserted. *See* generally §§ 11.108, and 11.115(c).

The ethical mandate ''to protect a client's interests'' is recognized as displacing the common law retaining lien. *See* Formal Opinion 1690, Legal Ethics Committee of the Virginia State Bar (1997). Therefore, the proposed rule would provide an exception regarding retention of any part of a client's patent and trademark application files that had been filed with the Office. For example, this would include application itself, as well as any amendment, or reply filed in the Office. Documents filed in the Office are not within the attorney work product exception. Once the documents are filed with the Office, they no longer constitute work product. *See* Formal Opinion 250, Legal Ethics Committee of the District of Columbia (1994) (Files containing copies of applications filed with the FCC and amendments and correspondence relating to those applications, also filed with the FCC, are not within the work product exception). Also excepted from retention is any patent or trademark application prosecution work product for which a practitioner has been paid. Further excepted is any prosecution-related paper whenever assertion of a retaining lien on the paper would prejudice or imperil the protection of the client's interests. *See* Formal Opinion 1690, Legal Ethics Committee of the Virginia State Bar (1997).

It is recognized that more is required to establish material prejudice with regard to attorney work product than to client-provided papers. In situations wherein a client is represented by a new practitioner, material prejudice does not occur simply because a new practitioner must create work product, such as research, drafting, and memoranda, that are contained in the original practitioner's file. Creating work product may be inconvenient and an expense to the client, but it does not rise to the level of material prejudice to a client's interest in subsequent representation. *Accord*, Formal Opinion 1690, Legal Ethics Committee of the Virginia State Bar (1997).

Section 11.117 would introduce rules regarding the sale of a practice before the Office involving patent matters. The practice of law is a profession, not merely a business. Clients are not commodities that can be purchased and sold at will. Pursuant to § 11.117, when a registered practitioner ceases to practice and another registered practitioner or firm of registered practitioners takes over the representation, the selling practitioner could obtain compensation for the reasonable value of the practice, as could withdrawing partners of law firms. *See* §§ 11.504 and 11.506.

Termination of practice by the seller. The requirement of § 11.117(b) that all of the private practice be sold would be satisfied if the seller in good faith makes the entire practice available for sale to the purchaser. The fact that a number of the seller's clients decide not to be represented by the purchaser but take their matters elsewhere, therefore, does not result in a violation. Neither does a return to private practice as a result of an unanticipated change in circumstances result in a violation. For example, a registered practitioner who has sold the practice to accept an appointment to judicial office would not violate the requirement that the sale be attendant to cessation of practice if the practitioner later resumes private practice upon being defeated in a contested or a retention election for the office.

The requirement that the seller cease to engage in the private practice of law, including practice before the Office in patent matters, does not prohibit employment of a registered patent attorney as a lawyer on the staff of a public agency or a legal services entity which provides legal services to the poor, or as in-house counsel to a business.

Section 11.117 would permit a sale attendant upon retirement from the private practice of law within the jurisdiction. Its provisions, therefore, would accommodate the registered practitioner who sells the practice upon the occasion of moving to another state. Some states are so large that a move from one locale therein to another is tantamount to leaving the jurisdiction in which the practitioner has engaged in the practice of law. To also accommodate registered practitioners so situated, the sale of the practice would be permitted when the registered practitioner leaves the geographic area rather than the entire state.

Single purchaser. Section 11.117 would require a single purchaser. A prohibition against piecemeal sale of a practice protects those clients whose matters are less lucrative and who might find it difficult to secure other counsel if a sale could be limited to substantial fee-generating matters. Inasmuch as the practice being sold involves patent applications pending before the Office, the purchaser would be required to be practitioner(s) which include registered practitioners willing to undertake all client pending patent matters in the practice, subject to client consent. If, however, the purchaser is unable to undertake all client matters because of a conflict of interest in a specific matter respecting which the purchaser is not permitted by § 11.107 or another rule to represent the client, the requirement that there be a single purchaser would be nevertheless satisfied.

Client confidences, consent, and notice. Negotiations between seller and prospective purchaser prior to disclosure of information relating to a specific representation of an identifiable client would no more violate the confidentiality provisions of proposed § 11.106 than do preliminary discussions concerning the possible association of another practitioner or mergers between firms, with respect to which client consent is not required. Providing the purchaser access to client-specific information relating to the representation and to the file, however, requires client consent. Section 11.117 would provide that before such information can be disclosed by the seller to the purchaser, the client must be given actual written notice of the contemplated sale, including the identity of the purchaser and any proposed change in the terms of future

representation, and must be told that the decision to consent or make other arrangements must be made within 90 days. If nothing is heard from the client within that time, consent to the sale is presumed.

A registered practitioner ceasing to practice cannot be required to remain in practice because some clients cannot be given actual notice of the proposed purchase. Since these clients cannot themselves consent to the purchase or direct any other disposition of their files, § 11.117 would permit an order from a court having jurisdiction authorizing their transfer or other disposition. The court can be expected to determine whether reasonable efforts to locate the client have been exhausted, and whether the absent client's legitimate interests will be served by authorizing the transfer of the file so that the purchaser may continue the representation. Preservation of client confidences requires that the petition for a court order be considered *in camera.*

All the elements of client autonomy, including the client's absolute right to discharge a practitioner and transfer the representation to another, survive the sale of the practice.

Fee arrangements between client and purchaser. A sale of a practice could not be financed by increases in fees charged the clients of the practice. The purchaser must honor existing agreements between the seller and the client as to fees and the scope of the work, unless the client consents after full disclosure. The purchaser would, however, advise the client that the purchaser will not undertake the representation unless the client consents to pay the higher fees the purchaser usually charges. To prevent client financing of the sale, the higher fee the purchaser may charge would not exceed the fees charged by the purchaser for substantially similar service rendered prior to the initiation of the purchase negotiations.

The purchaser could not intentionally fragment a practice that is the subject of the sale by charging significantly different fees in substantially similar matters. Doing so would make it possible for the purchaser to avoid the obligation to take over the entire practice by charging arbitrarily higher fees for less lucrative matters, thereby increasing the likelihood that those clients would not consent to the new representation.

Registered practitioners participating in the sale of a law practice are subject to the ethical standards applicable to involving another practitioner in the representation of a client. These include, for example, the seller's obligation to exercise competence in identifying a purchaser qualified to assume the practice and the purchaser's obligation to undertake the representation competently (*see* § 11.101); the obligation to avoid disqualifying conflicts, and to secure client consent after consultation for those conflicts which can be agreed to (*see* § 11.107); and the obligation to protect information relating to the representation (*see* §§ 11.106 and 11.109).

Applicability of § 11.117. Section 11.117 applies to the sale of a law practice by representatives of a deceased, disabled or disappeared registered practitioner. Thus, the seller may be represented by a non-lawyer representative not subject to these Rules. Since, however, no registered practitioner may participate in a sale of a law practice, which does not conform to the requirements of this Rule, the representatives of the seller as well as the purchasing practitioner can be expected to see to it that they are met.

Admission to or retirement from a law partnership or professional association, retirement plans and similar arrangements, and a sale of tangible assets of a law practice, would not constitute a sale or purchase governed by proposed § 11.117. Section 11.117 also would not apply to the transfers of legal representation between registered practitioners when such transfers are unrelated to the sale of a practice.

Section 11.201 would introduce a rule addressing the practitioner's role in providing advice to a client.

Section 11.201—Scope of Advice. A client is entitled to straightforward advice expressing the practitioner's honest assessment. Legal advice often involves unpleasant facts and alternatives that a client may be disinclined to confront. In presenting advice, a practitioner endeavors to sustain the client's morale and may put advice in as acceptable a form as honesty permits. However, a registered practitioner should not be deterred from giving candid advice, including advice as to patentability or unpatentability, by the prospect that the advice will be unpalatable to the client.

Advice couched in narrow legal terms may be of little value to a client, especially where practical considerations, such as cost or effects on other people, are predominant. Purely technical legal advice, therefore, can sometimes be inadequate. It is proper for a practitioner to refer to relevant moral and ethical considerations in giving advice. Although a practitioner is not a moral advisor *per se*, moral and ethical considerations impinge upon most legal questions and may decisively influence how the law will be applied.

A client may expressly or impliedly ask the practitioner for purely technical advice. When such a request is made by a client experienced in legal matters, the practitioner may accept it at face value. When such a request is made by a client inexperienced in legal matters, however, the practitioner's responsibility as advisor may include indicating that more may be involved than strictly legal considerations.

Matters that go beyond strictly legal questions may also be in the domain of another profession. Family matters can involve problems within the professional competence of psychiatry, clinical psychology, or social work; business matters can involve problems within the competence of the accounting profession or of financial specialists. Where consultation with a professional in another field is itself something a competent practitioner would recommend, the practitioner should make such a recommendation. At the same time, a practitioner's advice at its best often consists of recommending a course of action in the face of conflicting recommendations of experts.

Paragraph (a) of § 11.201—Offering Advice. Under paragraph (a) of § 11.201, in general, a practitioner would not be expected to give advice until asked by the client. However, when a practitioner knows that a client proposes a course of action that is likely to result in substantial adverse legal consequences to the client, duty to the client under § 11.104 could require that the practitioner act as if the client's course of action is related to the representation. A practitioner ordinarily has no duty to initiate investigation of a client's affairs or to give advice that the client has indicated is unwanted, but a practitioner might initiate advice to a client when doing so appears to be in the client's interest.

Paragraph (b) of § 11.201 would address a practitioner providing patentability opinions to clients referred by an invention promoter.

Section 11.202 would provide rules for a practitioner acting as intermediary between clients. A practitioner acts as intermediary when the practitioner represents two or more parties with potentially conflicting interests. For instance, representation of a client referred by an invention promoter may result in the practitioner having two clients, the inventor and invention promoter. A key factor in defining the relationship is whether the parties share responsibility for the practitioner's fee,

but the common representation may be inferred from other circumstances. Because confusion can arise as to the practitioner's role where each party is not separately represented, it is important that the practitioner make clear the relationship. In addition, the existence of a document purporting to establish an agency relationship between the inventor and invention promoter would not vitiate the possibility that the practitioner might have two clients.

Because the potential for confusion is so great, § 11.202(c) would impose the requirement that an explanation of the risks of the common representation be furnished, in writing. The process of preparing the writing would cause the practitioner involved to focus specifically on those risks, a process that might suggest to the practitioner that the particular situation is not suited to the use of the practitioner as an intermediary. In any event, a written explanation would perform a valuable role in educating the client to such risks as may exist—risks that many clients may not otherwise comprehend. A client might not agree to waive the requirement for a written analysis of the risks. The ''unusual circumstances'' requirement might be met in rare situations where an assessment of risks is not feasible at the beginning of the intermediary role. In such circumstances, the writing would have to be provided as soon as it becomes feasible to assess the risks with reasonable clarity. The consent required by § 11.202(c) would have to be in writing, and would refer to the disclosure upon which it is based.

Section 11.202 would not apply to a practitioner acting as arbitrator or mediator between or among parties who are not clients of that practitioner, even where the practitioner has been appointed with the concurrence of the parties. In performing such a role, the practitioner may be subject to applicable codes of ethics, such as the Code of Ethics for Arbitration in Commercial Disputes prepared by the Joint Committee of the American Bar Association and the American Arbitration Association.

A practitioner acts as intermediary in seeking to establish or adjust a relationship between clients on an amicable and mutually advantageous basis; for example, in helping to organize a business in which two or more clients are entrepreneurs, working out the financial reorganization of an enterprise in which two or more clients have an interest, arranging a property distribution in settlement of an estate, or mediating a dispute between clients. The practitioner seeks to resolve potentially conflicting interests by developing the parties' mutual interests. The alternative can be that each party may have to obtain separate representation, with the possibility in some situations of incurring additional cost, complication, or even litigation. Given these and other relevant factors, all the clients may prefer that the practitioner act as intermediary.

In considering whether to act as intermediary between clients, a practitioner should be mindful that if the intermediation fails, the result can be additional cost, embarrassment, and recrimination. In some situations the risk of failure is so great that intermediation is plainly impossible. For example, a practitioner cannot undertake common representation of clients between whom contentious litigation is imminent or who contemplate contentious negotiations. More generally, if the relationship between the parties has already assumed definite antagonism, the possibility that the clients' interests can be adjusted by intermediation ordinarily is not very good.

The appropriateness of intermediation can depend on its form. Forms of intermediation range from informal arbitration where each client's case is presented by the respective client and the practitioner decides the outcome, to mediation, to common representation where the clients' interests are substantially though not entirely compatible. One form may be appropriate in circumstances where another would not. Other relevant factors include whether the practitioner subsequently will represent both parties on a continuing basis and whether the situation involves creating a relationship between the parties or terminating one.

Because the practitioner is required to be impartial between commonly represented clients, intermediation would be improper when that impartiality cannot be maintained. For example, a practitioner who has represented one of the clients for a long period of time and in a variety of matters could have difficulty being impartial between that client and one to whom the practitioner has only recently been introduced. Another example would be a practitioner who represents a client, such as an invention promoter, that refers a number of its clients to the practitioner to prepare and prosecute patent applications for the clients, and the practitioner could have difficulty being impartial between the referring invention promoter and the referred clients.

Section 11.202 and Confidentiality and Privilege. A particularly important factor in determining the appropriateness of intermediation would be the effect on client-practitioner confidentiality and the attorney-client or patent agent-client privilege. In a common representation, the practitioner would still be required both to keep each client adequately informed and to maintain confidentiality of information relating to each of the representations. *See* §§ 11.104 and 11.106. Complying with both requirements while acting as intermediary requires a delicate balance. If the balance cannot be maintained, the common representation would be improper. With regard to the attorney-client or patent agent-client privilege, the prevailing rule is that as between commonly represented clients the privilege does not attach. Hence, it must be assumed that if litigation eventuates between the clients, the privilege will not protect any such communications, and the clients should be so advised.

For example, a practitioner, hired by A and B to prepare a patent application for A's invention, acts as an intermediary under § 11.202 when, upon instructions from A and B, the practitioner prepares an assignment transferring a one-half undivided interest in A's invention and any resulting patent to A and B, even if only B is to pay the legal fees. If A and B later dispute the validity of the assignment and each retains counsel of their own choice, the practitioner may communicate the information regarding the terms of the assignment to both counsel. The attorney-client or patent agent-client privilege does not attach. The practitioner may submit his legal bills to B for past services in accordance with the retainer agreement. *See* Opinion 93–76 (1993) of the Ethics Advisory Panel of the Rhode Island Supreme Court.

Section 11.202 and Full Disclosure. In acting as intermediary between clients, the practitioner would be required to make full disclosure to the clients on the implications of doing so, and proceed only upon consent based on such full disclosure. The practitioner would have to make clear that the practitioner's role is not that of partisanship normally expected in other circumstances.

Paragraph (d) of § 11.202 would apply the principle expressed in § 11.104. Where the practitioner is intermediary, the clients ordinarily would have to assume greater responsibility for decisions than when each client is independently represented.

Section 11.202 and Withdrawal. Common representation does not diminish the rights of each client in the client-practitioner relationship. Each has the right to loyal and diligent representation, the right to discharge the practitioner as stated in § 11.116, and the protection of § 11.109 concerning obligations to a former client.

Section 11.203 would articulate ethical standards for circumstances where a practitioner provides an evaluation of a matter affecting a client for the use of someone other than the client. An evaluation may be performed at the client's direction but for the primary purpose of establishing information for the benefit of third parties; for example, an opinion concerning the title of property rendered at the behest of a vendor for the information of a prospective purchaser, or at the behest of a borrower for the information of a prospective lender. Section 11.203 would not authorize conduct that otherwise would constitute aiding the unauthorized practice of law. Thus, providing a nonlawyer, who offers legal services to potential customers, with legal advice to pass on to the nonlawyer's customer(s) would continue to be viewed as aiding the unauthorized practice of law. *See* Formal Opinion 87, Ethics Committee of the Colorado Bar Association (1991).

A legal evaluation should be distinguished from an investigation of a person with whom the practitioner does not have a client-practitioner relationship. For example, a practitioner retained by a purchaser to analyze a vendor's title to property does not have a client-practitioner relationship with the vendor. Likewise, an investigation into a person's affairs by a Government practitioner, or by special counsel employed by the Government, is not an evaluation as that term is used in this section. The question is whether the practitioner is retained by the person whose affairs are being examined. When the practitioner is retained by that person, the general Rule of Professional Conduct concerning loyalty to client and preservation of confidences would apply, which is not the case if the practitioner is retained by someone else. For this reason, it is essential to identify the person by whom the practitioner is retained. This should be made clear not only to the person under examination, but also to others to whom the results are to be made available.

Section 11.203 and Duty to Third Person. When the evaluation is intended for the information or use of a third person, a legal duty to that person may or may not arise. That legal question is beyond the scope of § 11.203. However, because such an evaluation involves a departure from the normal client-practitioner relationship, careful analysis of the situation is required. The practitioner must be satisfied as a matter of professional judgment that making the evaluation is compatible with other functions undertaken in behalf of the client. For example, if the practitioner is acting as advocate in defending the client against charges of fraud, it would normally be incompatible with that responsibility for the practitioner to perform an evaluation for others concerning the same or a related transaction. Assuming no such impediment is apparent, however, the practitioner should advise the client of the implications of the evaluation, particularly the practitioner's responsibilities to third persons and the duty to disseminate the findings.

Section 11.203 and Access to and Disclosure of Information. The quality of an evaluation depends on the freedom and extent of the investigation upon which it is based. Ordinarily a practitioner should have whatever latitude of investigation seems necessary as a matter of professional judgment. Under some circumstances, however, the terms of the evaluation may be limited. For example, certain issues or sources may be categorically excluded, or the scope of search may be limited by time constraints or the non-cooperation of persons having relevant information. Any such limitations that are material to the evaluation should be described in a report giving the results of the investigation. If, after a practitioner has commenced an evaluation, the client refuses to comply with the terms upon which it was understood the evaluation was to have been made, the practitioner's obligations are determined by law, having reference to the terms of the client's agreement and the surrounding circumstances.

Section 11.203 and Financial Auditors' Requests for Information. When a question concerning the legal situation of a client arises at the instance of the client's financial auditor and the question is referred to the practitioner, the practitioner's response prudently might be made in accordance with procedures recognized in the legal profession. Such a procedure is set forth in the American Bar Association Statement of Policy Regarding Practitioners' Responses to Auditors' Requests for Information, adopted in 1975.

Section 11.301 would continue the requirement that a practitioner present well-grounded claims. The advocate has a duty to use legal procedure for the fullest benefit of the client's cause, but also a duty not to abuse legal procedure. The law, both procedurally and substantively, establishes the limits within which an advocate may proceed. However, the law is not always clear and never is static. Accordingly, in determining the proper scope of advocacy, account must be taken of the law's ambiguities and potential for change.

The filing of an action or defense or similar action taken for a client is not frivolous merely because the facts have not first been fully substantiated or because the practitioner expects to develop vital evidence only by discovery. Such action is not frivolous even though the practitioner believes that the client's position ultimately will not prevail. The action is frivolous if the practitioner is unable either to make a good-faith argument on the merits of the action taken or to support the action taken by a good-faith argument for an extension, modification, or reversal of existing law.

Section 11.302 would continue the requirement that practitioners diligently pursue litigation and Office proceedings. Dilatory practices bring the administration of justice into disrepute and may be contrary to the client's interest in patent prosecution. Delay should not be indulged merely for the convenience of the advocates, or for the purpose of frustrating an opposing party's attempt to obtain rightful redress or repose. It is not a justification that similar conduct is often tolerated by the bench and bar. The question is whether a competent practitioner acting in good faith would regard the course of action as having some substantial purpose other than delay. Realizing financial or other benefit from otherwise improper delay in litigation is not a legitimate interest of the client.

Section 11.303 would continue the duty of candor to a tribunal while specifying its application under different situations. Section 11.303 would define the duty of candor to the tribunal. In dealing with a tribunal, including the Office, the practitioner is also required to comply with the general requirements of § 11.102 (e) and (f). The advocate's responsibility is to endeavor to present the client's case with persuasive force. Performance of that duty, while maintaining confidences of the client, is qualified by the advocate's duty of candor to the tribunal. *See Lipman* v. *Dickinson,* 174 F.3d 1363, 50 USPQ2d 1490 (Fed. Cir. 1999).

While an advocate normally does not vouch for the evidence submitted in a cause—the tribunal is responsible for assessing its probative value—the same may not apply in practice before the

Office. *See Kingsland* v. *Dorsey,* 338 U.S. 318 (1949) (sustaining attorney's exclusion where attorney authored the article that attorney introduced into evidence as an article written by another).

Paragraph (a) of § 11.303, like current § 10.89(b)(1), would require that a practitioner reveal to the Office known authority directly adverse to the position of the client unless the authority is cited by an opponent or employee of the Office. All decisions made by the Office in patent and trademark matters affect the public interest. *See Lear* v. *Adkins,* 395 U.S. 653 (1969). Many of the decisions made by the Office are made ex parte. Accordingly, practitioners must cite to the Office known authority that is contrary, *i.e.*, directly adverse, to the position being taken by the practitioner in good faith. The practitioner could argue that the cited authority should not be followed, or should be overruled or modified.

Section 11.303 and Representations by a Practitioner. An advocate is responsible for pleadings and other documents prepared for litigation or prosecution of patent and trademark applications. However, an advocate is usually not required to have personal knowledge of factual matters that are based on information furnished by a client asserted therein, because litigation or prosecution documents ordinarily present assertions by the client, or by someone on the client's behalf, and not assertions by the practitioner. Compare § 11.301. However, an assertion purporting to be based on the practitioner's own knowledge, such as an assertion made by the practitioner in an affidavit, petition, or reply to an Office action, like a statement in open court, may properly be made only when the practitioner knows the assertion is true or believes it to be true on the basis of a reasonably diligent inquiry. The Office has disciplined practitioners for making false statements of fact in an affidavit or declaration. *See In re Dubno,* 1959 Off. Gaz. 25 (June 21, 1977). There may be circumstances where failure to make a disclosure is the equivalent of an affirmative misrepresentation. *See Lipman* v. *Dickinson,* 174 F.3d 1363, 50 USPQ2d 1490 (Fed. Cir. 1999). The obligation prescribed in § 11.102(e) not to counsel a client to commit or assist the client in committing a fraud applies in litigation and proceedings before the Office, but would be subject to §§ 11.303(a)(4), (b) and (d). Regarding compliance with § 11.102(e), see the comment to that proposed section. *See also* the comment to proposed § 11.804(b).

Section 11.303 and Misleading Legal Argument. Legal argument based on a knowingly false representation of law constitutes dishonesty toward the tribunal. A practitioner is not required to make a disinterested exposition of the law, but must recognize the existence of pertinent legal authorities. Furthermore, as stated in § 11.303(a)(3), an advocate has a duty to disclose directly adverse authority in the controlling jurisdiction that has not been disclosed by the opposing party and that is dispositive of a question at issue. The underlying concept is that a legal argument is a discussion seeking to determine the legal premises properly applicable to the case.

Section 11.303 and False Evidence. When evidence that a practitioner knows to be false is provided by a person who is not the client, the practitioner must refuse to offer it regardless of the client's wishes.

When false evidence is offered by the client, however, a conflict may arise between the practitioner's duty to keep the client's disclosure confidential and the duty of candor to the tribunal. Upon ascertaining that material evidence is false, the practitioner should seek to persuade the client that the evidence should not be offered. If the material evidence has already been offered before the practitioner learns that it is false, its false character should immediately be disclosed to the tribunal. If the persuasion is ineffective, the practitioner must take reasonable remedial measures. In patent matters pending before the Office, if a practitioner comes to realize that evidence material to patentability offered before the Office in a patent case is false, the practitioner has a duty to disclose information regarding the falsity with respect to each pending claim until the claim is cancelled or withdrawn from consideration, or the application becomes abandoned. This is consistent with current § 1.56.

Except in the defense of a criminally accused, the rule generally recognized is that, if necessary to rectify the situation, an advocate must disclose the existence of the client's deception to the tribunal, Office, and/or to the other party. Such a disclosure can result in grave consequences to the client, including not only a sense of betrayal but also loss of the case and perhaps a prosecution for perjury. But the alternative is that the practitioner, contrary to current § 1.56 or proposed §§ 11.303 and 11.804(c), cooperate in deceiving the tribunal or Office, thereby subverting the truth-finding process, which the adversary system is designed to implement. *See* § 11.102(d). Furthermore, unless it is clearly understood that the practitioner will act upon the duty to disclose the existence of false evidence, the client can simply reject the practitioner's advice to reveal the false evidence and insist that the practitioner keep silent. Thus the client could in effect coerce the practitioner into being a party to fraud on the tribunal or Office.

Paragraph (d) of § 11.303 would provide that if a practitioner learns that a fraud or inequitable conduct has been perpetrated on the Office, the practitioner must reveal the same to the Office. Where notification would require disclosure to the Office of information not protected under §§ 1.56, or 11.106(a), the practitioner has a duty of disclosure to prevent the occurrence or furtherance of the fraud or inequitable conduct by commission or omission.

Paragraph (b) of § 11.303—Duration of obligation. A practical time limit on the obligation to rectify the presentation of false evidence has to be established. In the Model Code of Professional Responsibility, the American Bar Association has suggested that the conclusion of the proceeding, through all appeals, is a reasonably definite point for the termination of the obligation.

Patent matters are not necessarily concluded in a single proceeding before the Office with the issuance of a patent. The patent may be subject to examination again in a reissue application, as well as reexamination and interference proceedings. The procedures are available throughout the period for which the patent is granted. Accordingly, in patent matters before the Office, the duty of disclosure continues for the duration of the pendency of the patent application and the period for which the patent is granted.

Paragraph (c) of § 11.303—Refusing to offer proof believed to be false. Generally speaking, a practitioner has all authority to refuse to offer testimony or other proof that the practitioner believes is untrustworthy. Offering such proof may reflect adversely on the practitioner's ability to discriminate in the quality of evidence and thus impair the practitioner's effectiveness as an advocate.

Paragraph (d) of § 11.303—Ex parte proceedings. Ordinarily, an advocate has the limited responsibility of presenting one side of the matters that a tribunal should consider in reaching a decision; the conflicting position is

expected to be presented by the opposing party.

However, in any *ex parte* proceeding, such as prosecution of a patent application, or an application for a temporary restraining order, there is no balance of presentation by opposing advocates. The object of an *ex parte* proceeding is nevertheless to yield a substantially just result. The patent examiner or judge has an affirmative responsibility to accord the absent party just consideration. The practitioner for the represented party has the correlative duty to make disclosures of material facts known to the practitioner and that the practitioner reasonably believes are necessary to an informed decision. In an *ex parte* proceeding before the Office in a patent case, a practitioner's duty of disclosure would remain the same as in § 1.56. The practitioner would be required to inform the Office of all information material to patentability known to the practitioner in accordance with § 1.56, whether or not the facts are adverse.

Paragraph (e) of § 11.303 would define some, but not all, acts that would constitute violations of paragraphs (a) through (d) of this section. The USPTO believes that it would be helpful to practitioners if some specific prohibitions were set out in the rules. The prohibitions set out in paragraphs (1) through (5) of § 11.303(e) represent violations that have occurred in the past or that the Office specifically seeks to prevent. The specific acts set out in paragraph (e) would not constitute a complete description of all acts in violation of paragraphs (a) through (d).

Paragraph (1) of § 11.303(e) would put practitioners on notice that misconduct includes knowingly misusing a ''Certificate of Mailing or Transmission'' under § 1.8 of this subchapter. *See In re Dula,* 1030 Off. Gaz. 20 (May 17 1983); *In re Klein,* 6 USPQ2d 1547 (Comm'r Pat. 1987), *aff'd sub nom., Klein* v. *Peterson,* 696 F. Supp. 695, 8 USPQ2d 1434 (D.D.C. 1988), aff'd, 866 F.2d 412, 9 USPQ 2d 1558 (Fed. Cir. 1989); *Small* v. *Weiffenbach,* 10 USPQ 2d 1898 (Comm'r Pat. 1989).

Paragraph (2) of § 11.303(e) would include as misconduct knowingly violating or causing to be violated the duty of candor requirements of §§ 1.56 or 1.555. *See In re Milmore,* 196 USPQ 628 (Comm'r Pat. 1977); *Kingsland* v. *Dorsey,* 338 U.S. 318 (1949); *Hatch* v. *Ooms,* 72 USPQ 406 (D.D.C. 1947).

Paragraph (4) of § 11.303(e) would include as misconduct knowingly signing a paper filed in the Office in violation of the provisions of § 11.18 or making a scandalous or indecent statement in a paper filed in the Office. The provision is based on Rule 11 of the Federal Rules of Civil Procedure. *See Weiffenbach* v. *Gilden,* 1160 Off. Gaz. 39 (Mar. 8, 1994).

Section 11.304 would contemplate that the evidence in a case be marshaled fairly in *ex parte* and *inter partes* proceedings. Prohibitions against destruction or concealment of evidence, improperly influencing witnesses, obstructive tactics in discovery procedure, and the like secure fair competition in adversary and *ex parte* systems.

Paragraph (a) of § 11.304, like current § 10.85(a)(7), would prohibit a practitioner from obstructing another party's access to evidence, and from altering, destroying, or concealing evidence. Documents and other items of evidence are often essential to establish a claim or defense. Subject to evidentiary privileges, the right of an opposing party, including the Government, to obtain evidence through discovery or subpoena is an important procedural right. The exercise of that right can be frustrated if relevant material is altered, concealed, or destroyed. To the extent clients are involved in the effort to comply with discovery requests, the practitioner's obligations are to pursue reasonable efforts to assure that documents and other information subject to proper discovery requests are produced. Applicable law in many jurisdictions makes it an offense to destroy material for the purpose of impairing its availability in a pending proceeding or a proceeding whose commencement can be foreseen. Falsifying evidence is also generally a criminal offense. Section 11.304(a) applies to evidentiary material generally, including computerized information.

A practitioner should ascertain that the practitioner's handling of documents or other physical objects does not violate any other law. Federal criminal law may forbid the destruction of documents or other physical objects in circumstances not covered by the ethical rule set forth in § 11.304(a). *See, e.g.,* 18 U.S.C. 1503 (obstruction of justice); 18 U.S.C. 1505 (obstruction of proceedings before departments, agencies, and committees); 18 U.S.C. 1510 (obstruction of criminal investigations). Finally, some discovery rules having the force of law may prohibit the destruction of documents and other material even if litigation is not pending or imminent. Section 11.304 would not set forth the scope of a practitioner's responsibilities under all applicable laws. It would merely impose on the practitioner an ethical duty to make reasonable efforts to comply fully with those laws. The prohibitions of § 11.304(a) may overlap with criminal obstruction provisions and civil discovery rules, but they apply whether or not the prohibited conduct violates criminal provisions or court rules. Thus, the alteration of evidence by a practitioner, whether or not such conduct violates criminal law or court rules, constitutes a violation of § 11.304(a). *See Weiffenbach* v. *Logan,* 27 USPQ 2d 1870 (Comm'r Pat. 1993), *aff'd. sub nom., Logan* v. *Comer,* No. 93–0335 (D.D.C. 1994), *aff'd. sub nom., Logan* v. *Lehman,* No. 95–1216 (Fed. Cir. 1995).

Because of the duty of confidentiality under § 11.106, the practitioner would be generally forbidden to volunteer information about physical evidence received from a client without the client's consent after consultation. An exception would arise in the case of volunteering information required under § 1.56 to be disclosed.

If the evidence, not required to be disclosed under § 1.56, is received from the client and is subpoenaed or otherwise requested through the discovery process while held by the practitioner, the practitioner will be obligated to deliver the evidence directly to the appropriate persons, unless there is a basis for objecting to the discovery request or moving to quash the subpoena. A practitioner should, therefore, advise the client of the risk that evidence may be subject to subpoena or discovery, and of the practitioner's duty to turn the evidence over in that event, before accepting it from the client.

If the practitioner has received physical evidence belonging to the client and the evidence is not required to be disclosed under § 1.56, for purposes of examination or testing, the practitioner may later return the property to the client pursuant to § 11.115, provided that the evidence has not been requested by discovery or subpoenaed. The practitioner may not be justified in returning to a client physical evidence, the possession of which by the client would be *per se* illegal, such as certain drugs and weapons. And, if it is reasonably apparent that the evidence is not the client's property, the practitioner may not retain the evidence or return it to the client. Instead, the practitioner would, under § 11.304(a), have to make a good-faith effort to return the evidence to its owner.

Paragraph (b) of § 11.304 would provide that it is not improper to pay a witness's expenses or to compensate a witness for time taken in preparing to

testify, in attending a proceeding, or in testifying in that proceeding.

Section 11.305 would proscribe forms of improper influence upon a tribunal. Such forms of improper influence are proscribed by criminal law. Others are specified in the ABA Model Code of Judicial Conduct, with which an advocate should be familiar. A practitioner is required to avoid contributing to a violation of such provisions. The advocate's function is to present evidence and argument so that the cause may be decided according to law. Refraining from abusive or obstreperous conduct is a corollary of the advocate's right to speak on behalf of litigants. A practitioner may stand firm against abuse by a judge but should avoid reciprocation; the judge's default is no justification for similar dereliction by an advocate. An advocate can present the cause, protect the record for subsequent review, and preserve professional integrity by patient firmness no less effectively than by belligerence or theatrics.

Section 11.306 is reserved. Rule 3.6 of the Model Rules of Professional Conduct contain ''[g]uidance on trial publicity.'' It would be a conflict of interest for the Office to attempt to control communications to the public by attorneys representing a party in a suit against the Office. Accordingly, the provisions of Rule 3.6 are not being proposed. Nevertheless, an attorney in a civil action brought against the Office would be subject to the professional conduct rules of the state where the attorney is licensed to practice law. If, in the course of the trial, the attorney violates the state's professional conduct rules and is disciplined by the state authorities, the attorney could be subject to discipline under the proposed rules. *See* §§ 11.24 and 11.803(f)(5).

Section 11.307 would generally proscribe a practitioner from acting as advocate in a proceeding before the Office in which the practitioner is likely to be a necessary witness. Combining the roles of advocate and witness can prejudice the opposing party and can involve a conflict of interest between the practitioner and client. The opposing party has a right to object where the combination of roles may prejudice that party's rights in the litigation. A witness is required to testify on the basis of personal knowledge, while an advocate is expected to explain and comment on evidence given by others. It may not be clear whether a statement by an advocate-witness should be taken as proof or as an analysis of the proof.

A registered practitioner could normally testify in an interference proceeding when his or her diligence is an issue in the interference. The Office would continue to assess on a case-by-case basis the weight to be given testimony by a registered practitioner who also represents a party in the proceeding in which the registered practitioner gives testimony. *See Wilder* v. *Snyder,* 201 USPQ 927, 934 (Bd. Pat. Int. 1979).

Paragraph (a)(1) of § 11.307 would recognize that if the testimony will be uncontested, the ambiguities in the dual role are purely theoretical.

Paragraph (a)(2) of § 11.307 would recognize that permitting the practitioners to testify concerning the extent and value of legal services rendered in the action in which the testimony is offered on the subject, avoids the need for a second trial with new counsel to resolve that issue. Moreover, in such a situation, the judge has first-hand knowledge of the matter in issue; hence, there is less dependence on the adversary process to test the credibility of the testimony.

Paragraph (a)(3) of § 11.307 would recognize that a balancing is required between the interests of the client and those of the opposing party. Whether the opposing party is likely to suffer prejudice depends on the nature of the case, the importance and probable tenor of the practitioner's testimony, and the probability that the practitioner's testimony will conflict with that of other witnesses. Even if there is risk of such prejudice, in determining whether the practitioner should be disqualified, due regard must be given to the effect of disqualification on the practitioner's client. It is relevant that one or both parties could reasonably foresee that the practitioner would probably be a witness.

If the only reason for not permitting a practitioner to combine the roles of advocate and witness is possible prejudice to the opposing party, there is no reason to disqualify other practitioners in the testifying practitioner's firm from acting as advocates in that trial. In short, there is no general rule of imputed disqualification applicable to § 11.307. However, the combination of roles of advocate and witness might involve an improper conflict of interest between the practitioner and the client in addition to or apart from possible prejudice to the opposing party. Whether there is such a client conflict is determined by §§ 11.107 or 11.109. For example, if there is likely to be a significant conflict between the testimony of the client and that of the practitioner, the representation would be improper under the standard set forth in § 11.107(b) without regard to § 11.307(a). The problem could arise whether the practitioner is called as a witness on behalf of the client, or is called by the opposing party. Determining whether such a conflict exists is, in the first instance, the responsibility of the practitioner involved. *See* Comment to § 11.107. Section 11.307(b) would state that other practitioners in the testifying practitioner's firm are disqualified only when there is such a client conflict and the testifying practitioner therefore could not represent the client under §§ 11.107 or 11.109. The principles of client consent, embodied in §§ 11.107 and 11.109, also would apply to § 11.307(b). Thus, the reference to §§ 11.107 and 11.109 incorporates the client consent aspects of those Rules. Section 11.307(b) as proposed would provide the protection for the client, not rights of disqualification to the adversary. Subject to the disclosure and consultation requirements of §§ 11.107 and 11.109, the client may consent to the firm's continuing representation, despite the potential problems created by the nature of the testimony to be provided by a practitioner in the firm.

Even where a practitioner's testimony would not involve a conflict with the client's interests under §§ 11.107 or 11.109 and would not be precluded under § 11.307, the client's interests might nevertheless be harmed by the appearance as a witness of a practitioner in the firm that represents the client. For example, the practitioner's testimony would be vulnerable to impeachment on the grounds that the practitioner-witness is testifying to support the position of the practitioner's own firm. Similarly, a practitioner whose firm's colleague is testifying in the case should recognize the possibility that the practitioner might not scrutinize the testimony of the colleague carefully enough and that this could prejudice the client's interests, whether the colleague is testifying for or against the client. In such instances, the practitioner should inform the client of any possible adverse effects on the client's interests that might result from the practitioner's relationship with the colleague-witness, so that the client may make a meaningful choice whether to retain the practitioner for the representation in question.

Section 11.308 is reserved. Rule 3.8 of the Model Rules of Professional Conduct addresses the ''Special Responsibilities of a Prosecutor'' in the context of criminal proceedings. Inasmuch as practice before the Office does not involve criminal proceedings, the content of Model Rule 3.8 is not

being proposed. Nevertheless, an attorney who is both a practitioner before the Office and a criminal prosecutor would be subject to both the Office and State professional conduct rules. If, in the course of a criminal proceeding, the attorney violates the state's professional conduct rules and is disciplined by the state authorities, the attorney could be subject to discipline under the proposed rules. *See* §§ 11.24 and 11.803(f)(5).

Section 11.309 would introduce a practitioner's responsibility in a non-adjudicative role before an administrative agency, such as the Office. The proposed rule would provide conformity with Rule 3.9 of the Rules of Professional Conduct adopted by state bars. In representation before bodies such as legislatures, municipal councils, and executive and administrative agencies acting in a rule-making or policy-making capacity (including the USPTO), practitioners present facts, formulate issues, and advance argument in the matters under consideration. The decision-making body, like a court, should be able to rely on the integrity of the submissions made to it. A practitioner appearing before such a body should deal with it honestly and in conformity with applicable rules of procedure.

Practitioners have no exclusive right to appear before non-adjudicative bodies, as they do before a court. The requirements of § 11.309, therefore, may subject practitioners to regulations inapplicable to advocates, such as non-practitioner lobbyists. However, legislatures and administrative agencies have a right to expect practitioners to deal with them as they deal with courts.

Section 11.309 does not apply to representation of a client in a negotiation or other bilateral transaction with a Government agency, such as the Office; representation in such a transaction is governed by §§ 11.401 through 11.404.

Section 11.309 is closely related to §§ 11.303 through 11.305, which deal with conduct regarding tribunals. The term ''tribunal,'' as defined in the terminology section of the proposed Rules, refers to adjudicative or quasi-adjudicative bodies, including the Office.

Section 11.401 would require a practitioner to be truthful when dealing with others on a client's behalf where the client has immediate or prospective business before the Office. However, the practitioner generally has no affirmative duty to inform an opposing party of relevant facts. A misrepresentation can occur if the practitioner incorporates or affirms a statement of another person that the practitioner knows is false. Misrepresentations can also occur by failure to act. The term ''third person'' as used in §§ 11.401(a) and (b) refers to any person or entity other than the practitioner's client.

Section 11.401(a)—Statements of Material Fact or Law. This Rule would refer to material statements of fact. Whether a particular statement should be regarded as material, and as one of fact, can depend on the circumstances. Under generally accepted conventions in negotiation, certain types of statements ordinarily are not taken as statements of material fact. Estimates of price or value placed on the subject of a transaction and a party's intentions as to an acceptable settlement of a claim are in this category, and so is the existence of an undisclosed principal except where nondisclosure of the principal would constitute fraud. There may be other analogous situations. In other circumstances, a particular factual statement may be material; for example, a statement to a client's potential licensor of an invention that an application for a patent on the invention is pending, when the practitioner knows the application has been abandoned for some time, and the client is unaware of its status.

Section 11.401(b) would recognize that substantive law may require a practitioner to disclose certain information to avoid being deemed to have assisted the client's crime or fraud. The requirement of disclosure created by this section is, however, subject to the obligations created by § 11.106.

Section 11.402 would provide a standard for communicating with a party represented by counsel in connection with representing a client having immediate or prospective business before the Office. This rule would not prohibit communication with a party, or an employee or agent of a party, concerning matters outside the representation. For example, the existence of a controversy between two organizations does not prohibit a practitioner for either organization from communicating with nonpractitioner representatives of the other organization regarding a separate matter. Also, parties to a matter may communicate directly with each other and a practitioner having independent justification for communicating with the other party is permitted to do so.

Section 11.402(b) would address the case of communicating with agents or employees of an organization that is a represented party concerning the subject of representation. Section 11.402(b) would prohibit communication by a practitioner for one party concerning the subject of the representation with persons having the power to bind the organization as to the particular representation to which the communication relates. If an agent or employee of the organization with authority to make binding decisions regarding the representation is represented in the matter by separate counsel, the consent by that agent's or employee's counsel to a communication will be sufficient for purposes of this section.

Section 11.402(a) would cover any person, whether or not a party to a formal proceeding, who is represented by counsel concerning the matter in question.

Section 11.402(a) would not apply to the situation in which a practitioner contacts employees of an organization for the purpose of obtaining information generally available to the public, or obtainable under the Freedom of Information Act, even if the information in question is related to the representation. For example, a practitioner for a plaintiff who has filed suit against an organization represented by a practitioner may telephone the organization to request a copy of a press release regarding the representation, without disclosing the practitioner's identity, obtaining the consent of the organization's practitioner, or otherwise acting as paragraphs (a) and (b) of this Rule would require.

Section 11.402(c) would recognize that special considerations come into play when a practitioner is seeking to redress grievances involving the Government, including the Office. It would permit communications with those in Government having the authority to redress such grievances (but not with any other Government personnel) without the prior consent of the practitioner representing the Government in such cases. However, a practitioner making such a communication without the prior consent of the practitioner representing the Government must make the kinds of disclosures that are required by § 11.402(b) in the case of communications with non-party employees.

Section 11.402(d) would not prohibit a practitioner from bypassing counsel representing the Government on every issue that may arise in the course of disputes with the Government. It is intended to provide practitioners access to decision makers in Government with respect to genuine grievances, such as to present the view that the Government's basic policy position with respect to a dispute is faulty, or that Government personnel are conducting themselves

improperly with respect to aspects of the dispute. It is not intended to provide direct access on routine disputes such as ordinary discovery disputes, extensions of time or other scheduling matters, or similar routine aspects of the resolution of disputes.

Section 11.402 is not intended to enlarge or restrict the law enforcement activities of the United States or the Office of Enrollment and Discipline, which are authorized and permissible under the Constitution and the law of the United States. The ''authorized by law'' proviso to § 11.402(a) is intended to permit Government conduct that is valid under this law. The proviso is not intended to freeze any particular substantive law, but is meant to accommodate substantive law as it may develop over time.

Section 11.403 would provide a standard for communicating with an unrepresented person, particularly one not experienced in dealing with legal matters. Such a person might assume that a practitioner will provide disinterested advice concerning the law even when the practitioner represents a client. In dealing personally with any unrepresented third party on behalf of the practitioner's client, a practitioner should not give advice to the unrepresented party other than the advice to obtain counsel.

Section 11.404 would require a practitioner to respect the rights of third parties. Responsibility to a client requires a practitioner to subordinate the interests of others to those of the client, but that responsibility does not imply that a practitioner may disregard the rights of third persons. It is impractical to catalogue all such rights, but they include legal restrictions on methods of obtaining evidence from third persons.

Section 11.501 would set forth the responsibilities of a partner or supervisory practitioner. Paragraphs (a) and (b) of § 11.501 would refer to practitioners having supervisory authority over the professional work of a firm, or unit of a Government agency. This includes members of a partnership and the shareholders in a law firm organized as a professional corporation; practitioners having supervisory authority in the law department of an enterprise or Government agency; and practitioners who have intermediate managerial responsibilities in a firm.

Under § 11.501(a), a partner or supervisory practitioner in a firm would be responsible for ensuring that the firm has in effect measures giving reasonable assurance that all practitioners in the firm conform to the Rules of Professional Conduct. Under § 11.501(b), a supervisory practitioner in a Government unit would be responsible for making reasonable efforts to ensure that any practitioner subject to supervision conforms to the Rules of Professional Conduct.

The measures required to fulfill the responsibility prescribed in §§ 11.501(a) and (b) would depend on the firm's or unit's structure and the nature of its practice. In a small firm, informal supervision and occasional admonition ordinarily might be sufficient. In a large firm, or in practice situations in which intensely difficult ethical problems frequently arise, more elaborate procedures may be necessary. Some firms, for example, have a procedure whereby junior practitioners can make confidential referral of ethical problems directly to a designated senior partner or special committee. *See* § 11.502. Firms, whether large or small, may also encourage their members to participate in continuing legal education in professional ethics if such education is not required. In any event, the ethical atmosphere of a firm can influence the conduct of all its members and a practitioner having authority over the work of another may not assume that the subordinate practitioner will inevitably conform to the Rules.

Paragraph (c) of § 11.501 would set forth general principles of imputed responsibility for the misconduct of others. Section 11.501(c)(1) would make any practitioner who orders or, with knowledge, ratifies misconduct responsible for that misconduct. *See also* § 11.804(a). Section 11.501(c)(2) would extend that responsibility to any practitioner who is a partner in the firm in which the misconduct takes place, or who has direct supervisory authority over the practitioner who engages in misconduct, when the practitioner knows or should reasonably know of the conduct and could intervene to ameliorate its consequences. Whether a practitioner has such supervisory authority in particular circumstances would be a question of fact. A practitioner with direct supervisory authority is a practitioner who has an actual supervisory role with respect to directing the conduct of other practitioners in a particular representation. A practitioner who is technically a ''supervisor'' in organizational terms, but is not involved in directing the effort of other practitioners in a particular representation, is not a supervising practitioner with respect to that representation.

The existence of actual knowledge is also a question of fact. Whether a practitioner should reasonably have known of misconduct by another practitioner in the same firm would be an objective standard based on evaluation of all the facts, including the size and organizational structure of the firm, the practitioner's position and responsibilities within the firm, the type and frequency of contacts between the various practitioners involved, the nature of the misconduct at issue, and the nature of the supervision or other direct responsibility (if any) actually exercised. The mere fact of partnership or a position as a principal in a firm would not be sufficient, without more, to satisfy this standard. Similarly, the fact that a practitioner holds a position on the management committee of a firm, or heads a department of the firm, would not be sufficient, standing alone, to satisfy this standard.

Appropriate remedial action would depend on the immediacy of the involvement and the seriousness of the misconduct. The supervisor would be required to intervene to prevent avoidable consequences of misconduct if the supervisor knows that the misconduct occurred. Thus, if a supervising practitioner knows that a subordinate misrepresented a matter to an opposing party in a negotiation, the supervisor as well as the subordinate would have a duty to correct the resulting misapprehension.

Professional misconduct by a practitioner under supervision could reveal a violation of § 11.501(b) on the part of the supervisory practitioner even though it would not entail a violation of § 11.501(c) because there was no direction, ratification, or knowledge of the violation.

Apart from §§ 11.501 and 11.804(a), a practitioner would not have disciplinary liability for the conduct of a partner, associate, or subordinate. Whether a practitioner may be liable civilly or criminally for another practitioner's conduct is a question of law beyond the scope of these Rules.

Section 11.502 would set forth the ethical responsibilities of a subordinate practitioner. Although a practitioner would not be relieved of responsibility for a violation by the fact that the practitioner acted at the direction of a supervisor, that fact may be relevant in determining whether a practitioner had the knowledge required to render conduct a violation of the Rules. For example, if a subordinate filed a frivolous pleading at the direction of a supervisor, the subordinate would not be guilty of a professional violation unless the subordinate knew of the document's frivolous character.

When practitioners in a supervisor-subordinate relationship encounter a

matter involving professional judgment as to ethical duty, the supervisor may assume responsibility for making the judgment. Otherwise a consistent course of action or position could not be taken. If the question can reasonably be answered only one way, the duty of both practitioners is clear and they would be equally responsible for fulfilling it. However, if the question is reasonably arguable, someone has to decide upon the course of action. That authority ordinarily reposes in the supervisor, and a subordinate may be guided accordingly. For example, if a question arises whether the interests of two clients conflict under § 11.107, the supervisor's reasonable resolution of the question should protect the subordinate professionally if the resolution is subsequently challenged.

Section 11.503 would set forth a practitioner's responsibilities regarding nonpractitioner assistants. Practitioners generally employ assistants in their practice, including secretaries, investigators, law student interns, and paraprofessionals. Such assistants, whether employees or independent contractors, act for the practitioner in rendition of the practitioner's professional services. A practitioner should give such assistants appropriate instruction and supervision concerning the ethical aspects of their employment, particularly regarding the obligation not to disclose information relating to representation of the client, and should be responsible for their work product. The measures employed in supervising nonpractitioners should take account of the fact that they do not have legal training and are not subject to professional discipline.

Just as practitioners in private practice may direct the conduct of investigators who may be independent contractors, prosecutors and other Government practitioners may effectively direct the conduct of police or other governmental investigative personnel, even though they may not have, strictly speaking, formal authority to order actions by such personnel, who report to the chief of police or the head of another enforcement agency. Such prosecutors or other Government practitioners have a responsibility for police or investigative personnel, whose conduct they effectively direct, equivalent to that of private practitioners with respect to investigators hired by private practitioners. *See also* the comments to § 11.501, in particular, the concept of what constitutes direct supervisory authority, and the significance of holding certain positions in a firm. Comments to § 11.501 apply as well to § 11.503.

Section 11.504 would provide for the professional independence of a practitioner. The provisions of § 11.504 would express traditional limitations on sharing fees with nonpractitioners. (On sharing fees among practitioners not in the same firm, *see* § 11.105(e).) These limitations would be to protect the practitioner's professional independence of judgment. Where someone other than the client pays the practitioner's fee or salary, or recommends employment of the practitioner, that arrangement does not modify the practitioner's obligation to the client. As stated in § 11.504(d), such arrangements should not interfere with the practitioner's professional judgment.

Giving anything of value in exchange for recommending or securing employment for the practitioner would be specifically barred. Thus, for example, under proposed § 11.504(a), a practitioner would not be able to receive payment from an inventor for legal services and then pay an invention promoter a share for finding the inventor-client and referring the inventor-client to the practitioner. Likewise, the prohibition against a practitioner splitting fees with a non-practitioner is directed at the risk posed by the possibility of control of legal matters by a non-practitioner interested more in personal profit than the client's welfare. *See In the Matter of Jones,* 2 Cal. State Bar Ct.Rptr. 411 (Review Dept. 1993). To the extent this policy is implicated, a practitioner should not be able to ''sanitize'' such impermissible fee-splitting by the simple expedient of having an invention promoter receive the funds, make the division, and distribute them to the practitioner. *Accord* Formal Opinion 1997–148, Standing Committee on Professional Responsibility and Conduct (California); Formal Opinion 87, Ethics Committee of the Colorado State Bar (1991). Under proposed § 11.504(b), such practices would be specifically proscribed in cases involving an invention promoter. Ethics opinions and court decisions in those jurisdictions finding violations of rules barring fee-splitting between lawyers and non-lawyers in the estate planning and living trust contexts do not turn upon whether the lawyer receives payment for the trust and divides it with the marketer, or vice versa.

Section 11.505 would proscribe engaging in or aiding the unauthorized practice of law. The definition of the practice of law is established by law and might vary from one jurisdiction to another. Whatever the definition, limiting the practice of patent law before the Office to those recognized to practice protects the public against rendition of legal services by unqualified persons or organizations. A patent application is recognized as being a legal document. *See Sperry* v. *Florida,* 373 U.S. 379, 137 USPQ 578 (1963). Thus, a corporation that is not authorized to practice law renders legal services, as opposed to clerical services where, upon request from a general practice attorney and for a fee, it causes a patent application to be prepared by a registered practitioner. *See Lefkowitz* v. *Napatco,* 415 N.E.2d 916, 212 USPQ 617 (NY 1980). There are numerous cases and ethics opinions wherein attorneys have been found to have aided lay organizations in the unauthorized practice of law by agreeing to accept referrals from a non-lawyer engaged in unauthorized practice of law. Some involve non-lawyers marketing estate planning packages. A registered practitioner accepting referrals from a non-lawyer engaged in unauthorized practice of law paralleling such marketing packages might be aiding the unauthorized practice of law. An attorney was found to have aided the unauthorized practice of law by permitting a non-attorney operating as a business to gather data from estate planning clients for preparation of legal documents, and forward the data to the attorney who thereafter prepared the documents (including a will, living trust, living will, and powers of attorney). The attorney, without having personally met or corresponded with the client, forwarded the documents to the non-attorney for the client to execute. *See Wayne County Bar Ass'n.* v. *Naumoff,* 660 N.E.2d 1177 (Ohio 1996). In another case, an attorney agreed to accept referrals from non-attorneys who marketed, through free seminars, living trusts as estate planning devices to avoid probate. At the conclusion of the seminars, the marketers gathered personal and asset information on a form from clients desiring consultations with the marketers. The marketers then discussed the living trust with the clients, and what could and could not be done. The marketers recommended the attorney, who accepted 100 referrals in a two year period. The information gathered by the marketers would then be forwarded to the attorney, either by the marketers or the clients, and the attorney then spoke with the clients by telephone to answer their questions. The attorney then prepared trust documents for the clients' review, and later met with the clients in person,

went over the information and documents, and the clients signed the documents at the meeting. The attorney was found to have aided the unauthorized practice of law. *See Comm. on Professional Ethics & Conduct* v. *Baker,* 492 N.W.2d 695,597 (Iowa 1992). *See also People* v. *Laden,* 893 P.2d 771 (Colo. 1995), *People* v. *Macy,* 789 P.2d 188 (Colo. 1990), *People* v. *Boyles,* 591 P.2d 1315 (Colo. 1979); *In re Discipio,* 645 N.E.2d 906 (Ill. 1994); *In re Komar,* 532 N.E.2d 801 (Ill. 1988); Formal Opinion 705, Committee on Professional Ethics of the Illinois State Bar Association (1982); Formal Opinion 1977–148, Standing Committee on Professional Responsibility and Conduct; Formal Opinion 87, Ethics Committee of the Colorado State Bar (1991).

Paragraphs (b), (c), and (d) of § 11.505 would permit a practitioner to employ the services of paraprofessionals and delegate functions to them, so long as the practitioner supervises the delegated work and retains responsibility for their work. *See* § 11.503. Likewise, it would permit practitioners to provide professional advice and instruction to nonpractitioners whose employment requires knowledge of law; for example, claims adjusters, employees of financial or commercial institutions, social workers, accountants and persons employed in Government agencies. In addition, a practitioner may counsel nonpractitioners who wish to proceed *pro se.* Paragraph (d) of § 11.505, like § 10.47(b), makes it clear that a practitioner is prohibited from aiding a suspended or excluded practitioner in the practice of law before the Office.

Section 11.506, like current § 10.38, would prohibit agreements restricting rights to practice. An agreement restricting the right of partners or associates to practice after leaving a firm not only limits their professional autonomy, but also limits the freedom of clients to choose a practitioner. Section 11.506(a) would prohibit such agreements except for restrictions incident to provisions concerning retirement benefits for service with the firm.

Paragraph (b) of § 11.506 would prohibit a practitioner from agreeing not to represent other persons in connection with settling a claim on behalf of a client.

Section 11.507 would provide for a practitioner being subject to the Rules of Professional Conduct if the practitioner provides law-related services.

Section 11.601 would encourage a practitioner to provide *pro bono publico service.* This Rule would reflect the long-standing ethical principle underlying Canon 2 of the Code of Professional Responsibility that ''A practitioner should assist the legal profession in fulfilling its duty to make legal counsel available.'' The Rule would incorporate the legal profession's historical commitment to the principle that all persons in our society should be able to obtain necessary legal services. The Rule would also recognize that the rights and responsibilities of individuals and groups in the United States are increasingly defined in legal terms and that, as a consequence, legal assistance in coping with the web of statutes, rules, and regulations is imperative for persons of modest and limited means, as well as for the relatively well-to-do. The Rule would also recognize that a practitioner's *pro bono* services are sometimes needed to assert or defend public rights belonging to the public generally where no individual or group can afford to pay for the services.

This Rule would carry forward the ethical precepts set forth in the Code. Specifically, the Rule would recognize that the basic responsibility for providing legal services for those unable to pay ultimately rests upon the individual practitioner, and that every practitioner, regardless of professional prominence or professional workload, should find time to participate in or otherwise support the provision of legal services to the disadvantaged.

The Rule also would acknowledge that while the provision of free legal services to those unable to pay reasonable fees continues to be an obligation of each practitioner as well as the profession generally, the efforts of individual practitioners are often not enough to meet the need. Thus, it has been necessary for the profession and Government to institute additional programs to provide legal services. Accordingly, legal aid offices, practitioner referral services, and other related programs have been developed, and others will be developed by the profession and Government. Every practitioner should support all proper efforts to meet this need for legal services. A practitioner also should not refuse a request from a court or bar association to undertake representation of a person unable to obtain counsel except for compelling reasons such as those listed in § 11.602.

Section 11.601 also would express the profession's traditional commitment to make legal counsel available, but it is not intended that the Rule be enforced through disciplinary process. Neither is it intended to place any obligation on a Government practitioner that is inconsistent with laws, such as 18 U.S.C. 203 and 205, limiting the scope of permissible employment or representational activities.

Section 11.602 would provide for a practitioner's accepting a tribunal's appointment to represent a client. The practitioner would not be obligated to accept appointment if the practitioner regards the client's character or cause as repugnant. All practitioners have a responsibility to assist in providing *pro bono publico* service. *See* section 11.601. An individual practitioner fulfills this responsibility by accepting a fair share of unpopular matters or indigent or unpopular clients. A practitioner may also be subject to appointment by a court to serve unpopular clients or persons unable to afford legal services. This rule should not be construed as empowering the Office, and the Office does not intend to use this rule, as a means to appoint a practitioner to represent any person or party before the Office in any matter.

Section 11.602 and Appointed Counsel. For good cause a practitioner may seek to decline an appointment to represent a person who cannot afford to retain counsel or whose cause is unpopular. Good cause exists if the practitioner could not handle the matter competently, see § 11.101, or if undertaking the representation would result in an improper conflict of interest; for example, when the client or the cause is so repugnant to the practitioner as to be likely to impair the client-practitioner relationship or the practitioner's ability to represent the client. A practitioner may also seek to decline an appointment if acceptance would be substantially and unreasonably burdensome, such as when it would impose a financial sacrifice so great as to be unjust.

An appointed practitioner would have the same obligations to the client as retained counsel, including the obligations of loyalty and confidentiality, and is subject to the same limitations on the client-practitioner relationship, such as the obligation to refrain from assisting the client in violation of the Rules.

Section 11.603 would provide for practitioners supporting and participating in legal service organizations. A practitioner who is an officer or a member of such an organization does not thereby have a client-practitioner relationship with persons served by the organization. However, there is potential conflict between the interests of such persons and the interests of the practitioner's clients. If the possibility of such conflict disqualified a practitioner from serving on the board of a legal services organization, the profession's

involvement in such organizations would be severely curtailed. It may be necessary in appropriate cases to reassure a client of the organization that the representation will not be affected by conflicting loyalties of a member of the board. Established, written policies in this respect can enhance the credibility of such assurances.

Section 11.604 would encourage the efforts of practitioners to maintain and improve our legal system. This system should function in a manner that commands public respect and fosters the use of legal remedies to achieve redress of grievances. By reason of education and experience, practitioners are especially qualified to recognize deficiencies in the legal system and to initiate corrective measures therein. Thus, they should participate in proposing and supporting legislation and programs to improve the system, without regard to the general interests or desires of clients or former clients. Rules of law are deficient if they are not just, understandable, and responsive to the needs of society. If a practitioner believes that the existence or absence of a rule of law, substantive or procedural, causes or contributes to an unjust result, the practitioner should endeavor by lawful means to obtain appropriate changes in the law. This Rule expresses the policy underlying Canon 8 of the Code of Professional Responsibility of the American Bar Association that ''A practitioner should assist in improving the legal system'' through legislation. Practitioners employed by the Government may be subject to limits on their personal ability to propose legislation regarding the department or agency where they are employed. Accordingly, it is not intended that this Rule be enforced through disciplinary process.

Practitioners involved in organizations seeking law reform generally do not have a client-practitioner relationship with the organization. Otherwise, it might follow that a practitioner could not be involved in a bar association law reform program that might indirectly affect a client. *See also* § 11.102(b). For example, a practitioner specializing in patent law prosecution or litigation might be regarded as disqualified from participating in drafting revisions of rules governing that subject. In determining the nature and scope of participation in such activities, a practitioner should be mindful of obligations to clients under other Rules, particularly § 11.107. A practitioner is professionally obligated to protect the integrity of the program by making an appropriate disclosure within the organization when the practitioner knows a private client might be materially benefited.

Section 11.701 would govern all communications about a practitioner's services, including advertising. It is especially important that statements about a practitioner or the practitioner's services be accurate, since many members of the public lack detailed knowledge of legal matters. Certain advertisements such as those that describe the amount of a damage award, the practitioner's record in obtaining favorable verdicts, or those containing client endorsements, unless suitably qualified, have a capacity to mislead by creating an unjustified expectation that similar results can be obtained for others. Advertisements comparing the practitioner's services with those of other practitioners are false or misleading if the claims made cannot be substantiated.

Section 11.701 and Advertising. To assist the public in obtaining legal services, practitioners should be allowed to make known their services not only through reputation but also through organized information campaigns in the form of advertising. Advertising involves an active quest for clients, contrary to the tradition that a practitioner should not seek clientele. However, the public's need to know about legal services can be fulfilled in part through advertising. This need is particularly acute in the case of persons of moderate means who have not made extensive use of legal services. The interest in expanding public information about legal services ought to prevail over considerations of tradition.

Section 11.701 would permit public dissemination of information concerning a practitioner's name or firm name, address, and telephone number; the kinds of services the practitioner will undertake; the basis on which the practitioner's fees are determined, including prices for specific services and payment and credit arrangements; a practitioner's foreign language ability; names of references and, with their consent, names of clients regularly represented; and other information that might invite the attention of those seeking legal assistance.

Questions of effectiveness and taste in advertising are matters of speculation and subjective judgment. Some state jurisdictions have had extensive prohibitions against television advertising, against advertising going beyond specific facts about a practitioner, or against ''undignified'' advertising. Television is now one of the most powerful media for getting information to the public, particularly persons of low and moderate income; prohibiting television advertising, therefore, would impede the flow of information about legal services to many sectors of the public. Limiting the information that may be advertised has a similar effect.

This proposal is based on the premise that there might be no significant distinction between disseminating information and soliciting clients through mass media or through individual personal contact. In-person solicitation can, however, create additional problems because of the particular circumstances in which the solicitation takes place. Section 11.701 prohibits in-person solicitation in circumstances or through means that are not conducive to intelligent, rational decisions.

Sections 11.701 and 11.702, and paying others to recommend a practitioner. A practitioner would be allowed to pay for advertising permitted by this section. *See* § 11.702(c). Section 11.702 also would permit a practitioner to pay a not-for-profit lawyer referral service or legal service organization for channeling professional work to the practitioner. Thus, such a service or organization, other than the practitioner may advertise or recommend the practitioner's services. Likewise, a practitioner may participate in practitioner referral programs and pay the usual fees charged by such programs. However, special concerns arise when a practitioner is making payments to intermediaries, such as invention promoters, to recommend the practitioner's services to others. These concerns are particularly significant when the payments are not being made to a recognized or established agency or organization, such as a bar-organized practitioner referral program. In employing intermediaries, such as invention promoters, the practitioner is bound by all of the provisions of § 11.701. However, paragraphs (b)(4), and (b)(5) of § 11.701 contain provisions specifically relating to the use of intermediaries.

Paragraph (b)(4) of § 11.701 imposes specific obligations on the practitioner who uses an intermediary to ensure that the potential client, who is the target of the solicitation, is informed of the consideration paid or to be paid by the practitioner to the intermediary, and any effect of the payment of such consideration on the total fee to be charged. The concept of payment, as incorporated in § 11.701(b)(4), includes giving anything of value to the recipient and is not limited to payments of money alone. For example, if an intermediary

were provided the free use of an automobile or free clerical services in return for soliciting clients on behalf of the practitioner, the obligations imposed by § 11.701(b)(4) would apply and impose the specified disclosure requirements.

Statements by an invention promoter in connection with the marketing of the patent applications and inventions, whether on the telephone, at a seminar, or oral or in writing, regarding a practitioner preparing the patent applications and the availability of that practitioner to respond to questions relating to the application, would be communications under § 11.701 since they concern the availability of a practitioner for professional employment, and are therefore subject to the requirements of § 11.701. Like the communications found violative in *Leoni* v. *State Bar, supra,* 39 Cal.3d 609 (Cal. 1985) and *People* v. *Morse,* 21 Cal.App.4th 259, fn. 13 (1993), affd. *In re Morse,* 11 Cal. A4th 184 (Cal. 1995) they have potential to mislead members of the public. In *Leoni* v. *State Bar,* the letters and brochures inaccurately suggested or intimated that all recipients needed a lawyer, that their property was subject to immediate attachment, that bankruptcy was appropriate for them, and the like. In *People* v. *Morse,* the advertisements made inaccurate suggestions and statements regarding the protections afforded recipients by the homestead laws. Statements which, by their generic, ''one-size-fits-all'' recommendation of patents for everyone, may similarly contain untrue statements, and omit facts—such as that patents may not be worth the cost or in the client's best interest in every case—necessary to make the communications not misleading.

Further, an invention promoter's statements on the telephone or at a meeting regarding the professional employment of the practitioner in connection with obtaining patent protection would constitute a prohibited in-person solicitation under §§ 11.703(a) and 11.703(b). Section 11.703(a) and (b) would proscribe a practitioner from seeking employment through an intermediary under circumstances involving false or misleading statements, undue influence, a potential client who is physically or mentally unable to exercise reasonable judgment, and the practitioner has not taken reasonable steps to ensure that the potential client is informed of the consideration paid to the intermediary as well as any possible effect the payment has on the total fee charged. These rules would apply because a significant motivation for the promotion of the practitioner's services for the inventor is pecuniary gain (rather than communication of general information regarding patents). *See FTC* v. *AIRD,* 219 B.R. 639 (D Mass. 1998). For purposes of § 11.703, it makes no difference whether the invention promoter or the practitioner seeks or receives payment from the participant, since the rule regulates employment motivated by pecuniary gain, without regard to whether a practitioner or one acting on his behalf seeks or obtains that gain. Since the solicitation is directed at obtaining prospective clients with whom the practitioner has no prior professional relationship, it would be prohibited by § 11.703(a). The use of the invention promoter to communicate with the inventor would not insulate the practitioner from § 11.703, which prohibits improper solicitations made by ''an intermediary for the practitioner.'' In both the advertising and the solicitations, the invention promoter cannot do on the practitioner's behalf what the practitioner cannot do. The invention promoter simply becomes the agent of the practitioner. A practitioner cannot avoid the prohibition against in-person solicitation by associating with a non-practitioner who engages in such prohibited conduct on the lawyer's behalf. *Accord* Formal Opinion 1997–148, Standing Committee on Professional Responsibility and Conduct (California).

Paragraph (b)(5) of § 11.701 would impose specific obligations on the practitioner who uses an invention promoter as an intermediary to ensure that the potential client who is the target of the solicitation is accurately informed in every contract between the client and intermediary of all legal fees and expenses included in the funds the client delivers to the intermediary. The practitioner would also have to ensure that every communication to the client by the intermediary requesting funds accurately reflect all legal fees and expenses included in the funds sought, and that the potential client is informed of the discount in legal fees the practitioner gives or will give in consideration for the promoter referring a client.

Paragraph (d) of § 11.701 is based on 35 U.S.C. 32, and prohibits advertising that is specifically precluded by statute.

Paragraph (e) of § 11.701 is based on 5 U.S.C. 501, which prohibits the use of the name of a Member of Congress or of an individual in the service of the United States in advertising the practitioner's practice before the Office.

Section 11.702 would provide for advertising by practitioners. Paragraph (a) of § 11.702 would continue the requirements of current § 10.32(a) that provide for practitioners advertising their services through public media. Paragraph (b) of § 11.702 would introduce a requirement of keeping a copy of advertisements or communications (whether in printed or electronic media) for a period for two years. Paragraph (e) of § 11.702, like current § 10.32(c), would require any communication made pursuant to this rule to include the name of at least one practitioner responsible for its content.

Section 11.703 would address the potential for abuse inherent in direct in-person or live telephone contact by a practitioner with a prospective client known to need legal services. These forms of contact between a practitioner and a prospective client subject the layperson to the private importuning of the trained advocate in a direct interpersonal encounter. The prospective client, who may already feel overwhelmed by the circumstances giving rise to the need for legal services, may find it difficult fully to evaluate all available alternatives with reasoned judgment and appropriate self-interest in the face of the practitioner's presence and insistence upon being retained immediately. The situation is filled with the possibility of undue influence, intimidation, and overreaching, as was recognized in *Ohralik* v. *Ohio State Bar Ass'n.,* 436 U.S. 447 (1978) (disciplining attorney for soliciting clients for pecuniary gain under circumstances evidencing undue influence, intimidation, or overreaching).

Paragraph (a) of § 11.703, like current § 10.33, would provide a general prohibition against in-person or live telephone contact to solicit professional employment from a prospective client with whom the practitioner has no family or prior professional relationship when a significant motive for the practitioner's doing so is the practitioner's pecuniary gain and the solicitation occurs under circumstances evidencing undue influence, intimidation, or overreaching. This potential for abuse inherent in direct in-person or live telephone solicitation of prospective clients justifies its prohibition, particularly since practitioner advertising and written and recorded communication permitted under § 11.702 offer alternative means of conveying necessary information to those who may be in need of legal services. Advertising and written and recorded communications which may be mailed or autodialed make it possible for a prospective client to be informed

about the need for legal services, and about the qualifications of available practitioners, without subjecting the prospective client to direct in-person or telephone persuasion that may overwhelm the client's judgment.

A practitioner may not circumvent the Rules of Professional Conduct through the acts of another. *See* § 11.804(a). Accordingly, the provisions of § 11.804(a) may be violated by any solicitation by an intermediary invention promoter involving in-person or live telephone contact to solicit professional employment for a practitioner from a prospective client with whom the practitioner has no family or prior professional relationship when a significant motive is the pecuniary.

Paragraph (c) of § 11.703 would require the words ''Advertising Material'' on the outside of the envelope, and at the beginning and end of any electronic or recorded communication. The use of general advertising and written and recorded communications to transmit information from practitioner to prospective client, including patent and trademark clients, rather than direct in-person or live telephone contact, will help to assure that the information flows clearly as well as freely. The contents of advertisements and communications permitted under § 11.702 are permanently recorded so that they cannot be disputed and may be shared with others who know the practitioner. This potential for informal review is itself likely to help guard against statements and claims that might constitute false and misleading communications, in violation of § 11.701. The contents of direct in-person or live telephone conversations between a practitioner to a prospective client can be disputed and are not subject to third-party scrutiny. Consequently, they are much more likely to approach (and occasionally cross) the dividing line between accurate representations and those that are false and misleading.

There is far less likelihood that a practitioner would engage in abusive practices against an individual with whom the practitioner has a prior personal or professional relationship or where the practitioner is motivated by considerations other than the practitioner's pecuniary gain. Consequently, the general prohibition in § 11.703(a) and the requirements of § 11.703(c) would not be applicable in those situations.

But even permitted forms of solicitation can be abused. Thus, any solicitation which contains information which is false or misleading within the meaning of § 11.701, which involves coercion, duress or harassment within the meaning of § 11.703(b)(2), or which involves contact with a prospective client who has made known to the practitioner a desire not to be solicited by the practitioner within the meaning of § 11.703(b)(1) would be prohibited. Further, if after sending a letter or other communication to a client as permitted by § 11.702 the practitioner receives no response, any further effort to communicate with the prospective client may violate the provisions of § 11.703(b). Likewise, if a solicitation on a practitioner's behalf by an intermediary contains false or misleading information within the meaning of § 11.701, the solicitation may violate the provisions of § 11.804(a). Similarly, any solicitation by an intermediary invention promoter involving follow-up telephone calls to prospective clients who have not responded to an initial solicitation may violate the provisions of § 11.804(a).

Section 11.703 is not intended to prohibit a practitioner from contacting representatives of inventor-run organizations or groups that may be interested in establishing a group or prepaid legal plan for their members, or insureds for the purpose of informing such entities of the availability of and details concerning the plan or arrangement which the practitioner or the practitioner's firm is willing to offer. This form of communication is not directed to a prospective client. Rather, it is usually addressed to an individual acting in a fiduciary capacity seeking a supplier of legal services for others who may, if they choose, become prospective clients of the practitioner. Under these circumstances, the activity which the practitioner undertakes in communicating with such representatives and the type of information transmitted to the individual are functionally similar to and serve the same purpose as advertising permitted under § 11.702.

The requirement in § 11.703(c) that certain communications be marked ''Advertising Material'' does not apply to communications sent in response to requests of potential clients or their spokespersons or sponsors. General announcements by practitioners, including changes in personnel or office location, do not constitute communications soliciting professional employment from a client known to be in need of legal services within the meaning of this section.

Paragraph (d) of § 11.703 would permit, in conformity with Rules of Professional Conduct adopted by state bars, a lawyer to participate with an organization which uses personal contact to solicit members for its group or prepaid legal service plan, provided that the personal contact is not undertaken by any practitioner who would be a provider of legal services through the plan. The organization referred to in paragraph (d) must not be owned by or directed (whether as manager or otherwise) by any practitioner or law firm that participates in the plan. For example, paragraph (d) would not permit a lawyer to create an organization controlled directly or indirectly by the practitioner and use the organization for the in-person or telephone solicitation of legal employment of the practitioner through memberships in the plan or otherwise. The communication permitted by these organizations also must not be directed to a person known to need legal services in a particular matter, but is to be designed to inform potential plan members generally of another means of affordable legal services. Practitioners who participate in a legal service plan must reasonably assure that the plan sponsors are in compliance with §§ 11.701, 11.702, and 11.703(b). *See* § 11.804(a).

Section 11.704 would permit a practitioner to indicate areas of practice in communications about the practitioner's services. If a practitioner practices only in certain fields, or will not accept matters except in a specified field or fields, the practitioner is permitted to so indicate. A practitioner is generally permitted to state that the practitioner is a ''specialist,'' practices a ''specialty,'' or ''specializes in'' particular fields, but such communications are subject to the ''false and misleading'' standard applied in § 11.701 to communications concerning a practitioner's services.

However, a practitioner may not communicate that the practitioner has been recognized or certified as a specialist in a particular field of law, except as provided by this section.

Paragraph (a) of § 11.704 would continue the provisions of current § 10.31(c) proscribing a non-lawyer, *e.g.,* a patent agent, from holding himself/herself out as an attorney, lawyer, or member of a bar; or as authorized to practice before the Office in trademark matters unless authorized by § 11.14(b).

Paragraph (b) of § 11.704 would continue the provisions of current § 10.34(b) permitting a registered practitioner who is an attorney to use the designation ''Patents,'' ''Patent Attorney,'' ''Patent Lawyer,'' ''Registered Patent Attorney,'' or a substantially similar designation.

Paragraph (c) of § 11.704 would continue the procedure of current § 10.34(c) permitting a registered patent agent who is not an attorney to use the designation ''Patents,'' ''Patent Agent,'' ''Registered Patent Agent,'' or a substantially similar designation.

Section 11.705 would provide for firm names and letterheads. A firm may be designated by the names of all or some of its members, by the names of deceased members where there has been a continuing succession in the firm's identity, or by a trade name such as the ABC Legal Clinic. Although the United States Supreme Court has held that legislation may prohibit the use of trade names in professional practice, use of such names in law practice is acceptable so long as it is not misleading. For example, if a private firm uses a trade name that includes a geographical name such as Springfield Legal Clinic, an express disclaimer that it is a public legal aid agency may be required to avoid a misleading implication. It may be observed that any firm name including the name of a deceased partner is, strictly speaking, a trade name. The use of such names to designate law firms has proven a useful means of identification. However, it is misleading to use the name of a practitioner not associated with the firm or a predecessor of the firm.

Paragraph (d) of § 11.705 would provide that practitioners sharing office facilities, but who are not in fact partners, may not denominate themselves as, for example, Smith and Jones, for that title suggests partnership in the practice of law.

Section 11.801 would impose the same duty to persons seeking admission to a bar as well as to practitioners. Hence, if a person makes a material false statement in connection with an application for registration, it may be the basis for subsequent disciplinary action if the person is admitted, and in any event may be relevant in a subsequent admission application. The duty imposed by § 11.801 applies to a practitioner's own admission or discipline as well as that of others. Thus, it is a separate professional offense for a practitioner knowingly to make a misrepresentation or omission in connection with a disciplinary investigation of the practitioner's own conduct. Section 11.801 also requires affirmative clarification of any misunderstanding on the part of the admissions or disciplinary authority of which the person involved becomes aware.

Section 11.801 is subject to the provisions of the Fifth Amendment of the United States Constitution and corresponding provisions of state constitutions. A person relying on such a provision in response to a question, however, should do so openly and not use the right of nondisclosure as a justification for failure to comply with this rule.

A practitioner representing an applicant for registration, or representing another practitioner who is the subject of a disciplinary inquiry or proceeding, is governed by the Rules applicable to the client-practitioner relationship. For example, § 11.106 may prohibit disclosures, which would otherwise be required by a practitioner serving in such representative capacity. Practitioners representing an applicant or another practitioner must take steps to reasonably assure compliance with §§ 11.303(a)(1) and (2), and 11.804(c). *See Lipman* v. *Dickinson,* 174 F.3d 1363, 50 USPQ 2d 1490 (Fed. Cir. 1999).

Section 11.803 would require reporting a violation of the Rules of Professional Conduct. Self-regulation of the legal profession requires that members of the profession seek a disciplinary investigation when they know of a violation of the Rules of Professional Conduct. Practitioners have a similar obligation with respect to judicial misconduct. An apparently isolated violation may indicate a pattern of misconduct that only a disciplinary investigation can uncover. Reporting a violation is especially important where the victim is unlikely to discover the offense.

Consistent with the current rule, § 10.24(a), a report about misconduct is not required where it would involve violation of § 11.106. However, a practitioner should encourage a client to consent to disclosure where prosecution would not substantially prejudice the client's interests.

If a practitioner were obliged to report every violation of the Rules, the failure to report any violation would itself be a professional offense. Such a requirement existed in many jurisdictions but proved to be unenforceable. Section 11.803 would limit the reporting obligation to those offenses that a self-regulating profession must vigorously endeavor to prevent. A measure of judgment is, therefore, required in complying with the provisions of this section. The term ''substantial'' refers to the seriousness of the possible offense and not the quantum of evidence of which the practitioner is aware. A written communication describing the substantial misconduct should be made to the OED Director where the conduct is in connection with practice before the Office. Criminal convictions in state or Federal courts, and disciplinary actions other jurisdictions also should be communicated to the OED Director. A practitioner who believes that another practitioner has a significant problem of alcohol or other substance abuse affecting the latter practitioner's practice before the Office, in addition to reporting the matter to the OED Director, should also report the perceived situation to a counseling committee, operated by the state bar, which assists practitioners having such problems.

The duty to report professional misconduct does not apply to a practitioner retained to represent a practitioner whose professional conduct is in question. Such a situation is governed by the Rules applicable to the client-practitioner relationship.

Paragraph (b) of § 11.803 would provide for reporting knowledge that an employee of the Office has committed a violation of applicable Federal statute and rules adopted by the Office of Government Ethics (OGE). However, not all such violations are reportable to the Office of Enrollment and Discipline. For example, an Office employee who is not a practitioner could not be subject to the imperative USPTO Rules of Professional Conduct. Accordingly, violations of a Federal statute or OGE-adopted rules should be reported to the appropriate authorities, which do not include OED.

Paragraph (e) of § 11.803 would provide for disciplining a practitioner suspended or disbarred from practice as an attorney or agent on ethical grounds by any duly constituted authority of the United States (*e.g.*, a Federal court or another agency), a State (*e.g.*, a state supreme court), or a foreign authority in the case of a practitioner residing in a foreign country (*e.g.*, a foreign patent office). Practitioners have been suspended or excluded from practice before the Office following disbarment or suspension in a state. *See In re Davis,* 982 Off. Gaz. 2 (May 1, 1979), *aff'd sub nom., Davis* v. *Commissioner,* No. 80–1036 (D.C. Cir. Mar. 31, 1981), *cert. denied,* 454 U.S. 1090 (1981) (attorney excluded by USPTO following disbarment in Minnesota for misconduct involving both patent and non-patent matters); *In re Hodgson,* 1023 Off. Gaz. 13 (Oct. 12, 1982) (attorney excluded by USPTO after disbarment in Virginia following criminal conviction); *In re Pattison,* 1023 Off. Gaz. 13 (Oct. 12, 1982) (attorney excluded by USPTO after disbarment in Maryland for misconduct involving patent and non-patent matters); *Attorney Grievance Commission (Maryland)* v. *Pattison,* 441 A.2d 328 (Md. 1982); *Nakamura* v.

Harper, 1062 Off. Gaz. 433 (Jan. 28, 1986) (attorney excluded by USPTO after disbarment in Maryland for misconduct in patent and non-patent matters addressed in *Attorney Grievance Commission (Maryland)* v. *Harper,* 477 A.2d 756 (Md. 1984)); and *In re Kraft,* 954 Off. Gaz. 550 (Jan. 11, 1977), *aff'd. sub nom., Kraft* v. *Commissioner,* No. 77–0087 (D.D.C. Nov. 3, 1977) (attorney excluded by USPTO following suspension in Idaho).

Paragraph (f) of § 11.803 would define some, but not all, acts that would constitute violations of paragraphs (a) through (e) of this section. The USPTO believes that it would be helpful to practitioners if some specific prohibitions were set out in the rules. The prohibitions set out in paragraphs (1) through (4) of § 11.803 represent violations that have occurred in the past or that the USPTO specifically seeks to prevent. The specific acts set out in paragraph (f) would not constitute a complete description of all acts in violation of paragraphs (a) through (e).

Section 11.804 would continue the practice of providing for discipline involving a variety of acts constituting misconduct.

Paragraph (b) of § 11.804 would address many kinds of illegal conduct reflecting adversely on fitness to practice law, such as offenses involving fraud and the offense of willful failure to file an income tax return. *See In re Milmore,* 196 USPQ 628 (Comm'r Pat. 1977) (fraud on the Office); *In re Donal E. McCarthy,* 922 Off. Gaz. 2 (May 17, 1974) (income tax evasion); *In re Edwin Crabtree,* 1023 Trademark Off. Gaz. 44 (Oct. 27 1987) (income tax evasion). However, some kinds of offenses carry no such implication. Traditionally, the distinction was drawn in terms of offenses involving ''moral turpitude.'' A current regulation, 37 CFR 10.23(b)(3), proscribes ''illegal conduct involving moral turpitude.'' That concept can be construed to include offenses concerning some matters of personal morality, such as adultery and comparable offenses, that have no specific connection to fitness for the practice of law. Although a practitioner is personally answerable to the entire criminal law, a practitioner should be professionally answerable only for offenses that indicate lack of those characteristics relevant to law practice. Offenses involving violence, dishonesty, breach of trust, or serious interference with the administration of justice are in that category. *See, e.g., In re Bernard Miller,* 688 Off. Gaz. 1 (Nov. 2, 1954) (excluding attorney from USPTO following conviction and incarceration, *Miller* v. *State (Oklahoma),* 281 P.2d 441 (Crim. App. Okla. 1955)). A pattern of repeated offenses, even ones of minor significance when considered separately, can indicate indifference to legal obligation.

Paragraph (d) of § 11.804, like § 10.23(b)(5), would prohibit conduct that ''is prejudicial to the administration of justice.'' There is extensive case law on this standard, as set forth below. Examples of these cases involve a practitioner's failure to cooperate with the OED Director or Bar Counsel during an investigation. A practitioner's failure to respond to investigative inquiries or Bar Counsel's subpoenas may constitute misconduct. *See Bovard* v. *Gould,* D96–02 *http://www.uspto.gov/web/offices/com/sol/foia/oed/disc/D02.pdf* (Comm'r Pat 1997); *In re Cope,* 455 A.2d 1357 (D.C. 1983); *In re Haupt,* 444 A.2d 317 (D.C. 1982); *In re Lieber,* 442 A.2d 153 (D.C. 1982); *In re Whitlock,* 441 A.2d 989 (D.C. 1982); *In re Russell,* 424 A.2d 1087 (D.C. 1980); *In re Willcher,* 404 A.2d 185 (D.C. 1979). Misconduct also may arise from the failure to abide by agreements made with Bar Counsel. *See In re Harmon,* M–79–81 (D.C. Dec. 14, 1981) (breaking promise to Bar Counsel to offer complainant refund of fee or vigorous representation constitutes conduct prejudicial to the administration of justice).

In the Office, a variety of conduct by practitioners has been found to constitute conduct prejudicial to the administration of justice. For example, such conduct includes a practitioner's destruction of a maintenance fee reminder, payment of Office fees with checks drawn on an overdrawn account, and settling a dispute with a former client by precluding disclosure of a grievance to the Office. *See Bovard* v. *Cole,* D95–01 (Comm'r Pat. 1995); *Weiffenbach* v. *Maxon,* D89–11 (Comm'r Pat. 1990); and *In re Johnson,* D2001–09, *http://www.uspto.gov/web/offices/com/sol/foia/oed/discD25.pdf* (Comm'r Pat. 2001). In other jurisdictions, a practitioner's failure to appear in court for a scheduled hearing is another common form of conduct deemed prejudicial to the administration of justice. *See In re Evans,* No. M–126–82 (D.C. Dec. 18, 1982); *In re Doud,* Bar Docket No. 442–80 (Sept. 23, 1982); *In re Bush* (Bush III), No. S–58–79/D/39/80 (D.C. Apr. 30, 1980); *In re Molovinsky,* No. M–31–79 (D.C. Aug. 23, 1979). Similarly, failure to obey court orders has been found to constitute misconduct under § 11.804(d). *See In re Whitlock,* 441 A.2d 989–91 (D.C. 1982); *In re Brown,* Bar Docket No. 222–78 (Aug. 4, 1978); and *In re Bush* (Bush I), No. DP–22–75 (D.C. July 26, 1977).

While the above categories—failure to cooperate with Bar Counsel and failure to obey court orders—encompass the major forms of misconduct proscribed by § 11.804(d), that provision would be interpreted flexibly and includes any improper behavior of an analogous nature. For example, the failure to turn over the assets of a conservatorship to the court or to the successor conservator has been held to be conduct ''prejudicial to the administration of justice.'' *In re Burka,* 423 A.2d 181 (D.C. 1980). In *Russell,* 424 A.2d 1087 (D.C. 1980), the court found that failure to keep the Bar advised of respondent's changes of address, after being warned to do so, was also misconduct under that standard. And in *In re Schattman,* No. M–63–81 (D.C. June 2, 1981), it was held that a practitioner's giving a worthless check in settlement of a claim against the practitioner by a client was improper.

Paragraph (g) of § 11.804 is based on 35 U.S.C. 32, and would prohibit disreputable or gross misconduct. An example of a practitioner being excluded for gross misconduct is found in *In re Wedderburn,* 1897 Dec. Comm'r. Pat. 77 (Comm'r Pat. 1897), mandamus denied sub nom., *United States ex rel. Wedderburn* v. *Bliss,* 1897 Dec. Comm'r. Pat. 750 (Sup.Ct. D.C. 1897), aff'd. 12 App. D.C. 485, 1898 Dec. Comm'r Pat. 413 (D.C. Cir. 1898).

Paragraph (h) of § 11.804 would define some, but not all, acts that would constitute violations of paragraphs (a) through (g) of this section. The USPTO believes that it would be helpful to practitioners if some specific prohibitions were set out in the rules. The prohibitions set out in paragraphs (1) through (10) of § 11.804 represent conduct that has occurred in the past or which the USPTO specifically seeks to prevent. The specific acts set out in paragraph (h) would not constitute a complete description of all acts in violation of paragraphs (a) through (g).

Paragraph (h)(1) of § 11.804, for example, would proscribe knowingly giving false or misleading information or knowingly participating in a material way in giving false or misleading information, to a client in connection with any immediate, prospective, or pending business before the Office.

Paragraph (h)(2) of § 11.804 would include as misconduct representing before the Office in a patent case either a joint venture comprising an inventor and an invention promoter or an inventor referred to the registered practitioner by an invention promoter. One requirement for the misconduct to obtain is that the registered practitioner know, or be advised by the Office, that

a formal complaint has been filed by a Federal or state agency, that the complaint is based on any violation of any law relating to securities, unfair methods of competition, unfair or deceptive acts or practices, mail fraud, or other civil or criminal conduct, and the complaint is pending before a Federal or state court or Federal or state agency, or has been resolved unfavorably by such court or agency, against the invention promoter in connection with invention development services. Another requirement is that the informed or advised registered practitioner fails to fully advise the inventor of the existence of the pending complaint or unfavorable resolution thereof prior to undertaking or continuing representation of the joint venture or inventor. The Federal Trade Commission, Securities and Exchange Commission, and the U.S. Department of Justice are Federal agencies empowered to investigate and file charges included within the scope of the proposed rule. *See Securities and Exchange Commission* v. *Lawrence Peska Associates, Inc.,* Civil Action 77–2436 (S.D. Fla., Filed: Aug. 8, 1977); *United States* v. *Beecroft,* 608 F.2d 753 (9th Cir. 1979) (upholding mail fraud convictions of defendant officers of a company which helped inventors promote and market their ideas).

Attorneys General in state agencies also can file charges arising from actions that may also constitute violations of consumer protection laws within the scope of the proposed rules. *See, e.g.*, Thomas, *Invention Development Service and Inventors: Recent Inroads on Caveat Inventors,* 60 J. Pat. Off. Soc'y. 355, 376 n. 75 (1978); Shemin, *Idea Promoter Control: The Time Has Come,* 60 J. Pat. Off. Soc'y. 261, 262 n.7 (1978); and *Illinois* v. *Lawrence Peska Associates, Inc.,* Civil Action No. 77CH 3771 (Cir.Ct. Cook Cty June 8, 1977). Similarly, a practitioner who represented an inventor referred by an invention promoter, and knew or should have known that the invention promoter was charged by the FTC with engaging in unfair or deceptive acts or practices, could be subject to disciplinary action under the proposed rule if the practitioner does not advise the inventor of the existence of the charges.

In using ''invention promoter'' and ''invention marketing and promotion services,'' the proposed rule applies the definitions used in § 11.1.

Paragraph (h)(7) of § 11.804 would provide that a practitioner may not accept or use the assistance from an Office employee in the presentation or prosecution of an application except to the extent that the employee may lawfully participate in an official capacity. The proposed rule would cover not only situations where an Office employee, such as a patent examiner or other person, is paid for their assistance, but also where the employee is not paid for their assistance. Thus, where claims in an application are rejected over a reference that is in a foreign language, a practitioner may not engage a person, employed by the Office, to translate the reference and use the translation to traverse the rejection. Moreover, the proposed rule would not be limited to situations involving bribery, and would not require a conviction for bribery.

Paragraph (i) of § 11.804 would provide that a practitioner who acts with reckless indifference to whether a representation is true or false would be chargeable with knowledge of its falsity. Likewise, deceitful statements of half-truths or concealment of material facts shall be deemed actual fraud within the meaning of this part. *See, e.g., United States* v. *Beecroft,* 608 F.2d 753 (9th Cir. 1979).

Section 11.805 would provide a practitioner and other persons practicing before the Office with guidance that he or she would be subject to the disciplinary authority and rules of the USPTO. Paragraph (a) of § 11.805 restate long-standing law. The USPTO Director has statutory, 35 U.S.C. 2(b)(2)(D), and inherent authority to adopt rules regulating the practice of attorneys and other persons before the USPTO in patent, trademark, and non-patent law. The USPTO, like other Government agencies, has inherent authority to regulate who may practice before it as attorneys, including the authority to discipline attorneys. *See Goldsmith* v. *U.S. Board of Tax Appeals,* 270 U.S. 117 (1926); *Herman* v. *Dulles,* 205 F.2d 715 (D.C. Cir. 1953), and *Koden* v. *U.S. Department of Justice,* 564 F.2d 228 (7th Cir. 1977). Courts have affirmed that Congress, through the Administrative Procedure Act, 5 U.S.C. 500, did not limit the inherent power of agencies to discipline professionals who appear or practice before them. *See Polydoroff* v. *ICC,* 773 F.2d 372 (D.C. Cir. 1985); *Touche Ross & Co.* v. *SEC,* 609 F.2d 570 (2d Cir. 1979).

A practitioner may be potentially subject to more than one set of rules of professional conduct which impose different obligations. The registered patent attorney would be licensed to practice in more than one jurisdiction, *i.e.*, the Office and at least one state. The rules of professional conduct may differ between these jurisdictions. A practitioner may be admitted to practice before a particular court with rules that differ from those of the Office or other jurisdictions in which the practitioner is licensed to practice. In the past, decisions have not developed clear or consistent guidance as to which rules apply in such circumstances.

Paragraph (b) of § 11.805 seeks to resolve such potential conflicts. Its premise would be that minimizing conflicts between rules, as well as uncertainty about which rules are applicable, is in the best interest of both clients and the profession (as well as the bodies having authority to regulate the profession). Accordingly, it takes the approach of (i) providing that any particular conduct of a practitioner shall be subject to only one set of rules of professional conduct, and (ii) making the determination of which set of rules applies to particular conduct as straightforward as possible, consistent with recognition of appropriate regulatory interests of relevant jurisdictions.

Paragraph (b)(1) of § 11.805 would provide that as to a practitioner's conduct relating to practice before the Office, where the practitioner is registered or recognized to practice (either generally or granted limited recognition), the practitioner would be subject to the rules of the Office Rules of Professional Conduct.

Paragraph (b)(2) of § 11.805 would provide that as to a practitioner's conduct relating to a proceeding in or before a court before which the practitioner is admitted to practice (either generally or pro hac vice), the practitioner would be subject only to the rules of professional conduct of that court. As to all other conduct, § 11.805(b) would provide that a practitioner recognized to practice before the Office would be subject to the rules of the Office in regard to conduct occurring in connection with practice before the Office. The rule also would provide that a practitioner recognized to practice before the Office practicing in multiple jurisdictions would be subject only to the rules of the jurisdiction where he or she (as an individual, not his or her firm) principally practices, but with one exception: if particular conduct clearly has its predominant effect in another admitting jurisdiction, then only the rules of that jurisdiction shall apply. The intention is for the latter exception to be a narrow one. It would be appropriately applied, for example, to a situation in which a practitioner admitted in, and principally practicing in, State A, but also admitted in State B, handled an acquisition by a company whose headquarters and operations were in State B of another,

similar to such company. The exception would not appropriately be applied, on the other hand, if the practitioner handled an acquisition by a company whose headquarters and operations were in State A of a company whose headquarters and main operations were in State A, but which also had some operations in State B.

If two admitting jurisdictions were to proceed against a practitioner for the same conduct, they should, applying this rule, identify the same governing ethics rules. They should take all appropriate steps to see that they do apply the same rule to the same conduct, and in all events should avoid proceeding against a practitioner on the basis of two inconsistent rules.

If an attorney admitted in State A also is a registered practitioner, the practitioner may view that he or she is subject to possibly different ethical obligations under State and Office rules regarding disclosure of prior art references. Typically, this obtains in patent matters where the practitioner is informed by the client of the existence of a prior reference that appears to the practitioner to be material to the patentability of the client's patent application, but the client believes the reference is not directly relevant to the invention, and does not want to disclose the reference to the Office. The practitioner is engaged in practicing before the Office. It would be appropriate to apply § 11.805(b) and follow the Office rules, §§ 1.56 and 11.106(c), requiring disclosure of information material to the patentability of a claimed invention. *See* Formal Opinion 96–12, Professional Guidance Committee of the Philadelphia Bar Association (1996).

The choice of law provision is not intended to apply to practice abroad.

Section 11.806 would address sexual relations with clients, employees, and third persons.

Paragraph (a) of § 11.806 would define ''sexual relations'' as intercourse or touching another person for the purpose of sexual arousal, sexual gratification, or sexual abuse. Paragraph (b)(1) of § 11.806 would proscribe a practitioner from requiring sexual relations with a client or third party incident to or as a condition of any professional representation. Paragraph (b)(2) of § 11.806 would proscribe sexual relations with an employee incident to or as a condition of employment. Under paragraph (b)(3) of § 11.806, use of coercion, intimidation, or undue influence in entering into sexual relations with a client, or employee is proscribed.

Paragraph (c) of § 11.806. Under paragraph (c) of § 11.806, the regulation would not apply to sexual relations between practitioners and their spouses or to ongoing consensual sexual relationships predating the practitioner-client relationship or practitioner-employee relationship.

Paragraph (d) of § 11.806. Under paragraph (d) of § 11.806, practitioners in the firm would not be subject to discipline solely because a practitioner in the firm has sexual relations with a client but the practitioner does not participate in the representation of that client.

TABLE 1.—PRINCIPAL SOURCE OF SECTIONS 11.1 THROUGH 11.18

Section	Source	Part 10 concordance
§ 11.1	37 CFR 10.1	§ 10.1
	MRPR	
§ 11.2	37 CFR 10.2	§ 10.2
	DC RULE XI, § 6	
§ 11.3	37 CFR 10.170	§ 10.170
§ 11.4	37 CFR 10.3	§ 10.3
§ 11.5	37 CFR 10.5	§ 10.5
§ 11.6	37 CFR 10.6	§ 10.6
§ 11.7(a)(b)	37 CFR 10.7(a)	§ 10.7(a)
§ 11.7(b)(1)	37 CFR 10.7(b)	§ 10.7(b)
§ 11.7(b)(2)	New	None
	37 CFR 1.8 and 1.10	None
§ 11.7(c)	Case law	None
	RDCCA 46(12)(ii), third sentence	
§ 11.7(d)	New	§ 10.7(b)
§ 11.7(e)	New	None
§ 11.7(f)	37 CFR 10.6(c)	§ 10.6(c)
	37 CFR 10.7(b)	§ 10.7(b)
§ 11.7(g)	37 CFR 10.7(a)	§ 10.7(a)
§ 11.7(h)	Case law	None
	California State Bar Policy	None
	FlaRSC 2–13	None
	GaSCR Part A, § 11	None
	MoSCR 8.05	None
§ 11.7(i)	California State Bar Policy	None
§ 11.7(j)	RDCCA 46(f)–(g)	None
	Willner v. *Comm. on Character & Fitness*, 373 U.S. 96 (1963)	
§ 11.7(k)	Colo. Rule 201.12	None
§ 11.8(a)	RDCCA 46(b)(10)	None
§ 11.8(b)–(c)	RDCCA 46(h)(2), (3)	None
§ 11.8(d)	OGVSB Rule 11	None
§ 11.9(a)–(c)	37 CFR 10.9(a)–(c)	§ 10.9
§ 11.10(a)	37 CFR 10.10(a)	§ 10.10
§ 11.10(b)	5 CFR 2637.201	§ 10.10(b)
	5 CFR 2637.202	§ 10.10(b)
§ 11.10(c)	5 CFR 2637.201	None
	5 CFR 2637.202	None
§ 11.10(d)–(e)	37 CFR 10.10(c)–(d)	§ 10.10(c)–(d)
§ 11.11(a)	37 CFR 10.11(a)	§ 10.11(a)

TABLE 1.—PRINCIPAL SOURCE OF SECTIONS 11.1 THROUGH 11.18—Continued

Section	Source	Part 10 concordance
§ 11.11(b)	OGVSB Rule 19	None
§ 11.11(c)	New	None
§ 11.11(d)	New	None
§ 11.11(e)–(f)	1064 Off.Gaz.12	None
§ 11.12(a)–(d)	OGVSB Rule 17	None
§ 11.12(e)	OGVSB Rule 19	None
§ 11.13	OGVSB Rule 17	None
§ 11.14	37 CFR 10.14	§ 10.14
§ 11.15	37 CFR 10.15	§ 10.15
§ 11.16	New	None
§ 11.17 [Reserved]		
§ 11.18	37 CFR 10.18	§ 10.18
	FRCP 11	

Abbreviations:
Colo. Rule means Rules Governing Admission to the Bar of the State of Colorado (March 23, 2000).
DC RULE XI means Rule XI of the Rules Governing the District of Columbia Bar.
FlaLRSC 2–13 means Rule 2–13 of the Florida Rules of the Supreme Court Relating to Admissions to the Bar.
GaSCR Part A, § 11 means Part A, Rule 11 of the Georgia Supreme Court Rules Governing Admission to the Practice of Law.
MoSCR 8.05 means Rule 8.05 of the Missouri Supreme Court Rules Governing Admission to the Bar in Missouri.
RDCCA means Rules of the District of Columbia Court of Appeals.
OGVSB means Organization & Government of the Virginia State Bar.

TABLE 2.—PRINCIPAL SOURCE OF SECTIONS 11.19 THROUGH 11.62

Section	Source	Part 10 concordance
§ 11.19	DC RULE XI	§ 10.1, 10.2
	37 CFR 10.130	§ 10.130
§ 11.20	DC RULE XI, § 3	None
§ 11.21	DC BPR Chap. 6	None
§ 11.22	DC BPR Chap. 2	None
§ 11.23	37 CFR 10.4	§ 10.4
§ 11.24	DC BPR Chap. 10	None
§ 11.25	DC BPR Chap. 8	None
	Calif. § 6102(d)	None
§ 11.26	DC BPR Chap.	None
§ 11.27	37 CFR 10.133	§ 10.133
	DC BPR Chap.15	
§ 11.28	DC BPR Chap. 14	None
	DC RULE XI, § 13	
§§ 11.29–11.31 [Reserved]		
§ 11.32	37 CFR 10.132	§ 10.132
§ 11.33 [Reserved]		
§ 11.34	37 CFR 10.134	§ 10.134
§ 11.35	37 CFR 10.135	§ 10.135
§ 11.36	37 CFR 10.136	§ 10.136
§ 11.37	37 CFR 10.137	§ 10.137
§ 11.38	37 CFR 10.138	§ 10.138
§ 11.39	37 CFR 10.139	§ 10.139
§ 11.40	37 CFR 10.140	§ 10.140
§ 11.41	37 CFR 10.141	§ 10.141
§ 11.42	37 CFR 10.142	§ 10.142
§ 11.43	37 CFR 10.143	§ 10.143
§ 11.44	37 CFR 10.144	§ 10.144
§ 11.45	37 CFR 10.145	§ 10.145
§§ 11.46–11.48 [Reserved]		
§ 11.49	37 CFR 10.149	§ 10.149
§ 11.50	37 CFR 10.150	§ 10.150
§ 11.51	37 CFR 10.151	§ 10.151
§ 11.52	37 CFR 10.152	§ 10.152
§ 11.53	37 CFR 10.153	§ 10.153
§ 11.54	37 CFR 10.154	§ 10.154
§ 11.55(a)	37 CFR 10.155(a)	§ 10.155(a)
	FRAP Rule 28	
§ 11.55(b)	FRAP Rule 28	None
	FRAP Rule 32(a)(4), and (7)	
	FRAP Rule 32(a)(4), (5) and (6)	
§ 11.55(c)–(e)	37 CFR 10.155(b)–(d)	§ 10.155(b)–(d)
§ 11.56	37 CFR 10.157	§ 10.157
§ 11.58	37 CFR 10.158	§ 10.158
	DC Rule XI, § 14	
	Calif. Rule 955	

TABLE 2.—PRINCIPAL SOURCE OF SECTIONS 11.19 THROUGH 11.62—Continued

Section	Source	Part 10 concordance
§ 11.59	37 CFR 10.159	§ 10.159
§ 11.60	37 CFR 10.160	§ 10.160
	DC RULE XI, § 16	
	DC BPR Chap. 9	
§ 11.61	37 CFR 10.161	§ 10.161
§ 11.62	New	

Abbreviations:
DC RULE XI means Rule XI of the Rules Governing the District of Columbia Bar (1999).
DC BPR means Rules of the District of Columbia Court of Appeals Board of Professional Conduct (1999).
Calif. Rule means California Bar Rule.
Calif § 6102(d) means Article 6, § 6102(d) of the California State Bar Act.
FRAP means Federal Rules of Appellate Procedure.

TABLE 3.—PRINCIPAL SOURCE OF SECTIONS 11.100 THROUGH 11.806

Section	Source	Part 10 concordance
Competence:		
§ 11.101(a)	MRPR 1.1	§ 10.77(a)
§ 11.101(b)	DCRPR 1.1b	None
§ 11.101(c)(1)	§ 10.23(c)(7)	§ 10.23(c)(7)
§ 11.101(c)(2)	§ 10.23(c)(13)	§ 10.23(c)(13)
§ 11.101(c)(3)	§ 10.23(c)(19)	§ 10.23(c)(19)
§ 11.101(c)(4)	§ 10.23(c)(20)	§ 10.23(c)(20)
Scope of Representation:		
§ 11.102(a)	MRPR 1.2(a)	§ 10.84(a)(1)
§ 11.102(b)	MRPR 1.2(b)	None
§ 11.102(c)	MRPR 1.2(c)	§ 10.84(b)
§ 11.102(d)	MRPR 1.2(d)	§ 10.85(a)(6)(7)(8)
		§ 10.89
§ 11.102(e)	MRPR 1.2(e)	§ 10.40(c)(1)(iii)
		§ 10.111(c)
§ 11.102(f)	DCRPR 1.2(d)	None
Diligence:		
§ 11.103(a)	MRPR 1.3	§ 10.77(c)
		§ 10.84(a)(1), (3)
§ 11.103(b)–(c)	New	§ 10.77(c)
		§ 10.84(a)(1), (3)
Communication:		
§ 11.104(a)	MRPR 1.4(a)	§ 10.77(c)
		§ 10.84(a)(1)(3)
§ 11.104(b)	MRPR 1.4(b)	None
§ 11.104(c)	DCRPR 1.4(c)	None
§ 11.104(d)(1)	10.23(c)(8)	§ 10.23(c)(8)
Fees:		
§ 11.105(a)	MRPR 1.5(a)	§ 10.36(a)(b)
§ 11.105(b)–(c)	MRPR 1.5(b)–(c)	None
§ 11.105(e)(1)	MRPR 1.5(e)(1)	§ 10.37(a)
§ 11.105(e)(2)–(4)	DCRPR 1.5(e)(2)–(4)	§ 10.37(a)
§ 11.105(f)	MRPR 1.5(f)	None
Confidentiality:		
§ 11.106(a)(1)	MRPR 1.6(a)	§ 10.57(a)(b)(c)
§ 11.106(a)(2)–(3)	DCRPR 1.6	§ 10.57(a)(b)(c)
§ 11.106(b)(1)	MRPR 1.6(b)(2)	§ 10.57(c)(4)
§ 11.106(b)(2)	MRPR 1.6(b)(2)	None
§ 11.106(c)	37 CFR 1.56	None
§ 11.106(d)–(h)	DCRPR 1.6	None
Conflicts of Interest:		
§ 11.107(a)	MRPR 1.7	§ 10.62(a)
		§ 10.66(a)(b)
		§ 10.68(b)
§ 11.107(b)&(b)(1)	MRPR 1.7	§ 10.62(a)(b)
		§ 10.63
		§ 10.65(a)
		§ 10.66(a)(b)(c)
		§ 10.68(a)
§ 11.107(b)(2)	MRPR 1.7	None
Prohibited Transactions:		
§ 11.108(a)	MRPR 1.8(a)	§ 10.65(a)
§ 11.108(b)	MRPR 1.8(b)	§ 10.57(b)
§ 11.108(c)	MRPR 1.8(c)	None
§ 11.108(d)	MRPR 1.8(d)	None

TABLE 3.—PRINCIPAL SOURCE OF SECTIONS 11.100 THROUGH 11.806—Continued

Section	Source	Part 10 concordance
§ 11.108(e)	MRPR 1.8(e)	§ 10.64(b)
§ 11.108(f)	MRPR 1.8(f)	§ 10.68(a)(b)
§ 11.108(f)(1)(ii)	New	None
§ 11.108(g)	MRPR 1.8(g)	§ 10.67(a)
§ 11.108(h)	MRPR 1.8(h)	§ 10.63(a)
§ 11.108(i)	MRPR 1.8(i)	None
§ 11.108(j)	MRPR 1.8(j)	§ 10.62(a) § 10.64(a) 35 U.S.C. 4
§ 11.108(k)	New	None
Former Client:		
§ 11.109(a)	MRPR 1.9(a)	§ 10.66(c)
§ 11.109 (b)	MRPR 1.9(b)	None
§ 11.109 (c)	MRPR 1.9(c)	None
Imputed Disqualification:		
§ 11.110(a)	MRPR 1.10(a)	§ 10.66(d)
§ 11.110(b)	MRPR 1.10(b)	§ 10.66(d)
§ 11.110(c)	MRPR 1.10(c)	§ 10.66(a)
Government/Private:		
§ 11.111(a)	MRPR 1.11(a)	§ 10.111(b)
§ 11.111(b)	MRPR 1.11(b)	None
§ 11.111(c)	MRPR 1.11(c)	None
§ 11.111(d)	MRPR 1.11(d)	None
§ 11.111(e)	MRPR 1.11(e)	None
Former Judge:		
§ 11.112(a)(b)	MRPR 1.12(a)(b)	§ 10.111(a)(b)
§ 11.112(c)	MRPR 1.12(c)	§ 10.66(d)
§ 11.112(d)	MRPR 1.12(d)	None
Organization as Client:		
§ 11.113(a)	MRPR 1.13(a)	None
§ 11.113(b)	MRPR 13(b)	§ 10.68(b)
§ 11.113(c)	MRPR 1.13(c)	§ 10.66(d) § 10.68(b)
§ 11.113(d)	MRPR 1.13(d)	None
§ 11.113(e)	MRPR 13(e)	§ 10.66(b)(c)
Disabled Client:		
§ 11.114	MRPR 1.14	None
Safekeeping of Property:		
§ 11.115(a)	VRPC 1.15(a)	§ 10.112(a)
§ 11.115(b)	New	None
§ 11.115(c)	VRPC 1.15(b)	§ 10.112(b)(2)
§ 11.115(d)	VRPC 1.15(c)	§ 10.112(c)
§ 11.115(e)–(f)	VRPC 1.15(d)–(e)	§ 10.112(c)(3)
§ 11.115(g)	VRCP 1.15(f)	None
§ 11.115(h)–(i)	§ 10.23(c)(3)	§ 10.23(c)(3)
Declining/Terminating Representation:		
§ 11.116(a)(1)	MRPR 1.16(a)(1)	§ 10.39 § 10.40(b)(1)(2)
§ 11.116(a)(2)	MRPR 1.16(a)(2)	§ 10.40(b)(3) § 10.40(c)(4)
§ 11.116(a)(3)	MRPR 1.16(a)(3)	§ 10.40(b)(4)
§ 11.116(b)(1)	MRPR 1.16(b)(1)	§ 10.40(c)(1)(ii)(iii) § 10.40(c)(2)
§ 11.116(b)(2)	MRPR 1.16(b)(2)	§ 10.40(c)(1)(iv)
§ 11.116(b)(3)	MRPR 1.16(b)(3)	§ 10.40(c)(1)(vi)(ix)(x)
§ 11.116(b)(5)	MRPR 1.16(b)(5)	§ 10.40(c)(1)(iv)(v)
§ 11.116(b)(6)	MRPR 1.16(b)(6)	§ 10.40(c)(6)
§ 11.116(c)	MRPR 1.16(c)	§ 10.40(a)
§ 11.116(d)	MRPR 1.16(d)	§ 10.40(a)
Sale of Practice:		
§ 11.117	MRPR 1.17	None
§§ 11.118–11.200 [Reserved]		
Advisor:		
§ 11.201(a)	MRPR 2.1(a)	§ 10.68(b)
§ 11.201(b)	New	None
Intermediary:		
§ 11.202(a)(1)	MRPR 2.2(a)(1)	§ 10.66(a)(c)
§ 11.202(a)(2)	MRPR 2.2(a)(2)	§ 10.66(a)(c)
§ 11.202(a)(3)	MRPR 2.2(a)(3)	§ 10.66(a)(c)
§ 11.202(b)	New	None
§ 11.202(c)	MRPR 2.2(b)	None
§ 11.202(c)	MRPR 2.2(c)	§ 10.66(b)(c)

TABLE 3.—PRINCIPAL SOURCE OF SECTIONS 11.100 THROUGH 11.806—Continued

Section	Source	Part 10 concordance
Evaluation for Third Party:		
§ 11.203	MRPR 2.3	None
§§ 11.204–11.300 [Reserved]		
Meritorious Claim:		
§ 11.301	MRPR 3.1	§ 10.63(a)(b) § 10.39(a)(b) § 10.85(a)(1)(2)
Expediting Litigation:		
§ 11.302(a)	MRPR 3.2	§ 10.23(b)(5) § 10.84(a)(1)(2)
§ 11.302(b)	DCRPR 3.2(a)	None
Candor:		
§ 11.303(a)(1)	MRPR 3.3(a)(1)	§ 10.23(b)(4)(5) § 10.85(a)(4)(5)
§ 11.303(a)(2)	MRPR 3.3(a)(2)	§ 10.23(b)(4)(5) § 10.85(a)(3) § 10.85(b)(1) § 10.92(a)
§ 11.303(a)(3)	MRPR 3.3(a)(3)	§ 10.85(a)(5) § 10.89(b)(1)
§ 11.303(a)(4)	MRPR 3.3(a)(4)	§ 10.23(b)(4)(5) § 10.85(a)(7) § 10.85(b)(1)
§ 11.303(b)	MRPR 3.3(b)	§ 10.85(b)
§ 11.303(c)(d)	MRPR 3.3(c)(d)	None
§ 11.303(e)(1)	§ 10.23(c)(9)	§ 10.23(c)(9)
§ 11.303(e)(2)	§ 10.23(c)(10)	§ 10.23(c)(10)
§ 11.303(e)(3)	§ 10.23(c)(11)	§ 10.23(c)(11)
§ 11.303(e)(4)	§ 10.23(c)(15)	§ 10.23(c)(15)
§ 11.303(c)(5)	§ 10.23(c)(2)(ii)	§ 10.23(c)(2)(ii)
Fairness:		
§ 11.304(a)	MRPR 3.4(a)	§ 10.23(b)(4)(5) § 10.89(c)(6)
	MRPR 3.4(b)	§ 10.23(b)(4)(5)(6) § 10.85(a)(6) § 10.92(c)
§ 11.304(c)	MRPR 3.4(c)	§ 10.23(b)(5) § 10.89(a) § 10.89(c)(5)(7)
§ 11.304(d)	MRPR 3.4(d)	§ 10.23(b)(5) § 10.89(a) § 10.89(c)(6)
§ 11.304(e)	MRPR 3.4(e)	§ 10.23(b)(5) § 10.89(c)(1)(2)(3)(4)
Impartiality:		
§ 11.305(a)	MRPR 3.5(a)	§ 10.89 § 10.92 § 10.101(a)
§ 11.305(b)	MRPR 3.5(b)	None
§ 11.305(c)	MRPR 3.5(c)	§ 10.84(a) § 10.89(c)(5)
§ 11.305(d)(1)	§ 10.23(c)(4)	§ 10.23(c)(4)
Trial Publicity:		
§ 11.306 [Reserved]		
Practitioner as Witness:		
§ 11.307(a)	MRPR 3.7(a)	§ 10.62(b)(1)(2) § 10.63
§ 11.307(b)	MRPR 3.7(b)	§ 10.62(b) § 10.63
§ 11.308 [Reserved]		
Advocate on Nonjudicial Proceeding:		
§ 11.309	MRPR 3.9	§ 10.89(b)(2) § 10.111(c)
§§ 11.310–11.400 [Reserved]		
Truthfulness to Others:		
§ 11.401	MRPR 4.1	§ 10.85(a)(3)(4)(5)(7) § 10.85(b)
Communication between practitioner and opposing parties:		
§ 11.402(a)	MRPR 4.2(a)	§ 10.87(a)
§ 11.402(b)–(d)	DCRPR 4.2(b)–(d)	None
Dealing with unrepresented person:		

TABLE 3.—PRINCIPAL SOURCE OF SECTIONS 11.100 THROUGH 11.806—Continued

Section	Source	Part 10 concordance
§ 11.403	MRPR 4.3	§ 10.87(a)
Respect for rights of third persons:		
§ 11.404	MRPR 4.4	§ 10.84(a)(1) § 10.85(a)(1) § 10.89(c)(2)
§§ 11.405–11.500 [Reserved]		
Responsibilities of a partner or supervisory practitioner:		
§ 11.501(a)–(b)	MRPR 5.1(a)–(b)	§ 10.57(d)
§ 11.501(c)	MRPR 5.1(c)	§ 10.23(b)(2)
Responsibilities of a subordinate practitioner:		
§ 11.502	MRPR 5.2	None
Responsibilities regarding nonpractitioner assistants:		
§ 11.503(a)	MRPR 5.3(a)	§ 10.57(d)
§ 11.503(b)	MRPR 5.3(b)	§ 10.23(b)
§ 11.503(c)	MRPR 5.3(c)	None
Professional independence of a practitioner:		
§ 11.504(a)	MRPR 5.4(a)	§ 10.48(a)
§ 11.504(b)	MRPR 5.4(c)	§ 10.68(b)
§ 11.504(d)	MRPR 5.4(d)	§ 10.68(c)
Unauthorized practice of law:		
§ 11.505(a)	MRPR 5.5(a)	§ 10.47(a) § 10.14(d)
§ 11.505(b)	MRPR 5.5(b)	§ 10.47(a)
§ 11.505(c)	§ 10.47(a)	§ 10.47(a)
§ 11.505(d)	§ 10.47(b)	§ 10.47(b) § 10.23(c)(6)
§ 11.505(e)	New	§ 10.14(b)
§ 11.505(f)	§ 10.47(b)	§ 10.47(b)
Restrictions on right to practice:		
§ 11.506(a)–(b)	MRPR 5.6	§ 10.38
Responsibilities regarding law-related services:		
§ 11.507(a)(1)(2)	MRPR 5.7(a)(1)(2)	None
§ 11.507(a)(3)	New	None
§ 11.507(b)	MRPR 5.7(b)	None
§§ 11.508–11.600 [Reserved]		
Pro Bono Publico service:		
§ 11.601	DCRPR 6.1	None
Accepting appointments:		
§ 11.602	MRPR 6.2	None
Membership in legal services organization:		
§ 11.603	MRPR 6.3	None
§ 11.604		§ 10.32(a)
§§ 11.605–11.700 [Reserved]		
Law reform activities:		
§ 11.701(b)(1)–(4)	DCRPR 7.1(b)	§ 10.111(c)
§ 11.701(b)(5)	New	None
§ 11.701(c)	DCRPR 7.1(c)	§ 10.33
§ 11.701(d)–(e)	New	§ 10.31(a)–(b)
Advertising:		
§ 11.702(a)	MRPR 7.2(a)	§ 10.32(a)
§ 11.702(b)	MRPR 7.2(b)	None
§ 11.702(c)	MRPR 7.2(c)	§ 10.32(b)
§ 11.702(d)	MRPR 7.2(d)	None
§ 11.702(e)	New	§ 10.32(c)
Direct contact with prospective clients:		
§ 11.703(a)	MRPR 7.3(a)	§ 10.33
§ 11.703(b)–(d)	MRPR 7.3(b)–(d)	None
Communication of fields of practice and certification:		
§ 11.704	MRPR 7.4	None
§ 11.704(a)–(c)	§ 10.32(c)–(d)	§ 10.31(c)–(d)
	§ 10.34(a)–(b)	§ 10.34(a)–(b)
§ 11.704(d)	New	None
§ 11.704(e)	MRPR 7.4(b)	None
Firm names and letterheads:		
§ 11.705(a)	MRPR 7.5(a)	§ 10.35(a)
§ 11.705(b)	MRPR 7.5(b)	None
§ 11.705(c)	MRPR 7.5(c)	§ 10.31(b)
§ 11.705(d)	MRPR 7.5(d)	§ 10.35(b)
§§ 11.706–11.800 [Reserved]		
Bar admission and disciplinary matters:		
§ 11.801(a)	MRPR 8.1(a)	§ 10.22(a)(b)

TABLE 3.—PRINCIPAL SOURCE OF SECTIONS 11.100 THROUGH 11.806—Continued

Section	Source	Part 10 concordance
§ 11.801(b)	MRPR 8.1(b)	§ 10.23(b)(5) § 10.24(b)
§ 11.801(c)	§ 10.23(c)(16)	§ 10.23(c)(16)
Judicial and legal officials:		
§ 11.802(a)	MRPR 8.2(a)	§ 10.102
§ 11.802(b)	MRPR 8.2(b)	§ 10.103
Reporting professional misconduct:		
§ 11.803(a)	MRPR 8.3(a)	§ 10.24(a)
§ 11.803(b)	MRPR 8.3(b)	§ 10.24(a)
§ 11.803(c)	MRPR 8.3(c)	None
§ 11.803(d)	New	None
§ 11.803(f)(1)	§ 10.23(c)(5)	§ 10.23(c)(5)
§ 11.803(f)(2)	§ 10.23(c)(14)	§ 10.23(c)(14)
§ 11.803(f)(3)	§ 10.23(c)(12)	§ 10.23(c)(12)
§ 11.803(f)(4)	§ 10.23(c)(18)	§ 10.23(c)(18)
Misconduct:		
§ 11.804(a)	MRPR 8.4(a)	§ 10.23(b)(1)(2)
§ 11.804(b)	MRPR 8.4(b)	§ 10.23(c)(1)
§ 11.804(d)	MRPR 8.4(d)	§ 10.23(b)(5)
§ 11.804(e)	MRPR 8.4(e)	§ 10.23(c)(5)
§ 11.804(f)	MRPR 8.4(f)	None
§ 11.804(g)	MRPR 8.4(g)	35 U.S.C. 32 § 10.23(a)
§ 11.804(h)(1)	§ 10.23(c)(2)	§ 10.23(c)(2)
§ 11.804(h)(2)	§ 10.23(c)(17)	§ 10.23(c)(17)
§ 11.804(h)(3)	§ 10.23(c)(17)	§ 10.23(c)(17)
§ 11.804(h)(4)	31 CFR 8.35(c)	None
§ 11.804(h)(5)	New	None
§ 11.804(h)(6)	31 CFR 8.36	None
§ 11.804(h)(7)	18 U.S.C. 205(a) and (b) 18 U.S.C. 209(a)	None
§ 11.804(h)(8)	18 U.S.C. 205	None
§ 11.804(h)(9)	New	None
§ 11.804(h)(10)	§ 10.23(c)(16)	§ 10.23(c)(16)
§ 11.804(i)	§ 10.23(d)	§ 10.23(d)
Disciplinary authority: Choice of law:		
§ 11.805	MRPR 8.5	None
Sexual relations with clients and third persons:		
§ 11.806	NYADSD 200.29–a	None
§§ 11.807–900 [Reserved]		

Abbreviations:
DCRPR means the District of Columbia Court of Appeals Rules of Professional Conduct (1999).
MRPR means the Model Rules of Professional Conduct of the American Bar Association (1999).
NYADSD means the Official Court Rules of the New York Appellate Division, Second Department (2000).
VRPC means Virginia Rules of Professional Conduct (1999).

Classification

Regulatory Flexibility Act

The Deputy General Counsel, United States Patent and Trademark Office certified to the Chief Counsel for Advocacy, Small Business Administration, that the changes in this notice of proposed rule making will not have a significant impact on a substantial number of small entities (Regulatory Flexibility Act, 5 U.S.C. 605(b)). The provisions of the Regulatory Flexibility Act relating to the preparation of an initial flexibility analysis are not applicable to this rulemaking because the rules will not have a significant economic impact on a substantial number of small entities. The primary purpose of the rule is to codify enrollment procedures and bring the USPTO's disciplinary rules for practitioners into line with the American Bar Association Model Rules, which have been adopted by most states. This will ease both the procedures for processing registration applications and practitioners' burden in learning and complying with USPTO regulations.

The rule establishes a new annual registration fee of $100 per year for practitioners. The average salary of a practitioner is over $100,000, and an annual fee of less than one tenth of one percent of that amount will not have a significant economic impact on a substantial number of practitioners. The rule also establishes a fee of $130 for petitions to the Director of the Office of Enrollment and Discipline. As with the annual fee, this fee is insignificant.

Further, the rule requires registered practitioners to complete a computer-based continuing legal education (CLE) program once every one to three years. The program, which will consist primarily of a review of recent changes to patent statutes, regulations and policies, will take one to two hours to complete. This dedication of a small amount of time for CLE every one to three years will not have a significant impact on practitioners. Further, the CLE will substitute for or reinforce practitioners' independent efforts to keep their knowledge of relevant provisions current and avoid time-consuming and costly errors.

The rule imposes a $1600 fee for a petition for reinstatement for a suspended or excluded practitioner and removes the $1500 cap on disciplinary proceeding costs that can be assessed against such a practitioner as a condition of reinstatement.

Approximately 5 of the 28,000 practitioners petition for reinstatement each year, and approximately 2 of these petitions occur under circumstances where disciplinary proceeding costs may be assessed. These changes therefore will not affect a substantial number of practitioners.

Executive Order 13132

This notice of proposed rule making does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (August 4, 1999).

Executive Order 12866

This notice of proposed rule making has been determined to be not significant for purposes of Executive Order 12866 (September 30, 1993).

Paperwork Reduction Act

This notice of proposed rule making involves information collection requirements which are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). This proposed rule introduces new information requirements and fees into collection 0651–0012. The United States Patent and Trademark Office is currently seeking renewal for information collection 0651–0012. Additional collection of information activities involved in this notice of proposed rule making have been reviewed and previously approved by OMB under OMB control number 0651–0017.

The title, description, and respondent description of the currently approved information collection 0651–0017 and the renewal of 0651–0012 are shown below with an estimate of the annual reporting burdens. Included in this estimate is the time for reviewing instructions, gathering and maintaining the data needed, and completing and reviewing the collection of information. The principal impact of the changes in this notice of proposed rule making is to registered practitioners.

OMB Number: 0651–0012.

Title: Admittance to Practice and Roster of Registered Patent Attorneys and Agents Admitted to Practice Before the Patent and Trademark Office.

Form Numbers: PTO–158, PTO158A, PTO–275, PTO–107A, PTO 1209, PTO 2126.

Affected Public: Individuals or households, business or other for-profit, Federal Government, and state, local or tribal government.

Estimated Number of Respondents: 64,142.

Estimated Time Per Response: The USPTO estimates that it takes the public 30 minutes to complete either an application for registration to practice before the USPTO, or an application for a foreign resident to practice before the USPTO and, depending upon the complexity of the situation, to gather, prepare and submit the application. It is estimated to take 20 minutes to complete undertakings under 37 CFR 10.10(b); 10 minutes to complete data sheets; 5 minutes to complete the oath or affirmation, and the request for a paper copy of the continuing training program and to furnish narrative; 45 minutes to complete the petition for waiver of regulations; and 90 minutes to complete the written request for reconsideration of disapproval notice of application and the petition for reinstatement to practice. It is estimated to take 2 hours and 10 minutes for the annual practitioner registration/continuing training program—ten minutes to fill out the form and an average of 2 hours to complete the continuing training program on-line. It is estimated to take 2 hours and 5 minutes for the paper-based version of the annual practitioner registration/continuing training program—five minutes to request the materials and 2 hours to complete the continuing training program on paper. These times include time to gather the necessary information, prepare and submit the forms and requirements in this collection.

Estimated Total Annual Burden Hours: 58,745.

Needs and Uses: The public uses the forms in this collection to apply for the examination for registration, to ensure that all of the necessary information is provided to the USPTO and to request inclusion on the Register of Patent Attorneys and Agents.

OMB Number: 0651–0017.

Title: Practitioner Records Maintenance and Disclosure Before the Patent and Trademark Office.

Form Numbers: None.

Affected Public: Individuals or households, businesses or other for-profit, not-for-profit institutions, Federal Government, and state, local, or tribal governments.

Estimated Number of Respondents: 330.

Estimated Time Per Response: 9 hours annually for practitioners to maintain client files; two hours to gather, prepare and submit a response to one violation report.

Estimated Total Annual Burden Hours: 2,270.

Needs and Uses: The information in this collection is necessary for the United States Patent and Trademark Office to comply with Federal regulations, 35 U.S.C. 6(a) and 35 U.S.C. 31. The Office of Enrollment and Discipline collects this information to insure compliance with the USPTO Code of Professional Responsibility, 37 CFR 10.20–10.112. This Code requires that registered practitioners maintain complete records of clients, including all funds, securities and other properties of clients coming into his/her possession, and render appropriate accounts to the client regarding such records, as well as report violations of the Code to the USPTO. The registered practitioners are mandated by the Code to maintain proper documentation so that they can fully cooperate with an investigation in the event of a report of an alleged violation and that violations are prosecuted as appropriate.

Comments are invited on: (1) Whether the collection of information is necessary for proper performance of the functions of the agency; (2) the accuracy of the agency's estimate of the burden; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information to respondents.

Interested persons are requested to send comments regarding these information collections, including suggestions for reducing this burden, to Harry I. Moatz, Director of Enrollment and Discipline, United States Patent and Trademark Office, PO Box 1450, Alexandria, Virginia 22313–1450, or to the Office of Information and Regulatory Affairs of OMB, New Executive Office Building, 725 17th Street, NW., Room 10235, Washington, DC 20503, Attention: Desk Officer for the United States Patent and Trademark Office.

Notwithstanding any other provision of law, no person is required to respond to nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

List of Subjects

37 CFR Part 1

Administrative practice and procedure, Courts, Freedom of information, Inventions and patents, Reporting and recordkeeping requirements, Small businesses.

37 CFR Part 2

Administrative practice and procedure, Trademarks.

37 CFR Part 10

Administrative practice and procedure, Inventions and patents, Lawyers, Reporting and recordkeeping requirements.

37 CFR Part 11

Administrative practice and procedure, Inventions and patents, Lawyers, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the United States Patent and Trademark Office proposes to amend 37 CFR Parts 1, 2, 10, and 11 as follows:

PART 1—RULES OF PRACTICE IN PATENT CASES

1. The authority citation for 37 CFR Part 1 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2), unless otherwise noted.

2. Section 1.1 is amended by revising paragraph (a) introductory text and by adding paragraph (a)(4) to read as follows:

§ 1.1 Addresses for correspondence with the United States Patent and Trademark Office.

(a) *In general.* Except for paragraphs (a)(3)(i), (a)(3)(ii), and (d)(1) of this section, all correspondence intended for the United States Patent and Trademark Office must be addressed to either ''Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, Virginia 22313–1450'' or to specific areas within the Office as set out in paragraphs (a)(1), (a)(2), and (a)(3)(iii) of this section. When appropriate, correspondence should also be marked for the attention of a particular office or individual.

* * * * *

(4) *Office of Enrollment and Discipline correspondence.* All correspondence concerning enrollment, registration, and investigations should be addressed to the Mail Stop OED, Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, Virginia 22313–1450.

* * * * *

3. Section 1.4 is amended by revising paragraph (d)(2) to read as follows:

§ 1.4 Nature of correspondence and signature requirements.

* * * * *

(d) * * *

(2) The presentation to the Office (whether by signing, filing, submitting, or later advocating) of any paper by a party, whether a practitioner or non-practitioner, constitutes a certification under § 11.18(b) of this subchapter. Violations of § 11.18(b)(2) of this subchapter by a party, whether a practitioner or non-practitioner, may result in the imposition of sanctions under § 11.18(c) of this subchapter. Any practitioner violating § 11.18(b) of this subchapter may also be subject to disciplinary action. *See* §§ 11.18(d) and 11.804(i)(15) of this subchapter.

* * * * *

4. Section 1.8 is amended by revising paragraph (a)(2)(iii)(A) to read as follows:

§ 1.8 Certificate of mailing or transmission.

(a) * * *

(2) * * *

(iii) * * *

(A) Correspondence filed in connection with a disciplinary proceeding under part 11 of this chapter.

* * * * *

5. Section 1.21 is amended by revising paragraph (a) to read as follows:

§ 1.21 Miscellaneous fees and charges.

* * * * *

(a) Registration of attorneys and agents:

(1) For admission to examination for registration to practice:	
(i) Application Fee (non-refundable)	$40.00
(ii) Registration examination fee	
(A) For test administration by private sector entity	200.00
(B) For test administration by the USPTO	450.00
(2) On registration to practice or grant of limited recognition under §§ 11.9(b) or (c)	100.00
(3) [Reserved]	
(4) For certificate of good standing as an attorney or agent	10.00
Suitable for framing	20.00
(5) For review of decision:	
(i) by the Director of Enrollment and Discipline under § 11.2(c)	130.00
(ii) of the Director of Enrollment and Discipline under § 11.2(d)	130.00
(6) For requesting regrading of an examination under § 10.7(c):	
(i) Regrading of seven or fewer questions	230.00
(ii) Regrading of eight or more questions	460.00
(7) Annual fee for registered attorney or agent:	
(i) Active Status	100.00
(ii) Voluntary Inactive Status	25.00
(iii) Fee for requesting restoration to active status from voluntary inactive status	50.00
(iv) Balance due upon restoration to active status from voluntary inactive status	75.00
(8) Annual fee for individual granted limited recognition	100.00
(9)(i) Delinquency fee	50.00
(ii) Reinstatement fee	100.00
(10) On application by a person for recognition or registration after disbarment, suspension, or resignation pending disciplinary proceedings in any other jurisdiction; on petition for reinstatement by a person excluded, suspended, or excluded on consent from practice before the Office; on application by a person for recognition or registration who is asserting rehabilitation from prior conduct that resulted in an adverse decision in the Office regarding the person's moral character; and on application by a person for recognition or registration after being convicted of a felony or crime involving moral turpitude or breach of fiduciary duty	1,600.00
(11) Paper version of continuing training program and furnished narrative	75.00
(12) Application by Sponsor for Pre-approval of a Continuing Education Program	60.00

* * * * *

6. Section 1.31 is revised to read as follows:

§ 1.31 Applicants may be represented by a registered attorney or agent.

An applicant for patent may file and prosecute his or her own case, or he or she may be represented by a registered attorney, registered agent, or other individual authorized to practice before the United States Patent and Trademark

Office in patent matters. *See* §§ 11.6 and 11.9 of this subchapter. The United States Patent and Trademark Office cannot aid in the selection of a registered attorney or agent.

7. In § 1.33, paragraph (c) is revised to read as follows:

§ 1.33 Correspondence respecting patent applications, reexamination proceedings, and other proceedings.

* * * * *

(c) All notices, official letters, and other communications for the patent owner or owners in a reexamination proceeding will be directed to the attorney or agent of record (*See* § 1.34(b)) in the patent file at the address listed on the register of patent attorneys and agents maintained pursuant to §§ 11.5 and 11.11 of this subchapter or, if no attorney or agent is of record, to the patent owner or owners at the address or addresses of record.

* * * * *

8. Section 1.455 is amended by revising the first sentence of paragraph (a) to read as follows:

§ 1.455 Representation in international applications.

(a) Applicants of international applications may be represented by attorneys or agents registered to practice before the Patent and Trademark Office or by an applicant appointed as a common representative (PCT Art. 49, Rules 4.8 and 90 and § 11.10). * * *

* * * * *

PART 2—RULES OF PRACTICE IN TRADEMARK CASES

9. The authority citation for 37 CFR Part 2 continues to read as follows:

Authority: 15 U.S.C. 1123, 35 U.S.C. 2(b)(2), unless otherwise noted.

10. Section 2.11 is revised to read as follows:

§ 2.11 Applicants may be represented by an attorney.

The owner of a trademark may file and prosecute his or her own application for registration of such trademark, or he or she may be represented by an attorney or other individual authorized to practice in trademark matters under § 11.14 of this subchapter. The United States Patent and Trademark Office cannot aid in the selection of an attorney or other representative.

11. Section 2.17 is amended by revising paragraphs (a) and (c) to read as follows:

§ 2.17 Recognition for representation.

(a) When an attorney as defined in § 11.1(c) of this subchapter acting in a representative capacity appears in person or signs a paper in practice before the United States Patent and Trademark Office in a trademark case, his or her personal appearance or signature shall constitute a representation to the United States Patent and Trademark Office that, under the provisions of § 11.14 of this subchapter and the law, he or she is authorized to represent the particular party in whose behalf he or she acts. Further proof of authority to act in a representative capacity may be required.

* * * * *

(c) To be recognized as a representative, an attorney as defined in § 11.1(c) of this subchapter may file a power of attorney, appear in person, or sign a paper on behalf of an applicant or registrant that is filed with the Office in a trademark case.

* * * * *

12. Section 2.24 is revised to read as follows:

§ 2.24 Designation of representative by foreign applicant.

If an applicant is not domiciled in the United States, the applicant must designate by a written document filed in the United States Patent and Trademark Office the name and address of some person resident in the United States on whom may be served notices or process in proceedings affecting the mark. If this document does not accompany or form part of the application, it will be required and registration refused unless it is supplied. Official communications of the United States Patent and Trademark Office will be addressed to the domestic representative unless the application is being prosecuted by an attorney at law or other qualified person duly authorized, in which event Official communications will be sent to the attorney at law or other qualified person duly authorized. The mere designation of a domestic representative does not authorize the person designated to prosecute the application unless qualified under paragraph (a), (b) or (c) of § 11.14 of this subchapter and authorized under § 2.17(b).

13. Section 2.33 is amended by revising paragraph (a)(3) to read as follows:

§ 2.33 Verified statement.

(a) * * *

(3) An attorney as defined in § 11.1(c) of this subchapter who has an actual or implied written or verbal power of attorney from the applicant.

* * * * *

14. Section 2.161 is amended by revising paragraph (b)(3) to read as follows:

§ 2.161 Requirements for a complete affidavit or declaration of continued use or excusable nonuse.

(b) * * *

(3) An attorney as defined in § 11.1(c) of this subchapter who has an actual or implied written or verbal power of attorney from the owner.

* * * * *

PART 10—[REMOVED]

15. Part 10 is removed.

16. Part 11 is added as follows:

PART 11—REPRESENTATION OF OTHERS BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE

Subpart A—General Provisions

General Information

Sec.

11.1 Definitions.

11.2 Director of the Office of Enrollment and Discipline.

11.3 Suspension of rules, immunity.

Subpart B—Recognition To Practice Before the USPTO

Patents, Trademarks, and Other Non-Patent Law

11.4 Committee on Enrollment.

11.5 Register of attorneys and agents in patent matters; practice before the Office.

11.6 Registration of attorneys and agents.

11.7 Requirements for registration.

11.8 Oath and registration fee.

11.9 Limited recognition in patent matters.

11.10 Restrictions on practice in patent matters.

11.11 Removing names from the register.

11.12 Mandatory continuing training for licensed practitioners.

11.13 Eligible mandatory continuing education programs.

11.14 Individuals who may practice before the Office in trademark and other non-patent matters.

11.15 Refusal to recognize a practitioner.

11.16 Financial books and records.

11.17 [Reserved]

11.18 Signature and certificate for correspondence filed in the United States Trademark Office.

Subpart C—Investigations and Disciplinary Proceedings

Jurisdiction, Sanctions, Investigations, and Proceedings

11.19 Disciplinary jurisdiction.

11.20 Disciplinary sanctions.

11.21 Warnings.

11.22 Investigations.

11.23 Committee on Discipline.

11.24 Interim suspension and discipline based upon reciprocal discipline.

11.25 Interim suspension and discipline based upon conviction of committing a serious crime or other crime coupled with confinement or commitment to imprisonment.

11.26 Diversion.

Authority: 5 U.S.C. 500, 15 U.S.C. 1123, 35 U.S.C. 2(b)(2)(D), 32.

Subpart A—General Provisions

General Information

§ 11.1 Definitions.

This part governs solely the practice of patent, trademark, and other law before the United States Patent and Trademark Office. Nothing in this part shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the United States Patent and Trademark Office to accomplish its Federal objectives. Unless otherwise clear from the context, the following definitions apply to this part:

Addiction means any chemical or psychological dependency upon intoxicants or drugs.

Affidavit means affidavit, declaration under 35 U.S.C. 25 (*see* §§ 1.68 and 2.20 of this subchapter), or statutory declaration under 28 U.S.C. 1746.

Appearing means an individual's attendance to a matter before the Office, and includes physical presence before the Office in a formal or informal setting, or conveyance of a communication, either electronically or in any other manner, with intent to influence an Office employee in any patent, trademark or other non-patent law matter.

Application means an application for a design, plant, or utility patent; a provisional application; a request for reexamination; an application to reissue any patent; a protest; an application to register a trademark; an appeal to the Board of Patent Appeals and Interferences or to the Trademark Trial and Appeal Board; an opposition, cancellation, or concurrent use in a trademark matter; and all written communications submitted to the Office in connection with the foregoing.

Attorney or lawyer means an individual who is a member in good standing of the highest court of any State, including an individual who is in good standing of the highest court of one State and under an order of any court or Federal agency suspending, enjoining, restraining, disbarring or otherwise restricting the attorney from practice before the bar of another State or Federal agency. A *non-lawyer* means a person who is not an attorney or lawyer.

Belief or *believes* means that the person involved actually supposed the fact in question to be true. A person's belief may be inferred from circumstances.

Consent means a client's uncoerced assent to a proposed course of action after consulting with the practitioner about the matter in question.

Consult or *consultation* means communication of information *reasonably* sufficient to permit the client to appreciate the significance of the matter in question.

Conviction or *convicted* means any confession to a crime; a verdict or judgment finding a person guilty of a crime; any entered plea, including *nolo contendre* or Alford plea, to a crime; or receipt of deferred adjudication (whether judgment or sentence has been entered or not) for an accused or pled crime.

Crime means any offense declared to be a felony by Federal or State law, or an attempt, solicitation or conspiracy to commit the same.

Data Sheet means a form used to collect name, address, and telephone information from individuals recognized to practice before the Office in patent matters.

Differing interests means every interest that may adversely affect either the judgment or the loyalty of a practitioner to a client, whether it be a conflicting, inconsistent, diverse, or other interest.

Disability means any mental or physical infirmity or illness.

Disability matter means any issue, question, proceeding or determination within the scope of this section.

Disciplinary Court means any court of record and any other agency or tribunal with authority to disbar, exclude, or suspend an attorney from the practice of law in said agency or tribunal.

Diversion means turning aside or altering a practitioner's practices or procedures through rehabilitation to achieve conformity with the USPTO Rules of Professional Conduct.

Employee of a tribunal means an employee of a court, the Office, or another adjudicatory body.

Exclusion means barred and not admitted to practice before the Office in patent, trademark and other non-patent law.

Firm or *law firm* means each and every practitioner in a private firm, each and every practitioner employed in the legal department of a corporation or other organization, and each and every practitioner employed in a legal services organization.

Fiscal year means the period of time from October 1st through the ensuing September 30th.

Fraud or *fraudulent* means conduct having a purpose to deceive and not merely negligent misrepresentation or failure to apprise another of relevant information.

Full disclosure means a clear explanation of the differing interests involved in a transaction, the advantages of seeking independent legal advice, and a detailed explanation of the risks and disadvantages to the client entailed in any agreement or arrangement, including not only any financial losses that will or may foreseeably occur to the client, but also any liabilities that will or may foreseeably accure to the client.

Giving information within the meaning of § 11.804(h)(1) means making a written statement or representation or an oral statement or representation.

Hearing officer means an attorney who is an officer or employee of the Office designated by the USPTO Director to conduct a hearing required by 35 U.S.C. 32 or a person appointed under 5 U.S.C. 3105.

Incapacitated means the state of suffering from a disability or addiction of such nature as to cause a practitioner to be unfit to be entrusted with professional matters, or to aid in the administration of justice as a practitioner.

Invention promoter means any person, or corporation and any of its agents, employees, officers, partners, or independent contractors thereof, who is neither a registered practitioner nor law firm, who (1) advertises in media of general circulation offering assistance to market and patent an invention, or (2) enters into a contract or other agreement with a customer to assist the customer in marketing and patenting an invention.

Knowingly, known, or *knows* means actual knowledge of the fact in question. A person's knowledge may be inferred from circumstances.

Law clerk means a person, typically a recent law school graduate, who acts, typically for a limited period, as a confidential assistant to a judge or judges of a court; to a hearing officer or a similar administrative hearing officer; or to the head of a governmental agency or to a member of a governmental commission, either of which has authority to adjudicate or to promulgate rules or regulations of general application.

Legal profession means those individuals who are lawfully engaged in practice of patent, trademark, and other law before the Office.

Legal service means any service that may lawfully be performed by a practitioner for any person having immediate, prospective, or pending business before the Office.

Matter means any litigation, administrative proceeding, lobbying activity, application, claim, investigation, controversy, arrest, charge, accusation, contract, a negotiation, estate or family relations practice issue, request for a ruling or other determination, or any other matter covered by the conflict of interest rules of the appropriate Government entity, except as expressly limited in a particular rule.

Mentally incompetent or *involuntarily committed to a mental hospital* means a judicial determination in a final order that declares a practitioner to be mentally incompetent or that commits a practitioner involuntarily to a mental hospital or similar institution as an inpatient.

OED Director means the Director of the Office of Enrollment and Discipline.

Office means the United States Patent and Trademark Office.

Partner means a member of a law partnership or a shareholder in a *law firm* organized as a professional corporation.

Person means an individual, a corporation, an association, a trust, a partnership, and any other organization or legal entity.

Practitioner means (1) an attorney or agent registered to practice before the Office in patent matters, (2) an individual authorized under 5 U.S.C. 500(b) or otherwise as provided by §§ 11.14(b), (c), and (e), to practice before the Office in trademark matters or other non-patent matters, or (3) an individual authorized to practice before the Office in a patent case or matters under §§ 11.9(a) or (b). A ''suspended or excluded practitioner'' means a practitioner who is suspended or excluded under § 11.47. A ''non-practitioner'' means an individual who is not a practitioner.

Proceeding before the Office means an application for patent, an application to register a trademark, an appeal, a petition, a reexamination, a protest, a public use matter, a patent interference, an inter partes trademark matter, correction of a patent, correction of inventorship, and any other matter that is pending before the Office.

Professional disciplinary action means public reprimand, suspension, disbarment, resignation from the bar of any State or Federal court while under investigation, and any other event resulting in the loss of a license to practice law on ethical grounds.

Professional legal corporation means a corporation authorized by state law to practice law for profit.

Reasonable or *reasonably* when used in relation to conduct by a practitioner means the conduct of a reasonably prudent and competent practitioner.

Reasonably should know when used in reference to a practitioner means that a practitioner of reasonable prudence

and competence would ascertain the matter in question.

Registration means registration to practice before the Office in patent proceedings.

Roster means a list of individuals who have been registered as either a patent attorney or patent agent.

Serious crime means (1) any criminal offense classified as a felony under the laws of the United States, or of any state, district, or territory of the United States, or of a foreign country where the crime occurred, and (2) any crime a necessary element of which, as determined by the statutory or common law definition of such crime in the jurisdiction where the crime occurred, that includes interference with the administration of justice, false swearing, misrepresentation, fraud, willful failure to file income tax returns, deceit, bribery, extortion, misappropriation, theft, or an attempt or a conspiracy or solicitation of another to commit a ''serious crime.''

Significant evidence of rehabilitation means clear and convincing evidence that is significantly more probable than not that there will be no reoccurrence in the foreseeable future of the practitioner's prior disability or addiction.

State means any of the 50 states of the United States of America, the District of Columbia, and other territories and possessions of the United States of America.

Substantial when used in reference to degree or extent means a material matter of clear and weighty importance.

Suspend or *suspension* means a temporary debarring from practice before the Office.

Tribunal means a court, the Office, a regulatory agency, commission, hearing officer, and any other body authorized by law to render decisions of a judicial or quasi-judicial nature, based on information presented before it, regardless of the degree of formality or informality of the proceedings.

United States means the United States of America, and the territories and possessions the United States of America.

USPTO Director means the Director of the United States Patent and Trademark Office, or an employee of the Office delegated authority to act for the Director of the United States Patent and Trademark Office in matters arising under this Part.

§ 11.2 Director of the Office of Enrollment and Discipline.

(a) *Appointment.* The USPTO Director shall appoint a Director of the Office of Enrollment and Discipline (OED Director). In the event of the absence of the OED Director or a vacancy in the office of the OED Director, the USPTO Director may designate an employee of the Office to serve as acting OED Director. The OED Director and any acting OED Director shall be an active member in good standing of the bar of a State.

(b) *Duties.* The OED Director shall:

(1) Supervise such staff as may be necessary for the performance of the OED Director's duties.

(2) Receive and act upon applications for registration, prepare and grade the examination provided for in § 10.7(b), maintain the register provided for in § 10.5, and perform such other duties in connection with enrollment and recognition of attorneys and agents as may be necessary.

(3) Conduct investigations into the moral character and reputation of any individual seeking to be registered as an attorney and agent, or of any individual seeking limited recognition, deny registration or recognition of individuals failing to demonstrate present possession of good moral character, and perform such other duties in connection with investigations and enrollment proceedings as may be necessary.

(4) Conduct investigations of all matters involving possible violations by practitioners and persons granted limited recognition of an imperative Rule of Professional Conduct coming to the attention of the OED Director as information or a complaint, whether from within or from outside the USPTO, where the apparent facts, if true, may warrant discipline. Conduct investigations of all matters involving possible violations of §§ 11.303(a)(1), 11.304, 11.305(a), or 11.804 by other individuals identified in § 11.19(a)(2) coming to the attention of the OED Director as information or a complaint, whether from within or from outside the USPTO, where the apparent facts, if true, may warrant discipline. Except in matters meriting summary dismissal because the complaint is clearly unfounded on its face or falls outside the disciplinary jurisdiction of the USPTO, no disposition shall be recommended or undertaken by the OED Director until the accused practitioner shall have been afforded an opportunity to respond to the information or complaint received by the OED Director.

(5) With the consent of three members of the Committee on Discipline, initiate disciplinary proceedings under § 11.32, and perform such other duties in connection with investigations and disciplinary proceedings as may be necessary.

(6) Without the prior approval of a member of the Committee on Discipline, dismiss a complaint or close an investigation without issuing a warning; and otherwise conclude an investigation as provided for in §§ 11.22(e) or (m)

(7) File with the USPTO Director certificates of convictions of practitioners or other individual practicing before the Office who have been convicted of crimes, and certified copies of disciplinary orders concerning attorneys issued in other jurisdictions.

(c) *Petition to OED Director.* Any petition from any action or requirement of the staff of OED reporting to the OED Director shall be taken to the OED Director. Any such petition not filed within 30 days from the action complained of may be dismissed as untimely. The filing of a petition will not stay the period for taking other action, including the timely filing of an application for registration, which may be running, or act as a stay of other proceedings. Any request for reconsideration waives a right to appeal by petition to the USPTO Director under paragraph (d) of this section, and if not filed within 30 days after the final decision of the OED Director may be dismissed as untimely.

(d) *Review of OED Director's decision.* An individual dissatisfied with a final decision of the OED Director, except for a decision dismissing a complaint pursuant to § 11.22(f) or closing an investigation under § 11.22(m)(1), may seek review of the decision upon petition to the USPTO Director accompanied by payment of the fee set forth in § 1.21(a)(5). A decision dismissing a complaint or closing an investigation is not subject to review by petition. Any such petition to the USPTO Director waives a right to seek reconsideration. Any petition not filed within 30 days after the final decision of the OED Director may be dismissed as untimely. Any petition shall be limited to the facts of record. Briefs or memoranda, if any, in support of the petition shall accompany or be embodied therein. The petition will be decided on the basis of the record made before the OED Director. The USPTO Director in deciding the petition will consider no new evidence. Copies of documents already of record before the OED Director shall not be submitted with the petition. No oral hearing on the petition will be held except when considered necessary by the USPTO Director. Any request for reconsideration of the decision of the USPTO Director may be dismissed as untimely if not filed within 30 days after the date of said decision.

(e) *Reconsideration of matters decided by a former OED Director or USPTO Director.* Matters which have been decided by one OED Director or USPTO Director will not be reconsidered by his or her successor except if a request for reconsideration of the decision is filed within the 30-day period permitted to request reconsideration of said decision provided for in paragraphs (c) and (d) of this section.

§ 11.3 Suspension of rules, qualified immunity.

(a) Except as provided in paragraph (b) of this section, in an extraordinary situation, when justice requires, any requirement of the regulations of this Part which is not a requirement of statute may be suspended or waived by the USPTO Director or the designee of the USPTO Director, *sua sponte* or on petition of any party, including the OED Director or the OED Director's representative, subject to such other requirements as may be imposed.

(b) No petition to waive any provision of §§ 11.19, 11.24, 11.100 through 11.901, or to waive the provision in this paragraph shall be granted for any reason.

(c) No petition under this section shall stay a disciplinary proceeding unless ordered by the USPTO Director or a hearing officer.

(d) Complaints submitted to the OED Director or any other official of the Office shall be qualifiedly privileged for the purpose that no claim or action in tort predicated thereon may be instituted or maintained. The OED Director, and all staff, assistants and employees of the Office of General Counsel, Solicitor's Office, the Office of Enrollment and Discipline, and the members of the Committee on Discipline, the Committee on Enrollment, the employees of the Office providing regrades of examinations, and employees of the Office developing questions for the registration examination shall be immune from disciplinary complaint under this Part for any conduct in the course of their official duties.

Subpart B—Recognition To Practice Before the USPTO

Patents, Trademarks, and Other Non-Patent Law

§ 11.4 Committee on Enrollment.

(a) The USPTO Director shall establish a Committee on Enrollment composed of one or more employees of the Office.

(b) The Committee on Enrollment shall, as necessary:

(1) Advise the OED Director in connection with the OED Director's duties under § 11.2(b)(1), and

(2) In circumstances provided for in § 11.7(j)(2), determine the moral character and reputation of an individual whom the OED Director does not accept as having good moral character and reputation.

§ 11.5 Register of attorneys and agents in patent matters; practice before the Office.

(a) *Register of attorneys and agents.* A register of attorneys and agents is kept in the Office on which are entered the names of all individuals recognized as entitled to represent applicants having prospective or immediate business before the Office in the preparation and prosecution of patent applications. Registration in the Office under the provisions of this Part shall entitle the individuals so registered to practice before the Office only in patent matters.

(b) *Practice before the Office.* Practice before the Office includes law-related service that comprehends all matters connected with the presentation to the Office or any of its officers or employees relating to a client's rights, privileges, duties, or responsibilities under the laws or regulations administered by the Office for the grant of a patent, registration of a trademark, or conduct of other non-patent law. Such presentations include preparing necessary documents, corresponding and communicating with the Office, and representing a client through documents or at interviews, hearings, and meetings, as well as communicating with and advising a client concerning matters pending or contemplated to be presented before the Office. Practice before the Office:

(1) In patent matters includes, but is not limited to, preparing and prosecuting any patent application, considering and advising a client as to the patentability of an invention under statutory criteria; considering the advisability of relying upon alternative forms of protection that may be available under State law; participating in drafting the specification or claims of a patent application; participation in drafting an amendment or reply to a communication from the Office that may require written argument to establish the patentability of a claimed invention; participating in drafting a reply to a communication from the Office regarding a patent application, and participating in the drafting of a communication for a public use, interference, or reexamination proceeding;

(2) In trademark matters includes, but is not limited to, preparing and prosecuting an application for trademark registration; preparing an amendment which may require written argument to establish the registrability of the mark; conducting an opposition, cancellation, or concurrent use proceeding; or an appeal to the Trademark Trial and Appeal Board; and

(3) In private as well as other professional matters includes conduct reflecting adversely on a person's fitness to practice law, such as, but not limited to, the good character and integrity essential for a practitioner in patent, trademark, or other non-patent law matters.

§ 11.6 Registration of attorneys and agents.

(a) *Attorneys.* Any citizen of the United States who is an attorney and who fulfills the requirements of this Part may be registered as a patent attorney to practice before the Office. When appropriate, any alien who is an attorney, who lawfully resides in the United States, and who fulfills the requirements of this Part may be registered as a patent attorney to practice before the Office, provided that such registration is not inconsistent with the terms upon which the alien was admitted to, and resides in, the United States and further provided that the alien may remain registered only:

(1) If the alien continues to lawfully reside in the United States and registration does not become inconsistent with the terms upon which the alien continues to lawfully reside in the United States, or

(2) If the alien ceases to reside in the United States, the alien is qualified to be registered under paragraph (c) of this section. *See also* § 11.9(b).

(b) *Agents.* Any citizen of the United States who is not an attorney and who fulfills the requirements of this Part may be registered as a patent agent to practice before the Office. When appropriate, any alien who is not an attorney, who lawfully resides in the United States, and who fulfills the requirements of this Part may be registered as a patent agent to practice before the Office, provided that such registration is not inconsistent with the terms upon which the alien was admitted to, and resides in, the United States, and further provided that the alien may remain registered only:

(1) If the alien continues to lawfully reside in the United States and registration does not become inconsistent with the terms upon which the alien continues to lawfully reside in the United States or

(2) If the alien ceases to reside in the United States, the alien is qualified to be

registered under paragraph (c) of this section. *See also* § 11.9(b).

(c) *Foreigners.* Any foreigner not a resident of the United States who shall file proof to the satisfaction of the OED Director that he or she is registered and in good standing before the patent office of the country in which he or she resides and practices, and who is possessed of the qualifications stated in § 11.7, may be registered as a patent agent to practice before the Office for the limited purpose of presenting and prosecuting patent applications of applicants located in such country, provided that the patent office of such country allows substantially reciprocal privileges to those admitted to practice before the Office. Registration as a patent agent under this paragraph shall continue only during the period that the conditions specified in this paragraph obtain. Upon notice by the patent office of such country that a patent agent registered under this section is no longer registered or no longer in good standing before the patent office of such country, and absent a showing of cause why his or her name should not be removed from the register, the OED Director shall promptly remove the name of the patent agent from the register and publish the fact of removal. Upon ceasing to reside in such country, the patent agent registered under this section is no longer qualified to be registered under this section, and the OED Director shall promptly remove the name of the patent agent from the register and publish the fact of removal.

(d) *Interference matters.* The Chief Administrative Patent Judge or Deputy Chief Administrative Patent Judge of the Board of Patent Appeals and Interferences shall determine whether and the circumstances under which an attorney who is not registered may take testimony for an interference under 35 U.S.C. 24, or under § 1.672 of this subchapter.

§ 11.7 Requirements for registration.

(a) No individual will be registered to practice before the Office unless he or she has:

(1) Applied to the USPTO Director in writing on a form supplied by the OED Director and furnished all requested information and material; and

(2) Established to the satisfaction of the OED Director that he or she is:

(i) Presently possessed of good moral character and reputation;

(ii) Possessed of the legal, scientific, and technical qualifications necessary to enable him or her to render applicants valuable service; and

(iii) Otherwise competent to advise and assist applicants for patents in the presentation and prosecution of their applications before the Office; and

(b)(1) In order that the OED Director may determine whether an individual seeking to have his or her name placed on the register has the qualifications specified in paragraph (a)(2) of this section, the individual shall:

(i) File a complete application for admission to each administration of the registration examination. A complete registration application includes:

(A) A form supplied by the OED Director wherein all requested information and supporting documents are furnished,

(B) Payment of the fees required by § 1.21(a)(1) of this subchapter,

(C) Satisfactory proof of sufficient basic training in scientific and technical matters, and

(D) For aliens, proof that recognition is not inconsistent with the terms of their visa or entry into the United States.

(2) An individual failing to file a complete application will not be admitted to the examination. Applications that are incomplete as originally submitted will be considered as filed only when they have been completed and received by OED within 60 days of notice of incompleteness. Thereafter, a new and complete application must be filed. Until an individual has been registered, that individual is under a continuing obligation to keep his or her application current and must update responses whenever there is an addition to or a change to information previously furnished the OED Director;

(3) Submit to the OED Director satisfactory proof of the individual's scientific and technical training;

(4) Pass the registration examination, unless the taking and passing of the examination is waived as provided in paragraph (d) of this section. Unless waived pursuant to paragraph (d) of this section, each individual seeking registration must take and pass the registration examination that is held from time-to-time to enable the OED Director to determine whether the individual possesses the legal and competence qualifications specified in paragraphs (a)(2)(ii) and (a)(2)(iii) of this section. The examination will not be administered as a mere academic exercise. An individual failing the examination may reapply no sooner than 30 days after the date of notice of failure is sent to the individual and may again take the examination no sooner than 60 days after the date of said notice. An individual reapplying shall:

(A) File the application form supplied by the OED Director wherein all requested information and supporting documents are furnished,

(B) Pay the fees required by § 1.21(a)(1) of this subchapter, and

(C) For aliens, proof that recognition continues to be not inconsistent with the terms of their visa or entry into the United States;

(5) If an individual first reapplies more than one year after said notice, that individual must again comply with paragraphs (b)(1)(i) and (b)(3) of this section; and

(6) Provide satisfactory proof of present possession of good moral character and reputation.

(c) *Petition to the OED Director.* An individual dissatisfied with any action by a member of the staff of OED refusing to register an individual, refusing to recognize an individual, refusing to admit an individual to the registration examination, refusing to reinstate an administratively suspended practitioner, refusing to refund or defer any fee, or any other action may seek review of the action upon petition to the OED Director and payment of the fee set forth in § 1.21(a)(5) of this subchapter. Any petition, even if accompanied by the required fee, but not filed within thirty days after the date of the action complained of may be dismissed as untimely. Any request for reconsideration of a decision by the OED Director on a petition not filed within thirty days after the decision may be dismissed as untimely.

(d)(1) *Former patent examiners who by [INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE] had not actively served four years in the patent examining corps, and were serving in the corps at the time of their separation.* The OED Director would waive the taking of a registration examination in the case of any individual meeting the requirements of paragraph (b)(3) of this section who is a former patent examiner who by *[INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE]* had not served four years in the patent examining corps, if the individual demonstrates that he or she:

(i) Actively served in the patent examining corps of the Office;

(ii) Received a certificate of legal competency and negotiation authority;

(iii) After receiving the certificate of legal competency and negotiation authority, was rated at least fully successful in each quality performance element of his or her performance plan for the last two complete fiscal years as a patent examiner; and

(iv) Was not under an oral or written warning regarding the quality performance elements at the time of

separation from the patent examining corps.

(v) The OED Director may waive the taking of the examination for registration in the case of said individual who does not meet all the criteria of paragraphs (d)(1)(i), (d)(1)(ii), (d)(1)(iii) and (d)(1)(iv) of this section upon a showing of good cause.

(2) *Former patent examiners who [INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE] had actively served four years in the patent examining corps, and were serving in the corps at the time of their separation.* The OED Director would waive the taking of a registration examination in the case of any individual meeting the requirements of paragraph (b)(3) of this section who is a former patent examiner who by *[INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE]* had served four years in the patent examining corps, if the individual demonstrates that he or she:

(i) Actively served for at least four years in the patent examining corps of the Office by *[INSERT DATE 60 DAYS FOLLOWING PUBLICATION OF FINAL RULE];*

(ii) Was rated at least fully successful in each quality performance element of his or her performance plan for the last two complete fiscal years as a patent examiner in the Office; and

(iii) Was not under an oral or written warning regarding the quality performance elements at the time of separation from the patent examining corps.

(vi) The OED Director may waive the taking of the examination for registration in the case of said individual who does not meet all the criteria of paragraphs (d)(2)(i), (d)(2)(ii), and (d)(2)(iii) of this section upon a showing of good cause.

(3) *Certain former Office employees who were not serving in the patent examining corps upon their separation from the Office.* The OED Director would waive the taking of a registration examination in the case of a former Office employee meeting the requirements of paragraph (b)(3) of this section who by petition demonstrates possession of the necessary legal qualifications to render to patent applicants and others valuable service and assistance in the preparation and prosecution of their applications or other business before the Office by showing that:

(i) He or she has exhibited comprehensive knowledge of patent law equivalent to that shown by passing the registration examination as a result of having been in a position of responsibility in the Office in which he or she:

(A) Provided substantial guidance on patent examination policy, including the development of rule or procedure changes, patent examination guidelines, changes to the Manual of Patent Examining Procedure, or development of training or testing materials for the patent examining corps; or

(B) Represented the Office in patent cases before Federal courts; and

(ii) Was rated at least fully successful in each quality performance element of his or her performance plan for said position for the last two complete rating periods in the Office, and was not under an oral warning regarding performance elements relating to such activities at the time of separation from the Office.

(4) To be eligible for consideration for waiver, an individual within the scope of one of paragraphs (d)(1) through (d)(3) of this section must file a complete application and the fee required by § 1.21(a)(1)(i) of this subchapter within two years of the individual's separation from the Office. All other individuals, including former examiners, filing an application or fee more than two years after separation from the Office, are required to take and pass the examination to demonstrate competence to represent applicants before the Office. If the examination is not waived, the individual or former examiner must pay the examination fee required by § 1.21(a)(1)(ii) of this subchapter within 30 days after notice. Individuals employed by the Office but not meeting the requirements of any one of paragraphs (d)(1) through (d)(3) of this section must file a complete application, pay the fees required by § 1.21(a)(1) of this subchapter, and take and pass the registration examination to be registered.

(e) *Examination results.* Notification to an individual of passing or failing an examination is final. Within two months from the date an individual is notified that he or she failed an examination specified in paragraph (b) of this section, an unsuccessful individual is entitled to inspect, but not copy, the questions and answers he or she incorrectly answered under supervision and without taking notes. Substantive review of the answers or questions may not be pursued. An unsuccessful individual has the right to retake the examination an unlimited number of times upon payment of the fees required by §§ 1.21(a)(1)(i) and (ii) of this subchapter, and a fee charged by a private sector entity administering the examination.

(f) *Application for reciprocal recognition.* An individual seeking reciprocal recognition under § 11.6(c), in addition to satisfying the provisions of paragraphs (a) and (b) of this section, and the provisions of § 11.8(c), shall pay the application fee required by § 1.21(a)(1)(i) upon filing an application.

(g) *Investigation of moral character.* (1) Every individual seeking recognition shall answer all questions; disclose all relevant facts, dates and information; and provide verified copies of documents relevant to their good moral character and reputation. The facts, information and documents include expunged or sealed records necessary for determining whether the individual presently possesses the good moral character and reputation required for registration.

(2) The OED Director shall cause names and business addresses of all individuals seeking registration or recognition who pass the examination or for whom the examination has been waived to be published on the Internet and in the Official Gazette to solicit relevant information bearing on their moral character and reputation.

(3) If the OED Director receives information from any source tending to reflect adversely on the moral character or reputation of an individual seeking registration or recognition, the OED Director shall conduct an investigation into the moral character and reputation of the individual. The investigation will be conducted after the individual has passed the registration examination, or after the registration examination has been waived for the individual, whichever is later. If the individual seeking registration or recognition is an attorney, the individual is not entitled to a disciplinary proceeding under §§ 11.32–11.57 in lieu of moral character proceedings under paragraphs (j) through (m) of this section. An individual failing to timely answer questions or respond to an inquiry by the OED Director shall be deemed to have withdrawn his or her application, and shall be required to reapply, pass the examination, and otherwise satisfy all the requirements of this section. No individual shall be certified for registration or recognition by the OED Director until the individual demonstrates present possession of good moral character and reputation. The OED Director shall refer to the Committee on Enrollment the application and all records of individuals not certified for registration or recognition following investigation whose applications have not been withdrawn.

(h) *Moral character and good reputation.* Moral character is the possession of honesty and truthfulness,

trustworthiness and reliability, and a professional commitment to the legal process and the administration of justice. Lack of moral character exists when evidence shows acts and conduct which would cause a reasonable person to have substantial doubts about an individual's honesty, fairness, and respect for the rights of others and the laws of states and nation. Evidence showing lack of moral character may include, but is not limited to, conviction of a violent felony, a crime involving moral turpitude, and a crime involving breach of fiduciary duty; drug and alcohol abuse and dependency problems; lack of candor; suspension or disbarment on ethical grounds from a State bar; and resignation from a State bar while under investigation. An individual for registration who has been convicted of a crime involving moral turpitude or which would clearly necessitate suspension or disbarment must have served his or her sentence, and must have been released from parole supervision or probation for the offense before an application for will be considered.

(1) *Conviction of felony or misdemeanor.* An individual who has been convicted in a court of record of a felony, or a crime involving moral turpitude or breach of trust, including, but not limited to, a misdemeanor involving interference with the administration of justice, false swearing, misrepresentation, fraud, deceit, bribery, extortion, misappropriation, or theft, or any misdemeanor involving an attempt, conspiracy or solicitation of another to commit any misdemeanor, is presumed not to be of good moral character in the absence of a pardon or a compelling showing of reform and rehabilitation. Any individual convicted in a court of record of a felony, or a crime involving moral turpitude or breach of trust shall file with an application for registration the fees required by §§ 1.21(a)(1)(ii) and (10) of this subchapter. The OED Director shall determine whether individuals convicted for said felony, or crime involving moral turpitude or breach of trust have produced compelling proof of reform and rehabilitation, including at a minimum a lengthy period of exemplary conduct.

(i) An individual who has been convicted in a court of record of a felony or any misdemeanor identified in paragraph (h)(1) of this section shall not be eligible for registration or to apply for registration during the time of any sentence (including confinement or commitment to imprisonment), deferred adjudication, and period of probation or parole as a result of the conviction and for a period of two years after the date of successful completion of said sentence, deferred adjudication, and probation or parole.

(ii) The following provisions apply to the determination of present good moral character of an individual convicted of said felony or misdemeanor:

(A) The court record or docket entry of conviction is conclusive evidence of guilt;

(B) An individual convicted of a felony or misdemeanor identified in paragraph (h)(l) of this section is conclusively deemed not to have present good moral character and shall not be eligible to apply for or be registered for a period of two years after completion of the sentence, deferred adjudication, and period of probation or parole, whichever is later; and

(C) The individual, upon applying for registration, shall prove by clear and convincing evidence that he or she is of present good moral character.

(iii) Upon proof that a conviction has been set aside or reversed, the individual shall be eligible to file an application and, upon passing the registration examination, have the OED Director determine, in accordance with paragraph (h)(1) of this section, whether, absent the conviction, the individual possesses present good moral character and reputation.

(2) *Moral character involving drug or alcohol abuse or dependency.* An individual's record is reviewed as a whole to see if there is a drug or alcohol abuse or dependency issue. An individual appearing to abuse drugs or alcohol, or being dependent on a drug or alcohol may be asked to undergo an evaluation, at the individual's expense, by a qualified professional selected by the OED Director. In instances where there is evidence of a present dependency or an individual has not established a record of recovery, the OED Director, in lieu of registration, may offer the individual the opportunity to place his or her application in abeyance for a specified period of time while agreed to conditions regarding treatment and recovery are initiated and confirmed.

(3) *Moral character involving lack of candor.* An individual's lack of candor in disclosing facts bearing on or relevant to issues concerning moral character when completing the application or any time thereafter may be found to be cause to deny registration on moral character grounds.

(4) *Moral character involving suspension, disbarment, or resignation from a State bar.* An individual who has been disbarred by a disciplinary court from practice of law or has resigned in lieu of a disciplinary proceeding (excluded or disbarred on consent) shall not be eligible to apply for registration for a period of five years from the date of disbarment or resignation. An individual who has been suspended by a disciplinary court on ethical grounds from the practice of law shall not be eligible to apply for registration until expiration of the period of suspension. An individual who was not only disbarred, suspended or resigned, but also convicted in a court of record of a felony, or a crime involving moral turpitude or breach of trust, shall be ineligible to apply for registration until the conditions both in paragraph (h)(1) of this section and this paragraph (h)(4) are fully satisfied. The OED Director may waive the two-year ineligibility period provided for in paragraph (h)(1)(A) of this section following conviction of a felony or crime only if the individual demonstrates that he or she has been reinstated to practice law in the State where he or she had been disbarred or suspended, or had resigned. An individual who has been disbarred or suspended, or who resigned in lieu of a disciplinary proceeding shall file with an application for registration the fees required by §§ 1.21(a)(1)(ii) and (10) of this subchapter; a full and complete copy of the proceedings in the disciplinary court that led to the disbarment, suspension, or resignation; and written proof that he or she has filed an application for reinstatement in the disciplining jurisdiction and obtained a final determination on that application. The following provisions shall govern the determination of present good moral character of an individual who has been licensed to practice law in any jurisdiction and has been disbarred or suspended on ethical grounds, or allowed to resign in lieu of discipline, in that jurisdiction.

(i) A copy of the record resulting in disbarment, suspension or resignation is *prima facie* evidence of the matters contained in said record, and the imposition of disbarment or suspension, or the acceptance of the resignation of the individual in question shall be deemed conclusive that the individual has committed professional misconduct.

(ii) An individual who has been disbarred or suspended, or who resigned in lieu of disciplinary action is ineligible for registration and is deemed not to have present good moral character during the period of such discipline imposed by the disciplinary court.

(iii) The individual who has been disbarred or suspended, or who resigned in lieu of disciplinary action,

shall submit proof that he or she has filed an application for reinstatement in the disciplining jurisdiction and obtained a final determination on that application.

(iv) The only defenses available to the individual in question are set out below, and must be proven by the individual by clear and convincing evidence:

(A) The procedure in the disciplinary court was so lacking in notice or opportunity to be heard as to constitute a deprivation of due process;

(B) There was such infirmity of proof establishing the misconduct as to give rise to the clear conviction that the Office could not, consistently with its duty, accept as final the conclusion on that subject; or

(C) The finding of lack of present good moral character by the Office would result in grave injustice.

(v) The individual, upon applying for registration, shall prove by clear and convincing evidence that he or she is of present good moral character.

(i) *Factors that may be taken into consideration when evaluating rehabilitation of an applicant seeking a moral character determination.* When considering whether an applicant has the good moral character required for registration, the OED Director evaluates whether an applicant possesses the qualities of honesty, fairness, candor, trustworthiness, observance of fiduciary responsibility, respect for and obedience to the laws of the States and the nation, and respect for the rights of others and for the judicial process. Involvement in activity that constitutes an act of misconduct or an act of moral turpitude does not necessarily preclude an applicant from registration; however, an applicant who has committed such acts must demonstrate rehabilitation prior to registration. An act of misconduct may include, but is not limited to, behavior that results in a criminal conviction, a sustained accusation of fraud, or a sustained allegation of unauthorized practice of law, violation of a school's honor code that involves moral turpitude or results in expulsion, professional discipline, license revocation or disbarment, as well as material omissions from a moral character application, or misstatements in the registration application and misrepresentations during the application process.

(1) Individuals convicted of violent felonies, felonies involving moral turpitude and crimes involving a breach of fiduciary duty are presumed not to be of good moral character in the absence of a pardon or a showing of complete reform and rehabilitation. The OED Director shall exercise discretion to determine whether applicants convicted of violent felonies, felonies involving moral turpitude, and crimes involving a breach of fiduciary duty have produced overwhelming proof of reform and rehabilitation, including at a minimum, a lengthy period of not only unblemished, but exemplary conduct.

(2) The factors enumerated below are guidelines that may be taken into consideration when evaluating whether an applicant has demonstrated rehabilitation. Not all factors listed below will be applicable to every single case nor will each factor necessarily be given equal weight in evaluating the rehabilitation of an applicant. The factors, taken as a whole although not exclusive, assist the OED Director in determining whether an applicant has demonstrated rehabilitation from an act of misconduct or moral turpitude. The factors include:

(i) The nature of the act of misconduct, including whether it involved moral turpitude, whether there were aggravating or mitigating circumstances, and whether the activity was an isolated event or part of a pattern;

(ii) The age and education of the applicant at the time of the act of misconduct and the age and education of the applicant at the present time;

(iii) The length of time that has passed between the act of misconduct and the present, absent any involvement in any further acts of moral turpitude, the amount of time and the extent of rehabilitation being dependent upon the nature and seriousness of the act of misconduct under consideration;

(iv) Restitution by the applicant to any person who has suffered monetary losses through acts or omissions of the applicant;

(v) Expungement of a conviction;

(vi) Successful completion or early discharge from probation or parole;

(vii) Abstinence from the use of controlled substances or alcohol for not less than two years if the specific act of misconduct was attributable in part to the use of a controlled substance or alcohol, where abstinence may be demonstrated by, but is not necessarily limited to, enrolling in and complying with a self-help or professional treatment program;

(viii) Evidence of remission for not less than two years if the specific act of misconduct was attributable in part to a medically recognized mental disease, disorder or illness, where evidence of remission may include, but is not limited to, seeking professional assistance and complying with the treatment program prescribed by the professional and submission of letters from the psychiatrist/psychologist verifying that the medically recognized mental disease, disorder or illness is in remission;

(ix) Payment of the fine imposed in connection with any criminal conviction;

(x) Correction of behavior responsible in some degree for the act of misconduct;

(xi) Completion of, or sustained enrollment in, formal education or vocational training courses for economic self-improvement and thereby eliminating economics as a cause for unethical conduct;

(xii) Significant and conscientious involvement in community, church or privately sponsored programs designed to provide social benefits or to ameliorate social problems; and

(xiii) Change in attitude from that which existed at the time of the act of misconduct in question as evidenced by any or all of the following:

(A) Statements of the applicant;

(B) Statements from family members, friends or other persons familiar with the applicant's previous conduct and with subsequent attitudes and behavioral patterns;

(C) Statements from probation or parole officers or law enforcement officials as to the applicant's social adjustments; and

(D) Statements from persons competent to testify with regard to neuropsychiatry or emotional disturbances.

(j) *Hearing.* If, following investigation of moral character, the OED Director believes any evidence suggests lack of good moral character and reputation, the OED Director shall give the individual notice to show cause fairly apprising the individual of the OED Director's reasons for failing to be convinced of the individual's good character and reputation, and an opportunity to be heard before a final decision is issued. The notice shall also give the individual the choice of withdrawing the application. The individual shall be given no less than 10 days to reply. The notice shall be given by certified mail at the address appearing on the application if the address is in the United States, and by any other reasonable means if the address is outside the United States.

(1) *Evidence supplied or confirmed by individual.* When the evidence suggesting lack of good moral character and reputation is information supplied or confirmed by the individual, or the evidence is of an undisputed documentary character disclosed to the individual, the OED Director, with the concurrence of a majority of the

Committee on Enrollment, shall enter a decision based solely upon said information or documentary evidence. In determining an individual's moral character and reputation, the OED Director and Committee may act without requiring the individual to appear before it to be sworn and interrogated. If the OED Director and a majority of the Committee are of the opinion that an adverse decision should be made, the procedure set forth in paragraphs (j)(3) through (j)(5) of this section shall be followed.

(2) *Evidence supplied by person or source whose reliability or veracity is questioned.* When the evidence suggesting lack of good moral character and reputation depends on information supplied by a particular person whose reliability or veracity is brought into question by the individual, the individual shall be informed in the notice to show cause of the opportunity to confront and cross-examine the person in an oral hearing. If the individual does not request an oral hearing within the time fixed by the notice, the OED Director, with the concurrence of a majority of the Committee on Enrollment, shall enter a recommendation. If, within the fixed time, the individual requests an oral hearing, the Committee on Enrollment shall conduct the hearing under the following rules of procedure:

(i) The Committee shall give the individual no less than 10 days notice of:

(A) The date, time and place of an oral hearing;

(B) The individual's right to be represented by counsel;

(C) The individual's right at an oral hearing to examine and cross-examine witnesses;

(D) The individual's right at an oral hearing to adduce evidence bearing on the individual's moral character and fitness to practice before the Office. Testimony at an oral hearing shall be under oath and a complete stenographic record of the hearing shall be kept; and

(E) The OED Director and Committee may act without the individual agreeing to be sworn and interrogated.

(ii) A hearing shall be conducted in a formal manner according to the rights listed in paragraph (j)(2)(A) of this section; however, the Committee shall not be bound by formal rules of evidence. It may, in its discretion, take evidence in other than testimonial form and determine whether evidence to be taken in testimonial form shall be taken in person at the hearing or by deposition. The proceedings shall be recorded and the individual may order a transcript at the individual's expense. If the OED Director and a majority of the Committee are of the opinion that an adverse decision should be made, the procedure set forth in paragraphs (j)(3) through (j)(5) of this section shall be followed.

(3) The recommendation shall include the findings and conclusions of the OED Director and Committee, and shall be served on the individual, or his or her attorney, a copy of the decision containing their findings and conclusions. The recommendation shall permit the individual, within 15 days of the date of the recommendation, to withdraw the application, or to appeal the recommendation. If the individual elects to withdraw the application, written notice thereof shall be given to the OED Director within the time fixed, and no further action will be necessary to close the matter.

(4) If the individual elects to appeal the recommendation, written notice thereof shall be given to the OED Director within the time fixed, and an appeal brief shall be filed within 30 days of the date of the recommendation. The individual's appeal brief shall show cause why registration should not be denied. The OED Director and Committee shall deliver to the USPTO Director their recommendation, together with the record in either paragraphs (j)(1) or (j)(2) of this section.

(5) The USPTO Director on the basis of the record shall determine whether the individual should be denied registration for lack of good moral character and reputation. The USPTO Director shall issue a decision on the basis of the record made in accordance with paragraphs (j)(1) or (j)(2) of this section. The USPTO Director will consider no new evidence. The individual shall not submit copies of documents already of record before the OED Director and Committee with any appeal to the USPTO Director.

(k) *Reapplication for admission.* An individual who has been refused registration for lack of present good moral character in a USPTO Director's decision, or in the absence of a USPTO Director's decision, in a recommendation of the OED Director and Committee on Enrollment, the individual may reapply for registration five years after the date of the decision, unless a shorter period is otherwise ordered by the USPTO Director. An individual under investigation for moral character may elect to withdraw his or her application, and may reapply for registration five years after the date of withdrawal. Upon reapplication, the individual shall pay the fees required by §§ 1.21(a)(1)(ii) and (10) of this subchapter, and have the burden of showing by clear and convincing evidence the individual's fitness to practice as prescribed in paragraph (b) of this section. Upon reapplication, the individual also shall complete successfully the examination prescribed in paragraph (b) of this section, even though the individual has previously passed a registration examination.

§ 11.8 Oath, registration fee, and annual fee.

(a) A passing grade on the registration examination may be a basis for registration for a period of no more than two years from the date notice thereof is sent to the individual. After an individual passes the examination, or the examination is waived for an individual, the OED Director shall promptly publish a solicitation for information concerning the individual's moral character and reputation. The solicitation shall include the individual's name, and business or communication postal address.

(b) An individual shall not be registered as an attorney under § 11.6(a), registered as an agent under §§ 11.6(b) or (c), or granted limited recognition under § 11.9(b) unless the individual files the following in OED within 2 years of the issuance of a notice of passing registration examination; a completed Data Sheet; a completed form to obtain the Office's authorization to use a digital signature; an oath or declaration prescribed by the USPTO Director; the registration fee set forth in § 1.21(a)(2) of this subchapter; and a certificate of good standing of the bar of the highest court of a State provided the certificate is no more than six months old.

(c) An individual, including a former patent examiner, is responsible for updating all information and answers submitted in or with his or her application based upon anything occurring between the date the application is signed by the individual, and the date he or she is registered or recognized to practice before the Office in patent matters. The update shall be filed within thirty days after the date of the occasion that necessitates the update.

(d) *Annual fee.* A registered patent attorney or agent shall annually pay to the USPTO Director a fee in the amount required by § 1.21(a)(7) of this subchapter. The payment period for registered patent attorneys and agents shall be based on the first initial of each individual's last name. The payment period for last names beginning with A–E shall be every January 1 through March 31; the payment period for last names beginning with F–K shall be

every April 1 through June 30; the payment period for last names beginning with L through R shall be every July 1 through September 30; and the payment period for last names beginning with S through Z shall be every October 1 through December 31. Payment shall be for the following twelve months. Payment shall be due by the last day of the payment period. Persons newly registered to practice before the Office shall be permanently assigned to the appropriate payment period based on the first initial of their last name on the date of recognition. Persons newly registered shall not be liable for dues during the calendar year they are first registered. Failure to comply with the provisions of this paragraph (d) shall require the OED Director to subject a registered patent attorney or agent to a delinquency fee penalty set forth in § 11.11(b)(1), and further financial penalties and administrative suspension as set forth in § 11.11(b)(2).

§ 11.9 Limited recognition in patent matters.

(a) Any individual not registered under § 11.6 may, upon a showing of circumstances which render it necessary or justifiable, and that the individual is of good moral character and reputation, be given limited recognition by the OED Director to prosecute as attorney or agent a specified application or specified applications, but limited recognition under this paragraph shall not extend further than the application or applications specified. Limited recognition shall not be granted to individuals who have passed the examination or for whom the examination has been waived, and who are awaiting registration to practice before the Office in patent matters.

(b) When registration under paragraphs (a) or (b) of § 11.6(a) of an alien residing in the United States is not consistent with the terms on which the alien entered and remains in the United States, the resident alien may be given limited recognition under paragraph (a) of this section if:

(1) The Immigration and Naturalization Service or the Department of State has authorized the resident alien to be employed in the capacity of representing a patent applicant by preparing and prosecuting the applicant's patent application; and

(2) The resident alien fulfills the provisions of §§ 11.7(a), (b), and either § 11.7(c) or § 11.7(d). Limited recognition shall be granted in maximum increments of one year, fashioned to be consistent with the terms of authorized employment, and require the resident alien to be employed by or associated with a registered practitioner. Limited recognition shall not be granted or extended to an alien residing abroad. If granted, limited recognition shall automatically expire when the resident alien leaves the United States. Any person admitted to the United States to be trained in patent law shall not be admitted to the registration examination or granted recognition until completion of that training.

(c) An individual not registered under § 11.6 may, if appointed by applicant to do so, prosecute an international application only before the United States International Searching Authority and the United States International Preliminary Examining Authority, provided that the individual has the right to practice before the national office with which the international application is filed as provided in PCT Art. 49, Rule 90 and § 1.455, or before the International Bureau when the USPTO is acting as Receiving Office pursuant to PCT Rules 83.1 bis and 90.1.

(d) *Limited recognition fee and annual dues.* An individual, within 30 days after being notified of being granted limited recognition under paragraph (b) or (c) of this section, shall pay to the USPTO Director a fee set forth in § 1.21(a)(2) of this subchapter. The individual also shall pay annually a fee in the amount required by § 1.21(a)(8) of this subchapter upon extension, renewal, or new grant of limited recognition, provided that the individual granted limited recognition for the first time during a fiscal year shall not be liable for the annual fee during that calendar year. Failure to comply with the provisions of this paragraph (d) shall subject the individual to loss of recognition.

§ 11.10 Restrictions on practice in patent matters.

(a) Only practitioners who are registered under § 11.6 or individuals given limited recognition under § 11.9 are permitted to prosecute patent applications of others before the Office; or represent others in a reexamination proceeding, correction of a patent, correction of inventorship, protest, or other proceeding before the Office.

(b) *Undertaking for registration by former Office employee.* No individual not previously registered will be registered as an attorney or agent while employed by the Office. No individual who has served in the patent examining corps or elsewhere in the Office may practice before the Office after termination of his or her service, unless he or she signs the following written undertaking:

(1) To not knowingly act as agent or attorney for, or otherwise represent, or aid in any manner the representation of, any other person in any formal or informal appearance before the Office, or with the intent to influence, make or assist in any manner the making of any oral or written communication on behalf of any other person:

(i) To the United States,

(ii) In connection with any particular patent or patent application involving a specific party, or

(iii) In which said employee participated personally and substantially as an employee of the Office; and

(2) To not knowingly act within two years after terminating employment by the United States as agent or attorney for, otherwise represent or assist in any manner the representation of any other person in any formal or informal appearance before the Office, or with the intent to influence, make or aid in any manner the making of any oral or written communication on behalf of any other person:

(i) To the United States,

(ii) In connection with any particular patent or patent application matter involving a specific party, or

(iii) If such matter was actually pending under the employee's responsibility as an officer or employee within a period of one year prior to the termination of such responsibility.

(3) The words and phrases in paragraphs (b)(1) and (b)(2) of this section are construed as follows:

(i) *Represent* and *representation* means acting as patent attorney or patent agent or other representative in any appearance before the Office, or communicating with an employee of the Office with intent to influence.

(A) Patent attorneys and patent agents. This provision is directed to the former employee who participates in a particular matter, *e.g.,* patent application while employed by the Office and later either enters a ''revolving door'' by representing the applicant on the same matter, or ''switches sides'' by representing another person on the same matter. Note: The examples in this section do not incorporate the special statutory restrictions on ''Senior Employees.''

Example 1: An attorney in the Solicitor's Office personally works on an appeal in the United States Court of Appeals for the Federal Circuit with respect to a patent application owned by Company X. After leaving the Office, she is registered as a patent attorney, and asked by Company X to represent it in that case. She may not do so.

(B) *Assist in any manner* means aid or help another person on a particular matter involving representation. This provision is directed to the person who, as an employee, participates in a particular matter, *e.g.,* patent application, while employed by the Office and after separation from the Office, behind the scenes, either enters a ''revolving door'' by assisting the applicant on the same matter, or ''switches sides'' by assisting another person on the same matter.

Example 1: A primary patent examiner allows a patent application owned by Company X. After leaving the Office, he is registered as a patent agent, and is asked by Company X to assist its attorneys in filing and prosecuting a reissue patent application. He may neither participate in the drafting of claims to be included in the reissue application, nor advise Company X on tactics and procedure, including the form and content of the oath needed for the reissue application, nor participate in drafting amendments to be filed in the application, even if another registered practitioner signs the documents filed in the Office.

Example 2: A patent examiner, shortly before resigning from the Office, signs an Office action rejecting claims in an inventor's patent application. The inventor replies, and a new examiner sends the inventor another Office action containing a final rejection of claims in the application. After resigning, the former examiner becomes registered as a patent agent. The inventor asks the former examiner—now registered patent agent for advice in replying to the Office action and to ghostwrite a reply for the inventor to sign and file as the inventor's own reply to the Office action. The former examiner may not do so.

(C) A former Office employee is not prohibited from providing in-house assistance that does not involve representation, but is prohibited from providing in-house assistance involving representation of another person.

Example 1: An Office employee examined a patent application of Company X, and allowed the application, which matured into a patent. Upon separation from the Office, he is hired by Company X, and becomes registered as a patent attorney. He works on licensing the technology covered by the claims in the patent, but has no direct contact with the Office. At the request of a company vice president, he prepares a paper describing the persons at the Office who should be contacted regarding reexamination of the patent, and what they consider persuasive for a favorable reexamination ruling. He may do so.

Example 2: A patent examiner examined a patent application of Company Z, and allowed an original application, which matured into a patent. Upon separation from the Office, he is hired by Company Z, and becomes registered as a patent attorney. Company Z filed a continuation-in-part application based on the original application. Another registered practitioner is prosecuting the CIP application. A company vice president requests the former patent examiner to assist the other practitioner by preparing an amendment for the CIP application to overcome outstanding rejections or objections. The amendment is to be signed by the other registered practitioner, and the former examiner is to have no direct contact with the Office. This would be a communication with intent to influence. The former patent examiner may not do so.

(D) *Appearance* means that an individual is physically present before the Office in either a formal or informal setting, or the individual conveys material to the Office in connection with a formal proceeding or application; the appearance must occur in regard to a communication that is intended to influence. A communication is broader than an appearance and includes, for example, correspondence, or telephone calls.

Example 1: An appearance occurs when a former patent examiner, now a registered patent agent, meets with a current patent examiner or group director in either the Office or a restaurant to discuss a patent application; or when the former examiner submits a communication, *e.g.,* an amendment, appeal brief, or petition, bearing his or her name.

Example 2: A former patent examiner, now a registered patent agent, makes a telephone call to a present patent examiner to discuss an Office action in an application to reissue a patent which the former patent examiner examined; or ghostwrites an amendment to be signed and filed by an inventor. The former examiner has made a communication.

(E) Elements of ''influence'' and potential controversy are required. Communications that do not include an ''intent to influence'' are not prohibited. Moreover, a routine request not involving a potential controversy is not prohibited. For example, the following are not prohibited: inquiring into the status of a pending application being prosecuted by the practitioner's law firm; a request for publicly available documents; or a communication by a former examiner, not in regard to an adversarial proceeding, imparting purely factual information.

Example 1: A member of the Board of Patent Appeals and Interferences personally works on an interference between a patent application of Company X and a patent application of Company Y. After leaving the Office, he is registered as a patent attorney, and asked by Company X and Company Y to act as arbitrator between the parties regarding the same interfering applications. The arbitration award is filed with the Office, and necessarily has the intent to influence that it meets all requirements to be dispositive and acceptable to the Office. The former member of the Board, through the award, in effect, represents both parties. He may not do so.

(F) Project responses not included. In a context not involving a potential controversy involving the United States, no finding of ''intent to influence'' shall be based on whatever influential effect inheres in an attempt to formulate a meritorious proposal or program.

Example 1: The employee of Company X in the previous example is asked some ten years after being hired by the company to improve upon the claimed subject matter in the patent, which he does, and a patent application for the improvement is filed. This is not prohibited despite the fact that his improvement may be inherently influential on a question of patentability. However, he may not argue for its patentability.

(ii) ''Particular patent or patent application involving a specific party or parties.'' (A) Particular patent or patent application. Like the prohibitions of sections (a) and (b) of 18 U.S.C. 207, the prohibitions of this section would be based on the former employee's, *e.g.,* patent examiner's or assistant solicitor's, prior participation in or responsibility for a ''judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, investigation, charge, accusation, arrest, or other particular matter involving a specific party or parties'' in which the United States is a party or has a direct and substantial interest. Such matters typically involve a specific proceeding affecting the legal rights of the parties or an isolatable transaction or related set of transactions between identifiable parties.

All patent issues, including the filing and prosecution of a patent application, are applications, claims, or other matters in which the United States is a directly or indirectly interested. For a patent examiner, a particular matter includes any patent application of a specific party, including a provisional, substitute, international, continuation, divisional, continuation-in-part, or reissue patent application, as well as any protest, reexamination, petition, appeal, or interference based on the patent application of a specific party. A ''specific party'' includes the applicant, owner, or assignee of the application.

Example 1: A patent examiner reviews and allows a particular patent application for an invention. After leaving the Office, and becoming registered as a patent agent, the former patent examiner may not represent the owner of the patent before the Office in an application for reissue of the patent, in a reexamination of the patent, in an interference involving the patent, in a divisional or continuation-in-part application, and the like.

Example 2: A patent examiner participates by recommending an interference between an application she examined and an application that she did not examine. After leaving the Office and becoming a registered patent attorney, she may not represent the owner of

the application that she did not examine in the interference since her participation was by way of recommendation in a particular matter affecting a specific party or parties.

(B) Relationship of personal participation to specificity. In certain cases, whether a patent or patent application should be treated as a ''particular patent or patent application matter involving specific parties'' depends on the employee's own participation in events. Participation may result in particularity and specificity to the patent or patent application.

Example 1: A patent examiner without any signatory authority drafts the first Office action in an application filed by Company X. After drafting the Office action containing rejections of several claims over prior art, and a rejection of other claims under 35 U.S.C. 112, she submits it to her supervisor for review. The supervisor reviews the draft and suggests changes. On her last day of employment at the Office, the examiner does not have an opportunity to make the changes. The application and drafted action are later assigned to another examiner, who is taking over her art. After she separates from the Office, the other examiner prepares the Office action, including the rejections she had urged, and signs the Office action. Thereafter, the Office action is duly mailed. The former patent examiner is then registered as a patent agent, and is asked by Company X to represent it before the Office on the same patent application. She may not do so.

(C) The particular patent or patent application includes related patents and applications. The requirement of a ''particular patent or patent application involving a specific party'' applies both at the time that the Office employee acts in an official capacity and at the time in question after service in the Office. The same particular patent or application may continue in another form or in part. In determining whether two particular patents or applications are related, the Department of Commerce considers the extent to which the matters involve the same basic facts, related issues, the same or related parties, time elapsed, the same confidential information, and the continuing existence of an important Federal interest.

Example 1: A patent examiner was substantially involved in the granting of a patent to Z Company for the development of alternative energy sources. Six years after he terminates Office employment, the patent is still in effect, but much of the technology has changed as have many of the personnel. An employee of the Q Company has invented an improvement on the original patent. The former patent examiner, now a registered patent attorney, may represent Q Company in its patent application for the improvement, since Q Company's patent application is a different matter from the patent granted to Z Company. The former employee should first consult the Office and request a written determination before undertaking any representation in the matter.

Example 2: A patent examiner reviewed the claims in an initial patent application, and allowed the claims in the application. The prosecution in a divisional application of claims directed to subject matter disclosed but not originally sought to be claimed in the initial application must be regarded as part of the same particular matter as the initial application. The reason is that the validity of the patent may be put in issue, and many of the facts, *e.g.,* benefit of priority to antedate any intervening prior art, giving rise to the patent would be involved.

Example 3: An attorney in the Solicitor's Office personally works on an appeal in the Court of Appeals for the Federal Circuit of a patent application owned by Company X. A patent is later granted on the application. After leaving the Office, he is registered as a patent attorney, and asked by Company X to represent it in an infringement suit against an alleged infringer. He may not do so.

Example 4: A member of the Board of Patent Appeals and Interferences personally works on an appeal of a patent application of Company X. After leaving the Office, he is registered as a patent attorney, and asked by Company X to represent it in an interference proceeding before the Office between the patent granted on the application, and an application of another party. He may not do so. Other examples: *See* paragraph (b)(3)(i)(A) of this section, Example 1, and paragraph (b)(3)(ii)(A) of this section, Examples 1 and 2.

(D) United States must be a party or have an interest. The particular patent or patent application must be one in which the United States is a party, such as in a judicial or administrative proceeding or a contract, or in which it has a direct and substantial interest. The importance of the Federal interest in a matter can play a role in determining whether two matters are the same particular matter. All patent issues, including the filing and prosecution of a patent application, are matters in which the United States is directly or indirectly interested. The United States is not only interested in the grant of a patent. Its interest continues. The United States may bring suit to cancel patents obtained by fraud.

Example 1: A patent examiner participated in examining a patent application filed by the Z Company. After leaving the Office and becoming a registered patent attorney, she may not represent Z Company in a request for reexamination of the patent granted on the application, or assist other attorneys in drafting the request. The interest of the United States in preventing both inconsistent results and the appearance of impropriety in the same factual matter involving the same party, Z Company, is direct and substantial.

(iii) ''Participate personally and substantially.'' (A) Basic requirements. The restrictions of section 207(a) apply only to those patents and applications in which a former patent examiner had ''personal and substantial participation,'' exercised ''through decision, approval, disapproval, recommendation, the rendering of advice, investigation or otherwise.'' To participate *personally* means directly, and includes the participation of a subordinate when actually directed by the former Office employee in the matter. *Substantially* means that the examiner's involvement must be of significance to the matter, or form a basis for a reasonable appearance of such significance. It requires more than official responsibility, knowledge, perfunctory involvement, or involvement on an administrative or peripheral issue. A finding of substantiality should be based not only on the effort devoted to a matter, but also on the importance of the effort. While a series of peripheral involvements may be insubstantial, the single act of approving or participation in a critical step may be substantial. It is essential that the participation be related to a ''particular patent or patent application involving a specific party.'' (*See* paragraph (b)(3)(ii)(A) of this section.)

Example 1: A primary examiner is not in charge of patent applications assigned to another examiner having partial signatory authority. The primary examiner is asked by the supervisory patent examiner to be the acting supervisory patent examiner while the latter is on vacation. The primary examiner reviews and approves the second action final rejection in an Office action in a patent application (belonging to the Z Company) of the other examiner having partial signatory authority. Later, the other examiner, with the approval of the supervisory patent examiner, allows the application, and a patent is granted to the Z Company on the application. After retiring and being registered as a patent agent, the former primary examiner is asked by the Z Company to represent the patent owner in filing a reissue application to correct an error in the patent. The primary examiner, having personally and substantially participated by decision, or approval in the particular matter, may not do so.

Example 2: A primary examiner is not in charge of, nor has official responsibility for the patent applications of new patent examiners she is training. However, she is frequently consulted as to searches, interpreting the scope of the claims, and drafting Office actions for the applications. Such an individual, as well as the new patent examiners, has personally and substantially participated in the matters.

Example 3: A supervisory primary examiner signs a restriction requirement in an Office action prepared by a patent examiner having no signatory authority. The supervisory primary examiner and the patent examiner having no signatory authority have

each personally and substantially participated in the matter.

Example 4: A primary patent examiner, having concluded that all the claims in a first application are allowable, conducts an interference search and finds interfering subject matter being claimed in a second application. The examiner has personally and substantially participated in the first and second applications, whether the second application is assigned to and being examined by the same examiner or another patent examiner.

(B) Participation on ancillary matters. An Office employee's participation on subjects not directly involving the substantive merits of a matter may not be ''substantial,'' even if it is time-consuming. An employee whose responsibility is the review of a matter solely for compliance with administrative control or budgetary considerations and who reviews a particular matter for such a purpose should not be regarded as having participated substantially in the matter, except when such considerations also are the subject of the employee's proposed representation. (*See* paragraph (b)(3)(i)(C) of this section). Such an employee could theoretically cause a halt in a program for noncompliance with standards under his or her jurisdiction, but lacks authority to initiate a program or to disapprove it on the basis of its substance.

Example 1: A primary examiner is asked to review the Office actions of another examiner having partial signatory authority for compliance with procedures to ascertain if the other examiner qualifies for full signatory authority. Such participation is not ''substantial.''

(C) Role of official responsibility in determining substantial participation. *Official responsibility* is defined in paragraph (b)(3)(v) of this section. ''Personal and substantial participation'' is different from ''official responsibility.'' One's responsibility may, however, play a role in determining the ''substantiality'' of an Office employee's participation. For example, ordinarily a patent examiner's forbearance on a matter is not substantial participation. If, however, a primary patent examiner is charged with responsibility for review of a patent application assigned to him, and action cannot be undertaken over his objection, the result may be different. If the primary patent examiner reviews Office actions of a new examiner whose Office actions, after several months, are deemed reliable, and passes them on, his participation may be regarded as ''substantial'' even if he claims merely to have engaged in inaction.

(iv) Official responsibility in complex cases. In certain complex factual cases, the Office is likely to be in the best position to make a determination as to certain issues, for example, the identity or existence of a particular matter. Designated ethics officials at the Department of Commerce, in consultation with the Office when deemed beneficial, should provide advice promptly to former Office employees who make inquiry on any matter arising under these regulations.

(v) *Official responsibility* is defined in 18 U.S.C. 202 as, ''the direct administrative or operating authority, whether intermediate or final, and either exercisable alone or with others, and either personally or through subordinates, to approve, disapprove, or otherwise direct Government actions.''

(A) Determining official responsibility. Ordinarily, those areas assigned by statute, regulation, Executive Order, job description, or delegation of authority determine the scope of an employee's ''official responsibility''. All particular matters under consideration in the Office are under the ''official responsibility'' of the Director of the Office, and each is under that of any intermediate supervisor having responsibility for an employee who actually participates in the matter within the scope of his or her duties. A patent examiner would have ''official responsibility'' for the patent applications assigned to him or her.

Example 1: A patent examiner, to whom a new application is assigned, is officially responsible for reviewing the application for compliance with statutory, regulatory, and procedural requirements. Upon assignment of the application, the application became a particular matter for which the examiner is officially responsible.

(B) Ancillary matters and official responsibility. *Administrative* authority as used in the foregoing definition means authority for planning, organizing and controlling matters rather than authority to review or make decisions on ancillary aspects of a matter such as the regularity of budgeting procedures, public or community relations aspects, or equal employment opportunity considerations. Responsibility for such an ancillary consideration does not constitute responsibility for the particular matter, except when such a consideration is also the subject of the employee's proposed representation.

Example 1: A supervisory patent examiner would not have official responsibility for all patent applications in a technology center or the Office even though she must review the records of all the applications to locate a missing file.

Example 2: Within two years after terminating employment, a supervisory patent examiner, now a registered patent attorney, is asked to represent Q Company in a continuation patent application of an application which was pending during the last year of the supervisory patent examiner's tenure. The continuation application contains a rejection that was first imposed in the parent application by a primary examiner who reported to the supervisory patent examiner. The supervisory patent examiner did not review the Office actions prepared by the primary examiner for the application. She may not represent Q Company on this matter.

(C) Knowledge of matter pending required. In order for a former employee, *e.g.,* former patent examiner, to be barred from representing another as to a particular matter, he or she need not have known, while employed by the Office, that the matter was pending under his or her official responsibility. However, the former employee is not subject to the restriction unless at the time of the proposed representation of another, he or she knows or learns that the matter had been under his or her responsibility. Ordinarily, a former employee who is asked to represent another on a matter will become aware of facts sufficient to suggest the relationship of the prior matter to his or her former office, *e.g.,* technology center, group or art unit. If so, he or she is under a duty to make further inquiry, including direct contact with an agency's designated ethics official where the matter is in doubt. It would be prudent for a patent examiner to maintain a record of only application numbers of the applications actually acted upon by decision, recommendation, as well as those applications in the examiner's art which he or she has not acted upon.

(D) Self-disqualification. A former employee, *e.g.,* former patent examiner, cannot avoid the restrictions of this section on the ground by self-disqualification with respect to a matter for which he or she otherwise had official responsibility. However, as in § 207(a), self-disqualification is effective to eliminate the restrictions.

(vi) *Actually pending* means that the matter was in fact referred to or under consideration by persons within the employee's area of responsibility, not that it merely could have been.

Example 1: A staff lawyer in the Office of General Law is consulted by procurement officers on the correct resolution of a contractual matter involving Q Company. The lawyer renders an opinion resolving the question. The same legal question arises later in several contracts with other companies, but none of the disputes with such companies is referred to the Office of General Law. The Office of General Law has official responsibility for the determination of the Q Company matter. The other matters were

never ''actually pending'' under that responsibility, although as a theoretical matter, such responsibility extended to all legal matters within the department.

(vii) Other essential requirements. All other requirements of the statute must be met before the restriction on representation applies. The same considerations apply in determining the existence of a ''particular matter involving a specific party,'' a representation in an ''appearance,'' or ''intent to influence,'' and so forth as set forth under paragraph (b)(1) of this section.

Example 1: During her tenure as Director of the Office, the Director's subordinates undertook major changes in application of new rules for processing patent applications. Eighteen months after terminating employment, she is asked to represent before the Office Z Company, which believes it is being unfairly treated under the application of the rules. The Z Company matter first arose on patent applications filed after the Director terminated her employment. She may represent Z Company because the matter pending under her official responsibility was not one involving ''a specific party.'' (Moreover, the time-period covered by 18 U.S.C. 207(c) has elapsed).

(viii) Measurement of two-year restriction period. The statutory two-year period is measured from the date when the employee's responsibility in a particular area ends, not from the termination of service in the Office, unless the two occur simultaneously. The prohibition applies to all particular matters subject to such responsibility in the one-year period before termination of such responsibility.

Example 1: A Group Director retires after 26 years of service and enters private industry as a consultant. He will be restricted for two years with respect to all matters that were actually pending under his official responsibility in the year before his retirement.

Example 2: A patent examiner transfers from a position in a first Group to a position in a second Group, and she leaves the Office for private employment nine months later. As a registered patent attorney or agent, after 15 months she will be free of restriction insofar as matters that were pending under her responsibility in the first Group in the year before her transfer. She will be restricted for two years in respect of the second Group matters that were pending in the year before her departure for private employment.

(c) *Former employees of the Office.* Former employees of the Office, whether they are or are not a practitioner, are subject to the post-employment provisions of 18 U.S.C. 207(a) and (b)(1), and the provisions of 5 CFR 2637.201 and 2637.202. A former employee who is a practitioner is subject to the provisions of § 11.111.

(d) A practitioner who becomes an employee of the Office may not prosecute or aid in any manner in the prosecution of any patent application before the Office. Noncompliance with this provision shall constitute misconduct under § 11.804(i)(19).

(e) Practice before the Office by Government employees is subject to any applicable conflict of interest laws, regulations or codes of professional responsibility. Noncompliance with said conflict of interest laws, regulations or codes of professional responsibility shall constitute misconduct under §§ 11.804(b) or 11.804(h)(8). A practitioner who is a Government employee must so inform the OED Director, and must provide his or her complete Government address as his or her business address in every communication to OED.

§ 11.11 Administrative suspension, inactivation, resignation, and readmission.

(a) Registered attorneys and agents must notify the OED Director of their postal address for his or her office, e-mail address for his or her business, and business telephone number, and of every change to any of said addresses, or telephone numbers within 30 days of the date of the change. A registered attorney or agent shall separately provide written notice to the OED Director in addition to any notice of change of address and telephone number filed in individual applications. A registered practitioner who is an attorney in good standing with the bar of the highest court of one or more states shall provide the OED Director with the state bar identification number associated with each membership. The OED Director shall publish from the roster a list containing the name, postal business addresses, business telephone number, registration number, and registration status as an attorney or agent of each registered practitioner recognized to practice before the Office in patent cases.

(b) *Administrative suspension.* (1) Whenever it appears that a registered patent attorney or agent has failed to comply with § 11.8(d) or §§ 11.12(a) and (e), the OED Director shall mail a notice to the attorney or agent advising of the noncompliance and demanding:

(i) Compliance within sixty days after the date of such notice, and

(ii) Payment of a delinquency fee set in § 1.21(a)(9)(i) of this subchapter for each rule violated. The notice shall be communicated to the attorney or agent by mail or e-mail, according to the manner by which the practitioner last communicated his or her business postal or e-mail address to the OED Director, or by other service for practitioners located out of the United States, its possessions or territory.

(2) In the event a registered patent attorney or agent fails to comply with the notice of paragraph (b)(1) of this section within the time allowed, the OED Director shall send notice in the manner provided for in paragraph (b)(1) of this section to the attorney or agent at the practitioner's most recent business postal or e-mail address on file advising:

(i) That his or her registration has been administratively suspended, and

(ii) That the attorney or agent may no longer practice before the Office in patent matters or in any way hold himself or herself out as being registered to practice before the Office in patent matters.

(iii) Following administrative suspension, the suspended practitioner may be reinstated only upon demonstrating to the OED Director satisfaction that the practitioner has complied with the rules relating to registration, and upon payment of a reinstatement fee set by § 1.21(a)(9)(ii) of this subchapter for each rule violated.

(3) Whenever the OED Director notifies an attorney or agent that his or her registration has been administratively suspended, the OED Director shall publish notice of the administrative suspension in the Official Gazette.

(4) An administratively suspended attorney or agent remains responsible for paying his or her annual fee required by § 11.8(d), and for completing the required continuing training programs.

(5) An administratively suspended attorney or agent is subject to investigation and discipline for his or her conduct prior to, during, or after the period his or her name was administratively suspended.

(6) An administratively suspended attorney or agent is prohibited from continuing to practice before the Office in patent cases while administratively suspended. Failure to comply with this rule will subject the attorney or agent to discipline.

(c) *Administrative Inactivation.* (1) Any registered practitioner who shall become employed by the Office shall comply with § 11.116 for withdrawal from the applications, patents, and trademark matters wherein he or she is an attorney or agent of record, and notify the OED Director in writing of said employment on the first day of said employment. The name of any registered practitioner employed by the Office shall be endorsed on the roster as administratively inactive. The practitioner shall not be responsible for

payments of the annual fee each complete fiscal year while in administratively inactive status. Upon separation from the Office, the practitioner may request reactivation by completing and filing an application, Data Sheet, signing a written undertaking required by § 11.10, paying the fee required by § 1.21(a)(1)(i) of this subchapter, and completing the required continuing training programs if the practitioner did not pass the recertification tests required for patent examiners during the practitioner's employment at the Office and appropriate to the practitioner's grade and position in the Office. Upon restoration to active status, the practitioner shall be responsible for the annual fee for the fiscal year in which he or she is restored to active status. An administratively inactive practitioner remains subject to the provisions of §§ 11.100–11.806, and to proceedings and sanctions under §§ 11.19–11.58 for conduct that violates a provision of §§ 11.100–11.806 prior to or during employment at the Office.

(2) Any registered practitioner who is a judge of a court of record, full time court commissioner, U.S. bankruptcy judge, U.S. magistrate judge, or a retired judge who is eligible for temporary judicial assignment and is not engaged in the practice of law should request, in writing, that his or her name be endorsed on the roster as administratively inactive. Upon acceptance of the request, the OED Director shall endorse the name as administratively inactive. The practitioner shall not be responsible for payment of the annual fee or completion of the required continuing training programs for each complete fiscal year the practitioner continues to be in administratively inactive status. Following separation from the bench, the practitioner may request restoration to active status by completing and filing an application, Data Sheet, signing a written undertaking required by § 11.10, and paying the fee required by § 1.21(a)(1)(i) of this subchapter. Upon restoration to active status, the practitioner shall be responsible for the annual fee and required continuing training for the fiscal year in which he or she is restored to active status.

(d) *Voluntary Inactivation.* (1) Except as provided in paragraph (d)(4) of this section, any registered practitioner may voluntarily enter inactive status by filing a request, in writing, that his or her name be endorsed on the roster as inactive. Upon acceptance of the request, the OED Director shall endorse the name as inactive.

(2) A practitioner in voluntary inactive status shall be responsible for payment of the annual fee for voluntary inactive status required by § 1.21(a)(7)(ii) of this subchapter, and for completing the required continuing training programs for each complete fiscal year the practitioner continues to be in voluntary inactive status.

(3) A practitioner who seeks or enters into voluntary inactive status is subject to investigation and discipline for his or her conduct prior to, during, or after the period of his or her inactivation.

(4) A practitioner who is in arrears in dues or under administrative suspension for fee delinquency is ineligible to seek or enter into voluntary inactive status.

(5) A practitioner in voluntary inactive status is prohibited from continuing to practice before the Office in patent cases while in inactive status. Failure to comply with the provisions of this paragraph (d)(5) will subject the practitioner to discipline.

(6) Any registered practitioner who has been voluntarily inactivated pursuant to paragraph (d) of this section and not under investigation, not subject to a disciplinary proceeding, not in arrears for annual fees or in arrears for complying with the continuing legal education requirements may be restored to active status to the register as may be appropriate provided that the practitioner files a written request for reinstatement, a completed application for registration on a form supplied by the OED Director furnishing all requested information and material, including information and material pertaining to the practitioner's moral character under §§ 11.7(a)(2)(i) and (iii) during the period of inactivation, evidence of completion of all continuing legal education programs required by the USPTO Director under § 11.12(a) for up to the past six years from the date of application for restoration to active status, a declaration or affidavit attesting to the fact that the practitioner has read the most recent revisions of the Patent Act and the rules of practice before the Office, and pays the fees set forth in §§ 1.21(a)(7)(iii) and (iv) of this subchapter.

(e) *Resignation.* A registered practitioner or a practitioner under § 11.14, who is neither under investigation under § 11.22 for a possible violation of the Rules of Professional Conduct, nor a practitioner against whom probable cause has been found by a panel of the Committee on Discipline under § 11.23(b), may resign by notifying the OED Director in writing that he or she desires to resign. Upon acceptance in writing by the OED Director of such notice, that registered practitioner or practitioner under § 11.14 shall no longer be eligible to practice before the Office, but shall continue to file a change of address for five years thereafter in order that he or she may be located in the event information regarding the practitioner's conduct comes to the attention of the OED Director, or any complaint is made about his or her conduct while he or she engaged in practice before the Office. The name of any registered practitioner whose resignation is accepted shall be removed from the register, endorsed as resigned, and notice thereof published in the Official Gazette. Upon acceptance of the resignation by the OED Director, the practitioner must comply with the provisions of § 11.116(d). A resigned practitioner may be again registered only in accordance with § 11.7. A resigned practitioner's willful failure to comply with the provisions of this rule or § 11.116(d) constitutes grounds for denying his or her application for registration until complete compliance with said rules is achieved.

(f) *Administrative reinstatement.* (1) Any registered practitioner who has been administratively suspended pursuant to paragraph (b) of this section or 11.12(e), or who has resigned pursuant to paragraph (d) of this section, may be reinstated on the register provided the practitioner has applied for reinstatement on an application form supplied by OED Director, demonstrated compliance with the provisions of §§ 11.7(a)(2)(i) and (iii), has completed the training programs required by the USPTO Director under § 11.12(a) since the Office's fiscal year the practitioner was last registered, and paid the fees set forth in §§ 1.21(a)(3), (a)(7), and (a)(9). Any reinstated practitioner is subject to investigation and discipline for his or her conduct that occurred prior to, during, or after the period of his or her administrative suspension or resignation.

(2) Any registered practitioner whose registration has been inactivated pursuant to paragraph (c) of this section may be reinstated to the register as may be appropriate provided that a request for reinstatement, a completed application for registration on a form supplied by the OED Director furnishing all requested information and material, and payment of the fees set forth in § 1.21(a)(3) of this subchapter are filed within two years after his or her employment with the Office or in a judicial capacity ceases. Any registered practitioner inactivated or reinstated is subject to investigation and discipline for his or her conduct before, during, or

after the period of his or her inactivation.

§ 11.12 Mandatory continuing training for licensed practitioners.

(a) *Continuing education requirements.* (1) All practitioners licensed under §§ 11.6 or 11.9 to practice before the Office shall complete a continuing education program as required from time-to-time by the USPTO Director, except those registered practitioners expressly exempted in paragraph (b) of this section from the requirement of this regulation. The USPTO Director will announce each fiscal year whether an education program will be required, and the dates for the program. No more than one mandatory continuing education program would be required each fiscal year and the requirement may be as infrequent as once every three years. The fiscal year is October 1 through September 30.

(2) Only continuing education programs pre-approved by the OED Director as meeting the requirements set forth in § 11.13 will be deemed eligible to satisfy the requirements set forth in paragraph (a)(1) of this section. Eligible continuing education programs and the starting date for completing each program will be announced in the Official Gazette and on the OED Web site. Failure to consult the foregoing locations for said announcement will not excuse a practitioner from completing the mandatory continuing education program.

(3) Each practitioner shall be responsible for ascertaining whether the USPTO Director has required completion of a mandatory continuing education program during a fiscal year, and complying with the requirement.

(b) *Exemptions.* Each practitioner shall comply with the provisions of paragraphs (a) and (b) of this section except as follows:

(1) A newly registered practitioner shall be exempt from completing the mandatory continuing education program during the fiscal year he or she is first registered.

(2) A practitioner who becomes inactive in accordance with § 11.11(c)(1) shall be exempt from completing the mandatory continuing education program if, while qualifying for inactive status, the practitioner passed the recertification program for patent examiners required during the practitioner's employment in the Office and appropriate to practitioner's grade and position in the Office.

(3) A practitioner who becomes inactive in accordance with § 11.11(c)(2) shall be exempt from completing the continuing education program while qualifying for inactive status as a judge.

(4) A practitioner who has obtained a waiver of the deadline for completing a program for good cause shown. A practitioner dissatisfied with a final decision of the OED Director may seek review of the decision upon petition to the USPTO Director accompanied by payment of the fee set forth in § 1.21(a)(5). *See* § 11.2(d).

(c) *Reinstatement.* A person who, after having resigned in accordance with § 11.11(e), having been transferred to disability inactive status under § 11.28, or having been suspended or excluded from practice before the Office under §§ 11.24, 11.25, 11.27, 11.55, or 11.56, seeks to be reinstated shall arrange with the OED Director to complete the continuing education programs for currency in patent laws, practices, policies and procedures. Thereafter, the person shall have the same continuing education program requirement as is required of a registered practitioner.

(d) *Administrative suspension for failure to complete continued education program requirement.* Any practitioner in active status who fails to complete the requirement within the time allowed by paragraph (a) of this section shall be delinquent in meeting the requirement, and the practitioner shall be subject to the provisions of § 11.11(b) to overcome a delinquency. Failure to pass each continuing education program within the permitted sixty-day period set in § 11.11(b)(1) shall subject the practitioner to the fees required by § 1.21(a)(9) of this subchapter and administrative suspension in accordance with the procedure of § 11.11(b)(2).

§ 11.13 Eligible mandatory continuing education programs.

(a) *Eligibility.* (1) A continuing education program is eligible to satisfy the mandatory continuing education requirements of § 11.12(a)(1) if either:

(i) the Office provides the program via Web-delivery or, if Web-delivery is unavailable, via a traditional or other appropriate distance delivery method, or

(ii) a USPTO pre-approved sponsor offers a course pre-approved by the OED Director as providing the legal, procedural and policy subject matter identified by the USPTO Director as being required to satisfy the mandatory continuing education program.

(b) *USPTO-delivered program.* A continuing education program provided by the USPTO in accordance with paragraph (a)(1) of this section will include narrative material, such as notices, rule packages, or the Manual of Patent Examining Procedure, and questions regarding the material. A practitioner choosing this educational mode shall complete the program, including answering the questions, on the Internet unless the latter is unavailable to the practitioner. A practitioner completing the program by traditional or other appropriate distance delivery method shall obtain and pay the fee required by § 1.21(a)(12) of this subchapter for the program and furnished materials.

(c) *USPTO pre-approved sponsor of a mandatory continuing education program.* A continuing education program provided by a USPTO pre-approved sponsor in accordance with paragraph (a)(2) of this section shall include the topics and content required to satisfy the mandatory continuing education program, and shall complete presentation of the program.

(d) *Certificate of completion.* (1) Upon completion of a required continuing education program in accordance with paragraph (b)(2) of this section, the OED Director shall credit the practitioner with completing the program.

(2) Upon completion of a required continuing education program in accordance with paragraph (b)(2) of this section, the pre-approved program sponsor shall file with the OED Director a certificate of completion of the program for each practitioner attending and completing the mandatory continuing education program. Upon receipt of the certificate the OED Director shall credit the practitioner with completing the program.

(3) The OED Director will not give credit for completion by practitioners of programs which have not been pre-approved by the OED Director as providing the legal, procedural and policy subject matter identified by the USPTO Director as being required to satisfy the mandatory continuing education program.

(e) *Standards for approval of USPTO pre-approved sponsor-delivered mandatory continuing education programs.* (1) The OED Director shall review and approve the content of all sponsor-delivered education programs.

(2) A sponsor-delivered mandatory continuing education program is approved as eligible to satisfy the mandatory education requirements of § 11.12(a)(1) if the OED Director has specifically approved it.

(3) To be approved, the program must have significant intellectual or practical content and be directed to legal, procedural and policy subject matter identified by the USPTO Director as being required to satisfy the mandatory continuing education program. Its

primary objective must be to enhance the attendee's professional competence and skills as a patent practitioner, and to enhance the quality of legal services rendered to the public.

(4) All sponsor-delivered mandatory continuing education programs must be conducted in a setting physically suitable to the program. If not Web-delivered, a suitable writing surface should be provided.

(5) Where USPTO instructional material is available, a pre-approved sponsor will provide copies of the same or the equivalent thereof.

(f) *Procedure for approval of programs.* (1) A sponsor desiring approval of a delivered education program shall submit to the OED Director all information called for by the ''Application by Sponsor for Pre-approval of a Continuing Education Program,'' and the fee required by § 1.21(a)(13) of this subchapter. The content of this application will be promulgated by the OED Director and may be changed from time-to-time.

(2) If the program proposed by a sponsor is approved, the OED Director also shall notify the requesting sponsor of the decision within 60 days after receipt of the completed application. The OED Director shall maintain and make available on the Office Web site a list of all approved programs for each completion period. Approval of a program is only effective for the completion period for which it is approved.

(3) The sponsor of a pre-approved continuing education program should include in its brochures or course descriptions the information contained in the following illustrative statement: ''This course or program has been pre-approved by the United States Patent and Trademark Office for Mandatory Continuing Education Program.'' An announcement is permissible only after the program has been specifically approved pursuant to an application submitted directly by the sponsor.

(g) *Procedure for approval of sponsors.* (1) Any sponsor may apply for approval of individual courses by complying with the criteria of paragraphs (e) and (f) of this section.

(2) A USPTO-approved sponsor shall be subject to and governed by the applicable provisions of these regulations, including the quality standards of paragraph (f) of this section and the recordkeeping and reporting requirements. The OED Director may at any time review a USPTO-approved sponsor's program and reserves the right to withdraw approval when the standards for approval are not met or maintained. If the OED Director finds there is a basis for revocation of the approval granted, the OED Director shall send notice by certified mail to that sponsor of the revocation within thirty days of the OED Director's decision.

(3) A USPTO-approved sponsor must notify the OED Director at least two weeks in advance of a program of the name, date, and location of a particular continuing education program. The OED Director may request additional information regarding a program.

(4) Law firms, professional corporations, and corporate law departments are not eligible to become approved sponsors.

§ 11.14 Individuals who may practice before the Office in trademark and other non-patent matters.

(a) *Attorneys.* Any individual who is an attorney may represent others before the Office in trademark and other non-patent matters. An attorney is not required to apply for registration or recognition to practice before the Office in trademark and other non-patent matters. Registration as a patent attorney does not entitle an individual to practice before the Office in trademark matters.

(b) *Non-lawyers.* Individuals who are not attorneys are not recognized to practice before the Office in trademark and other non-patent matters, except that individuals not attorneys who were recognized to practice before the Office in trademark matters under this chapter prior to January 1, 1957, will be recognized as agents to continue practice before the Office in trademark matters.

(c) *Foreigners.* Any foreign attorney or agent not a resident of the United States who shall prove to the satisfaction of the OED Director that he or she is registered or in good standing before the patent or trademark office of the country in which he or she resides and practices, may be recognized for the limited purpose of representing parties located in such country before the Office in the presentation and prosecution of trademark matters, provided: the patent or trademark office of such country allows substantially reciprocal privileges to those permitted to practice in trademark matters before the Office. Recognition under this paragraph shall continue only during the period that the conditions specified in this paragraph obtain.

(d) Recognition of any individual under this section shall not be construed as sanctioning or authorizing the performance of any act regarded in the jurisdiction where performed as the unauthorized practice of law.

(e) No individual other than those specified in paragraphs (a), (b), and (c) of this section will be permitted to practice before the Office in trademark matters. Any individual may appear in a trademark or other non-patent matter in his or her own behalf. Any individual may appear in a trademark matter for:

(1) A firm of which he or she is a member,

(2) A partnership of which he or she is a partner, or

(3) A corporation or association of which he or she is an officer and which he or she is authorized to represent, if such firm, partnership, corporation, or association is a party to a trademark proceeding pending before the Office.

(f) *Application for reciprocal recognition.* An individual seeking reciprocal recognition under paragraph (c) of this section, in addition to providing evidence satisfying the provisions of paragraph (c) of this section, shall apply in writing to the OED Director for reciprocal recognition, and shall pay the application fee required by §§ 1.21(a)(1)(i) and (a)(6) of this subchapter.

§ 11.15 Refusal to recognize a practitioner.

Any practitioner authorized to appear before the Office may be suspended, excluded, or reprimanded in accordance with the provisions of this Part. Any practitioner who is suspended or excluded under this part or removed under § 11.11(b) shall not be entitled to practice before the Office in patent, trademark, or other non-patent matters.

§ 11.16 Financial books and records.

A practitioner, in return for being registered under § 11.6, granted limited recognition under § 11.9, or recognized to practice before the Office under § 11.14, agrees that the OED Director may examine financial books and records maintained by or for the practitioner for the practice before the Office, including, without limitation, any and all trust accounts, including any trust account that may not be in compliance with the Rules of Professional Conduct, fiduciary accounts, and operating accounts maintained by the practitioner or his or her law firm. The OED Director may also examine any trust account maintained by a practitioner whenever the OED Director reasonably believes that the trust account may not be in compliance with the Rules of Professional Conduct.

§ 11.17 [Reserved]

§ 11.18 Signature and certificate for correspondence filed in the Office.

(a) For all documents filed in the Office in patent, trademark, and other non-patent matters, and all documents filed with a hearing officer in a disciplinary proceeding, except for correspondence that is required to be signed by the applicant or party, each piece of correspondence filed by a practitioner in the Office must bear a signature, personally signed by such practitioner, in compliance with § 1.4(d)(1) of this subchapter.

(b) By presenting to the Office or hearing officer in a disciplinary proceeding (whether by signing, filing, submitting, or later advocating) any paper, the party presenting such paper, whether a practitioner or non-practitioner, is certifying that—

(1) All statements made therein of the party's own knowledge are true, all statements made therein on information and belief are believed to be true, and all statements made therein are made with the knowledge that whoever, in any matter within the jurisdiction of the Office, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be subject to the penalties set forth under 18 U.S.C. 1001, and violations of the provisions of this section may jeopardize the validity of the application or document, or the validity or enforceability of any patent, trademark registration, or certificate resulting therefrom; and

(2) To the best of the party's knowledge, information and belief, formed after an inquiry reasonable under the circumstances,

(i) The paper is not being presented for any improper purpose, such as to harass someone or to cause unnecessary delay or needless increase in the cost of prosecution before the Office;

(ii) The other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;

(iii) The allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and

(iv) The denials of factual contentions are warranted on the evidence, or if specifically so identified, are reasonably based on a lack of information or belief.

(c) Violations of paragraph (b)(1) of this section by a practitioner or non-practitioner may jeopardize the validity of the application or document, or the validity or enforceability of any patent, trademark registration, or certificate resulting therefrom. Violations of any of paragraphs (b)(2)(i) through (iv) of this section are, after notice and reasonable opportunity to respond, subject to such sanctions as deemed appropriate by the USPTO Director, or hearing officer, which may include, but are not limited to, any combination of—

(1) Holding certain facts to have been established;

(2) Returning papers;

(3) Precluding a party from filing a paper, or presenting or contesting an issue;

(4) Imposing a monetary sanction;

(5) Requiring a terminal disclaimer for the period of the delay; or

(6) Terminating the proceedings in the Office.

(d) Any practitioner violating the provisions of this section may also be subject to disciplinary action. *See* § 11.303(e)(4).

Subpart C—Investigations and Disciplinary Proceedings

Jurisdiction, Sanctions, Investigations, and Proceedings

§ 11.19 Disciplinary jurisdiction.

(a) *Individuals subject to disciplinary jurisdiction.* The following individuals are subject to the disciplinary jurisdiction of the Office:

(1) *Practitioners.* All practitioners engaged in practice before the Office; all practitioners administratively suspended under § 11.11(b); all practitioners who have resigned under § 11.11(d); all practitioners inactivated under § 11.11(c); all practitioners authorized under § 11.6(d) to take testimony; and all practitioners reprimanded, suspended, or excluded from the practice of law by a duly constituted authority, including by the USPTO Director.

(2) *Other individuals.* An applicant for patent (§ 1.41(b) of this subchapter) representing himself, herself, or representing himself or herself and other individuals who are applicants pursuant to §§ 1.31 or 1.33(b)(4) of this subchapter; an individual who is an assignee as provided for under § 3.71(b) of this subchapter; and an individual appearing in a trademark or other non-patent matter pursuant to § 11.14(e), whether representing a firm, corporation, or association are subject to the disciplinary jurisdiction of the Office, including §§ 11.19(c)(2), (d) and (e); 11.20(a)(2), and (b); 11.21–11.23; 11.24; 11.25 –11.28, 11.32–11.45, and 11.49–11.60.

(b) *Jurisdiction of courts and voluntary bar associations.* Nothing in these rules shall be construed to deny to any State or Federal Court such powers as are necessary for that court to maintain control over proceedings conducted before it, such as the power of contempt. Further, nothing in these rules shall be construed to prohibit any State or Federal Court, or a voluntary or mandatory bar association from censuring, reprimanding, suspending, disbarring, or otherwise disciplining its members, including registered practitioners for conduct regarding practice before the Office in any matter.

(c) *Misconduct—grounds for discipline.* (1) *Practitioners.* Acts or omissions by a practitioner (including a suspended, excluded, or inactive practitioner), acting individually or in concert with any other person or persons constituting gross misconduct, violating the imperative USPTO Rules of Professional Conduct, or the oath taken by practitioner shall constitute misconduct and shall be grounds for discipline, whether or not the act or omission occurred in the course of providing legal services to a client, or in a matter pending before the Office. Grounds for discipline include:

(i) Conviction of a crime (*see* §§ 11.24, 11.803(d) and 11.804(b));

(ii) Discipline imposed in another jurisdiction (*see* §§ 11.24 and 11.803(e)(1) and (f)(4));

(iii) Failure to comply with any order of a Court disciplining a practitioner, or any order of the USPTO Director disciplining a practitioner;

(iv) Failure to respond to a written inquiry from OED Director in the course of an investigation into whether there has been a violation of the imperative USPTO Rules of Professional Conduct without asserting, in writing, the grounds for refusing to do so; or

(v) Violation of the imperative USPTO Rules of Professional Conduct. *See* § 11.100(a).

(2) *Other individuals.* Acts or omissions by applicants for patent (§ 1.41(b) of this subchapter) representing themselves, or an individual applicant representing himself or herself and other individuals who are applicants pursuant to §§ 1.31 or 1.34(b)(4) of this subchapter; an individual who an assignee as provided for under § 3.71(b) of this subchapter; and an individual appearing in a trademark or other non-patent matter pursuant to § 11.14(e), whether

representing a firm, corporation, or association who violate the provisions of §§ 11.303(a)(1), 11.304, 11.305(a), or 11.804 shall constitute misconduct and shall be grounds for discipline.

(d) Petitions to disqualify a practitioner in ex parte or inter partes matters in the Office are not governed by §§ 11.19 through 11.806 and will be handled on a case-by-case basis under such conditions as the USPTO Director deems appropriate.

(e) Unauthorized practice of law matters may be referred to the appropriate authority in the jurisdiction(s) where the act(s) occurred.

§ 11.20 Disciplinary sanctions.

(a) *Types of discipline.* (1) *For practitioners.* The USPTO Director, after notice and opportunity for a hearing, may impose on a practitioner shown to be incompetent or disreputable, who is guilty of gross misconduct, or who violates a Rule of Professional Conduct currently in effect in the Office, any of the following types of discipline:

(i) Exclusion from practice before the Office in patent, trademark or other non-patent law;

(ii) Suspension from practice before the Office in patent, trademark or other non-patent law for an indefinite period, or appropriate fixed period of time not to exceed five years. Any order of suspension may include a requirement stated in the order that the practitioner satisfy certain conditions prior to reinstatement, including furnishing proof of rehabilitation;

(iii) Reprimand, or

(iv) Probation for not more than three years. Probation may be imposed in lieu of or in addition to any other disciplinary sanction. Any conditions of probation shall be stated in writing in the order imposing probation. The order shall also state whether, and to what extent, the practitioner or other person shall be required to notify clients of the probation. The order shall establish procedures for the supervision of probation. Violation of any condition of probation shall make the practitioner subject to revocation of probation, and the disciplinary sanction stated in the order imposing probation.

(2) *For Other Individuals.* In regard to a patent applicant representing himself or herself, or representing himself or herself and other individual who are applicants under §§ 1.31 or 1.33(b)(4) of this subchapter; an individual who is an assignee as provided for under § 3.71(b) of this subchapter; an individual appearing in a trademark or other non-patent matter pursuant to § 11.14(e), whether representing a firm, corporation, or association, the USPTO Director, after notice and opportunity for a hearing, may impose on said applicant, assignee, person, or individual appearing in a trademark or other non-patent matter shown to have violated a provision of §§ 11.303(a)(1), 11.304, 11.305(a), or 11.804, may be appropriately sanctioned by, but not limited to, requiring the individual to be represented by counsel, striking the filing of any document, or dismissing the filing of an application with prejudice.

(b) *Conditions imposed with discipline.* When imposing discipline, the practitioner, or other individual may be required to make restitution either to persons financially injured by the practitioner's, or other individual's conduct or to an appropriate client's security trust fund, or both, as a condition of probation or of reinstatement. Any other reasonable condition may also be imposed, including a requirement that the practitioner or other individual take and pass a professional responsibility examination.

§ 11.21 Warnings.

Warning. A warning is not a disciplinary sanction. The OED Director, in consultation with and consent from a panel of the Committee on Discipline, may conclude an investigation with the issuance of a warning. The warning shall contain a brief statement of facts and relevant imperative USPTO Rules of Professional Conduct upon which the warning is based. The warning shall be final and not reviewable.

§ 11.22 Investigations.

(a) The OED Director is authorized to investigate possible violations of an imperative Rule of Professional Conduct by practitioners; or possible violations of §§ 11.303(a)(1), 11.304, 11.305(a), or 11.804 by other individuals identified in § 11.19(a)(2). *See* § 11.2(b)(2). The investigation may be based on information from any source whatsoever, or on a complaint where alleged or presented facts, if true, may warrant discipline. The information need not be in the form of a complaint.

(b) Any practitioner, other individual (*see* § 11.19(a)(2)), or nonpractitioner possessing knowledge or information concerning a possible violation of an imperative Rule of Professional Conduct currently in effect before the Office by a practitioner may report the violation to the OED Director. The OED Director may require that the report be presented in the form of an affidavit or declaration.

(c) *Initiation of investigations.* An investigation may be initiated upon complaint or information. A staff attorney under the supervision of the OED Director shall conduct all investigations. Neither unwillingness nor neglect by a complainant to prosecute a charge, nor settlement, compromise, or restitution, shall in itself justify abatement of an investigation.

(d)(1) *Complaints.* A complaint is a communication by a person outside the Office alleging or presenting facts of possible misconduct by a practitioner or other individual (*see* § 11.19(a)(2)). A complaint shall be in writing and shall contain a brief statement of the facts upon which the complaint is based. The complaint need not be a sworn statement.

(2) *Information.* Information is one or more written communications from any source alleging or containing facts that, if true, may warrant discipline for misconduct by a practitioner or other individual (*see* § 11.19(a)(2)). The information need not be a sworn statement.

(e) *Preliminary screening of complaints and information.* Under the supervision of the OED Director, a staff attorney shall examine all complaints and information. The staff attorney, after such preliminary inquiry as appears appropriate, shall determine whether the complaint or information is to be docketed. A complaint or information shall be docketed if it:

(1) Is not unfounded on its face;

(2) Contains allegations or information which, if true, would constitute a violation of the practitioner's oath or an imperative Rule of Professional Conduct currently in effect before the Office that would merit discipline; and

(3) Is within the jurisdiction of the Office.

(f) *Decision not to docket and notice to complainant.* If OED Director determines that a matter is not to be docketed, the OED Director shall so notify the complainant and the practitioner or other individual (*see* § 11.19(a)(2)), giving a brief statement of the reasons therefor. The OED Director's decision is final and not subject to review.

(g) *Docketing of complaint or information; notification to complainant.* A docketed complaint or information shall be assigned a docket number with the first two digits showing the fiscal year in which the complaint is docketed. Complainants shall be promptly advised in writing by the OED Director or a staff attorney of the docketing of the complaint.

(h) *Notification.* The OED Director or staff attorney shall promptly notify the practitioner or other individual (*see* § 11.19(a)(2)) in writing when a formal investigation into a practitioner's or other individual's conduct has been initiated. This notice shall include a copy of the complaint, information, or other relevant documents upon which the investigation is based, a request for a written response from the practitioner or other individual, and any questions reasonably likely to elicit answers, records, and information helpful in the conduct of the investigation.

(i) *Duty to reply; response.* A practitioner, or other individual (*see* § 11.19(a)(2)) under investigation has an obligation to reply to the OED Director's written inquiries in the conduct of an investigation. The reply shall set forth the position of the practitioner or other individual under investigation with respect to allegations contained in the complaint, facts contained in the information, and all inquiries by the OED Director. The reply shall be filed with the OED Director within thirty calendar days after the mailing date of the notice in paragraph (h) of this section. A single extension of time shall be granted to reply to an inquiry upon written request of the practitioner or other individual (*see* § 11.19(a)(2)), and in no case shall the extension of time exceed thirty days.

(j) *Request for information by OED Director.* (1) In the course of the investigation, the OED Director may request information concerning the practitioner's actions from:

(i) The complainant,

(ii) The practitioner,

(iii) Another individual as defined by § 11.19(a)(2), or

(iv) Any party who may reasonably be expected to have information.

(2) The OED Director, or staff attorney or other representative may also request information from a noncomplaining client after obtaining either the consent of the practitioner or, upon a written showing of good cause, the authorization of the Director (*see* § 11.23(a)). Neither a request for, nor disclosure of, information shall constitute a violation of any of the Rules of Professional Conduct contained in §§ 11.100 *et seq.*

(k) *Request for financial records by OED Director.* In the course of an investigation, the OED Director, alone or through a staff attorney, may examine financial books and records maintained by a practitioner for the practice before the Office, including, without limitation, any and all trust accounts, fiduciary accounts, and operating accounts maintained by the practitioner or his or her law firm. The OED Director, alone or through a staff attorney, may also examine any trust account maintained by a practitioner whenever the OED Director reasonably believes that the trust account may not be in compliance with the Rules of Professional Conduct. In the exercise of this authority, the OED Director or staff attorney may seek the assistance of State bar counsel to obtain such summons and subpoenas as he or she may reasonably deem necessary for the effective conduct of an investigation or an examination of a trust account. In every case in which the OED Director or staff attorney initiates examination of a trust account, or seeks any summons or subpoena in the conduct of an examination of or an investigation concerning said trust account, other than on the basis of a complaint against the practitioner, the OED Director or staff attorney shall file a written statement as part of the record in the case setting forth the reasons supporting the belief that the subject trust account may not be in compliance with the Rules of Professional Conduct. After State bar counsel agrees to seek such summons and subpoenas, a copy of the written statement shall be delivered to the practitioner whose trust account is the subject of the investigation.

(l) *Failure to reply to OED Director.* If a practitioner, or other individual (*see* § 11.19(a)(2)) fails to reply to the request for information sought under paragraph (j) of this section, fails to provide requested financial records sought under paragraph (k) of this section, or replies evasively in the conduct of an investigation, the OED Director may request the Committee on Discipline to enter an appropriate finding of probable cause of violating § 11.804(d).

(m) *Disposition of investigation.* Upon the consideration of an investigation, the OED Director may:

(1) Close the investigation with neither a warning, nor disciplinary action; or

(2) Issue a warning to the practitioner or other individual (*see* § 11.19(a)); or

(3) Institute formal charges with the prior approval of the Committee on Discipline; or

(4) Enter into a diversion agreement with the approval of the USPTO Director (*see* § 11.26).

(n) *Closing investigation with no warning.* The OED Director shall terminate an investigation and decline to refer a matter to the Committee on Discipline if the OED Director determines that:

(1) The complaint is unfounded; or

(2) The complaint is not within the jurisdiction of the Office; or

(3) As a matter of law, the conduct questioned or alleged does not constitute misconduct, even if the conduct may involve a legal dispute; or

(4) The available evidence shows that the practitioner, or other individual (*see* § 11.19(a)(2)) did not engage or did not willfully engage in the misconduct questioned or alleged; or

(5) There is no credible evidence to support any allegation of misconduct on the part of the practitioner, or other individual (*see* § 11.19(a)(2)), or

(6) The available evidence could not reasonably be expected to support any allegation of misconduct under a ''clear and convincing'' evidentiary standard.

§ 11.23 Committee on Discipline.

(a) The USPTO Director shall appoint a Committee on Discipline. The Committee on Discipline shall consist of at least three employees of the Office, plus at least three alternate members who also are employees of the Office. None of the Committee members or alternates shall report directly or indirectly to the OED Director or the General Counsel. Each Committee member and the alternates shall be a member in good standing of the bar of the highest court of a State. The Committee members and alternates shall select a Chairperson from among themselves. The Committee or its panels shall meet at regular intervals with the OED Director. Three Committee members or alternates so selected will constitute a panel of the Committee.

(b) *Powers and duties of the Committee on Discipline.* The Committee shall have the power and duty:

(1) To appoint two or more panels of its members and alternates, each consisting of at least three Committee members or alternates, who shall review information and evidence presented by the OED Director;

(2) To meet as a panel at the request of the OED Director and, after reviewing evidence presented by the OED Director, shall by majority vote, to determine whether there is probable cause to bring charges under § 11.32 against a practitioner or other individual (*see* § 11.19(a)(2)). When probable cause is found regarding a practitioner or other individual (*see* § 11.19(a)(2)), no Committee member or alternate on the panel, employee under the direction of the OED Director, or employee under the direction of the Deputy General Counsel for Intellectual Property shall participate in rendering a decision on any complaint filed against the practitioner or other individual;

(3) To assign a Contact Member to review and approve or suggest

modifications of recommendations by the OED Director for dismissals, and warnings; and

(4) To prepare and forward its own probable cause findings and recommendations to the OED Director.

(c) No discovery shall be authorized of, and no member of or alternate to the Committee on Discipline shall be required to testify about, deliberations of the Committee on Discipline or of any panel.

§ 11.24 Interim suspension and discipline based upon reciprocal discipline.

(a) *Notification.* A practitioner who has been disbarred (including disbarred or excluded on consent) or suspended by a disciplinary court, or who has resigned in lieu of a disciplinary proceeding before or while an investigation is pending shall notify the OED Director in writing of the same within ten days from the date he or she is so suspended, disbarred, excluded or disbarred on consent, or has resigned. Upon learning that a practitioner subject to the disciplinary jurisdiction of the Office has been disbarred, suspended or has resigned in lieu of disciplinary action, the OED Director shall obtain a certified copy of the record of the suspension, disbarment or resignation from the disciplinary court, and file the same with the USPTO Director and the hearing officer if a disciplinary proceeding is pending at the time. Every attorney who has been suspended, or disbarred, or who has resigned shall be disqualified from practicing before the Office in patent, trademark, and other non-patent cases, as a practitioner, during the time of suspension, disbarment, or resignation.

(b) *Notice to Show Cause and Interim Suspension.* (1) Following receipt of a certified copy of the record, the USPTO Director shall enter an order suspending the practitioner from practice before the Office and afford the practitioner an opportunity to show cause, within 40 days, why an order for identical disciplinary action should not be entered. Upon response, and any reply by the OED Director authorized by the USPTO Director, or if no response is timely filed, the USPTO Director will enter an appropriate order.

(2) After said notice and opportunity to show cause why identical disciplinary action should not be taken, and if one or more material facts set forth in paragraphs (c)(1) through (c)(4) of this section are in dispute, the USPTO Director may enter any appropriate disciplinary sanction upon any practitioner who is admitted to practice before the Office for failure to comply with the Rules of Professional Responsibility.

(3) The other provisions of this part providing a procedure for the discipline of a practitioner do not apply to proceedings pursuant to this section.

(c) *Proof of misconduct.* (1) In all proceedings under this section, a final adjudication in a disciplinary court shall establish conclusively the misconduct clearly disclosed on the face of the record upon which the discipline is predicated. A certified copy of the record of suspension, disbarment, or resignation shall be conclusive evidence of the commission of professional misconduct in any reciprocal disciplinary proceeding based thereon. However, nothing this paragraph (c) shall preclude the practitioner from demonstrating at the hearing provided for under paragraph (b) of this section by clear and convincing evidence the existence of one or more of material facts in paragraphs (c)(1)(i) through (c)(1)(iv) of this section as a reason for not imposing the identical discipline. The practitioner shall bear the burden of demonstrating, by clear and convincing evidence that the identical discipline should not be imposed because:

(i) The procedure elsewhere was so lacking in notice or opportunity to be heard as to constitute a deprivation of due process; or

(ii) There was such infirmity of proof establishing the misconduct as to give rise to the clear conviction that the Office could not, consistently with its duty, accept as final the conclusion on that subject; or

(iii) The imposition of the same discipline by the Office would result in grave injustice; or

(iv) The misconduct established warrants substantially different discipline in the Office.

(2) If the practitioner does not satisfy the practitioner's burden of showing the existence of one of material facts of paragraphs (c)(1)(i), (c)(1)(ii) or (c)(1)(iii) of this section, then a final determination by a disciplinary court that a practitioner has been guilty of professional misconduct shall conclusively establish the misconduct for the purpose of a reciprocal disciplinary proceeding in the Office.

(d) *Reciprocal discipline-action where practice has ceased.* (1) If the practitioner has promptly notified the OED Director of his or her discipline in another jurisdiction, and otherwise establishes to the satisfaction of the USPTO Director, by affidavit or otherwise, that the practitioner has voluntarily ceased all practice before the Office, and the OED Director confirms the same, the USPTO Director will favorably consider that the effective date of any suspension or disbarment be imposed *nunc pro tunc* to the date respondent voluntarily ceased all practice before the Office. The USPTO Director will not favorably consider retroactive effectiveness of a suspension or disbarment if the practitioner has not also complied with the provisions of § 11.58, as such section would apply if voluntary cessation from all practice before the Office were treated as a suspension ordered by the USPTO Director.

(2) *Action when reciprocal discipline is not recommended.* If the USPTO Director concludes that reciprocal discipline should not be imposed, the USPTO Director shall accept the facts found by the disciplinary court unless he or she makes a finding under paragraphs (c)(1)(i), (c)(1)(ii) or (c)(1)(iii) of this section. In the absence of such a finding, the USPTO Director shall enter an appropriate order.

(e) *Appropriate Order.* The USPTO Director may impose the identical discipline unless the practitioner demonstrates by clear and convincing evidence, or the USPTO Director finds said evidence on the face of the record on which the discipline is predicated, that one or more of the grounds set forth in paragraph (a) of this section exists. If the USPTO Director determines that the identical discipline should not be imposed, the USPTO Director shall enter an appropriate order, including entry of a different sanction on the practitioner, or referral of the matter to a hearing officer for further consideration and recommendation.

(f) *Reinstatement following discipline.* A practitioner may petition for reinstatement under conditions set forth in § 11.60 no sooner than after completion of the suspension, disbarment, or probation, and conditions for reinstatement to the bar of the highest court of the State where the practitioner was suspended or disbarred.

§ 11.25 Interim suspension and discipline based upon conviction of committing a serious crime or other crime coupled with confinement or commitment to imprisonment.

(a) *Serious crimes.* If the serious crime for which the practitioner was convicted involves moral turpitude *per se*, the practitioner shall be excluded, or if the conduct underlying the offense involved moral turpitude, the practitioner shall be excluded. A conviction shall be deemed a felony if the judgment was entered as a felony irrespective of any subsequent order suspending sentence or granting probation.

(b) *Other crime coupled with confinement or commitment to imprisonment.* Every practitioner convicted of a crime in a court of the United States, or of any state, district, territory of the United States, or of a foreign country shall be disqualified from practicing before the Office in patent, trademark or other non-patent law matters as attorney or patent agent during the actual time of confinement or commitment to imprisonment and during release from actual confinement on condition of probation or parole.

(c) *Notification.* A practitioner who has been convicted of a serious crime in a court of the United States, or of any state, district, territory of the United States, or of a foreign country, except as to misdemeanor traffic offenses or traffic ordinance violations, not including the use of alcohol or drugs, or a practitioner who is convicted of any other crime and is confined or committed to imprisonment shall inform the OED Director within ten days from the date of such conviction. Upon learning that a practitioner has been convicted of a serious crime or another crime coupled with confinement or commitment to imprisonment, the OED Director shall obtain a certified copy of the conviction or docket entry, and file the same with the USPTO Director.

(d) *Notice to show cause and interim suspension.* (1) Following receipt of a certified copy of the court record or docket entry of the conviction, the USPTO Director shall enter an order suspending the practitioner in the interim from practice before the Office until the time for appeal has elapsed, if no appeal has been taken, or until the judgment or conviction has been affirmed on appeal, or has otherwise become final, and until further order of the USPTO Director. The USPTO Director may, *sua sponte,* decline to impose or may set aside, the suspension when it appears to be in the interest of justice to do so, with due regard being given to maintaining the integrity of, and confidence in, the profession of law. Upon a conviction becoming final, or imposition of a sentence or probation, the USPTO Director shall afford the practitioner an opportunity to show cause, within 40 days, why an order disciplining the practitioner should not be entered. Upon response, or if no response is timely filed, the USPTO Director shall enter an appropriate order.

(2) After said opportunity to show cause why disciplinary action should not be taken, and if one or more material facts are in dispute, the USPTO Director may enter an order disciplining any practitioner recognized to practice before the Office for failure to comply with the Rules of Professional Responsibility.

(3) The other provisions of this Part providing a procedure for the discipline of a practitioner do not apply to proceedings pursuant to this section to discipline a practitioner convicted of a serious crime or a practitioner who is convicted of a crime and is confined or committed to imprisonment.

(e) *Proof of guilt.* A certified copy of the court record or docket entry of the conviction shall be conclusive evidence of the guilt of the crime of which the practitioner has been convicted, and of any imposed confinement or commitment to imprisonment. However, nothing this paragraph (e) shall preclude the practitioner from demonstrating in said hearing afforded by the USPTO Director, by clear and convincing evidence, material facts to be considered when determining if a serious crime was committed and whether a disciplinary sanction should be entered.

(f) If the USPTO Director finds that the offense involves moral turpitude *per se,* or that the conduct underlying the offense involves moral turpitude, the practitioner shall be excluded. If the USPTO Director finds that the practitioner was convicted of a crime and has been incarcerated, regardless of whether the offense involved moral turpitude, the practitioner shall be suspended or excluded and shall not be eligible for reinstatement during the time of confinement or commitment to imprisonment or release from actual confinement on conditions of probation or parole. If the USPTO Director finds that the practitioner has been convicted of a serious crime without being incarcerated, the USPTO Director may either continue the suspension or exclude the practitioner from practice before the Office. A copy of the USPTO Director's decision shall be served on the practitioner by certified mail, or any other available means, and upon the OED Director.

(g) *Crime determined not to be serious crime.* If the USPTO Director determines under paragraph (d) of this section not only that the crime is not a serious crime, but also that the practitioner has not been confined or committed to imprisonment, an order shall be entered reinstating the practitioner immediately. The proceeding shall continue (without referral of the matter to the Committee on Discipline under § 11.23) on a complaint pursuant to § 11.34 that the OED Director files within the time set by the order, and an answer pursuant to § 11.35 that the practitioner files within the time set by the order. A disciplinary proceeding may continue before the hearing officer, and the hearing officer may hold such hearings and receive such briefs and other documents under §§ 11.35 through 11.53, as the hearing officer deems appropriate. However, the proceeding before the hearing officer shall not be concluded until all direct appeals from conviction of the crime have been completed.

(h) *Reinstatement.*—(1) *Upon reversal, vacation or setting aside of conviction.* A practitioner suspended or excluded under this section may file with the USPTO Director, at any time, a certificate demonstrating that the conviction, for which interim suspension was imposed, has been reversed, vacated or set aside by a court having jurisdiction of the criminal matter. Upon the filing of the certificate, the USPTO Director shall promptly enter an order reinstating the practitioner, but the reinstatement shall not terminate any other disciplinary proceeding then pending against the practitioner, the disposition of which shall be determined by the USPTO Director or hearing officer before whom the matter is pending, on the basis of all available evidence.

(2) *Following conviction of a crime coupled with confinement or commitment to imprisonment.* Any practitioner convicted of a crime and confined or committed to imprisonment, and who is disciplined in whole or in part in regard thereto, may petition for reinstatement under conditions set forth in § 11.60 no sooner than five years following discharge after completion of service of his or her sentence, or after completion of service under probation or parole, whichever is later.

(i) *Other crimes not coupled with confinement or commitment to imprisonment.* Upon being notified by a practitioner or upon receipt of a certified copy of a court record demonstrating that a practitioner has been found convicted of a crime other than a serious crime, and that the practitioner has not been confined or committed to imprisonment, the OED Director shall investigate the matter under § 11.22 and proceed as appropriate under §§ 11.26, 11.27, 11.28, and/or 11.32.

§ 11.26 Diversion.

(a) *Availability of diversion.* Subject to the limitations in paragraph (b) of this section, the OED Director may offer diversion to a practitioner under investigation for a disciplinary violation.

(b) *Limitations on diversion.* Diversion shall be available in matters

of alleged minor misconduct, but shall not be available where:

(1) The alleged misconduct resulted in, or is likely to result in, prejudice to a client or another person; or

(2) Discipline previously has been imposed, diversion previously has been offered and accepted, or a warning was previously issued, unless the OED Director finds the presence of exceptional circumstances justifying a waiver of this limitation; or

(3) The alleged misconduct involves fraud, dishonesty, deceit, misappropriation or conversion of client funds or other things of value, or misrepresentation; or

(4) The alleged misconduct constitutes a criminal offense under applicable law.

(c) *Procedures for diversion.* At the conclusion of an investigation, the OED Director, at his or her sole discretion, may offer to a practitioner being investigated for misconduct the option of entering a diversion program in lieu of other procedures available to the OED Director. The OED Director shall be free to accept or reject a request by the practitioner for diversion. If the practitioner accepts diversion, a written diversion agreement shall be entered into by both parties including, *inter alia,* the time of commencement and completion of the diversion program, the content of the program, and the criteria by which successful completion of the program will be measured. The diversion agreement shall state that it is subject to review by the USPTO Director, to whom it shall be submitted for review and approval after execution by the OED Director and the practitioner.

(d) *Content of diversion program.* The diversion program shall be designed to rehabilitate the practitioner's practices or procedures leading to the alleged misconduct of the practitioner. It may include participation in formal courses of education sponsored by a voluntary bar organization, a law school, or another organization; completion of an individualized program of instruction specified in the agreement or supervised by another entity; or any other arrangement agreed to by the parties which is designed to improve the ability of the practitioner to practice in accordance with the Rules of Professional Conduct.

(e) *Proceedings after completion or termination of diversion program.* Except as provided in paragraph (b)(2) of this section, if the practitioner successfully completes a diversion program, the OED Director's investigation shall be closed. The practitioner shall have a record of the misconduct that was investigated, and the record may be considered in determining the discipline, if any, to be imposed based on other charges of misconduct brought against the practitioner in the future. If the practitioner does not successfully complete the diversion program, the OED Director shall take such other action as is authorized and prescribed under § 11.32.

§ 11.27 Exclusion by consent.

(a) *Required affidavit.* The OED Director may confer with a practitioner concerning possible violations by the practitioner of the Rules of Professional Conduct whether or not a disciplinary proceeding has been instituted. A practitioner who is the subject of an investigation or a pending disciplinary proceeding based on allegations of misconduct, and who desires to resign or settle the matter may only do so by consenting to exclusion and delivering to the OED Director an affidavit declaring the consent of the practitioner to exclusion and stating:

(1) That the consent is freely and voluntarily rendered, that the practitioner is not being subjected to coercion or duress, and that the practitioner is fully aware of the implication of consenting to exclusion;

(2) That the practitioner is aware that there is currently pending an investigation into, or a proceeding involving, allegations of misconduct, the nature of which shall be specifically set forth in the affidavit;

(3) That the practitioner submits the consent because the practitioner knows that if disciplinary proceedings based on the alleged misconduct were brought, the practitioner could not successfully defend against them; and

(4) That it may be conclusively presumed, for the purpose of determining any request for reinstatement under § 11.60, that the alleged facts on which the complaint was based are true and that the practitioner violated one or more Rules of Professional Conduct.

(b) *Action by the USPTO Director.* Upon receipt of the required affidavit, the OED Director shall file the affidavit and any related papers with the USPTO Director for review and approval. Upon such approval, the USPTO Director will enter an order excluding the practitioner on consent.

(c) When an affidavit under paragraph (a) of this section is received after a complaint under § 11.34 has been filed, the OED Director shall notify the hearing officer. The hearing officer shall enter an order transferring the disciplinary proceeding to the USPTO Director, who may enter an order excluding the practitioner on consent.

(d) *Reinstatement.* Any practitioner excluded by consent under this section cannot petition for reinstatement for five years. A practitioner excluded on consent who intends to reapply for admission to practice before the Office must comply with the provisions of § 11.58, and apply for reinstatement in accordance with § 11.60. Willful failure to comply with the provisions of § 11.58 constitutes grounds for denying an application for reinstatement.

§ 11.28 Incompetent and incapacitated practitioners.

(a) *Scope of disability proceedings.* This section applies to all disability matters, specifically including those to determine:

(1) Whether a practitioner has been judicially declared to be mentally incompetent or involuntarily committed to a mental hospital as an inpatient;

(2) Whether the hearing officer should apply to a Court for an order requiring a practitioner to submit to an examination by qualified medical experts regarding an alleged disability or addiction;

(3) Whether a practitioner is incapacitated from continuing to practice before the Office by reason of disability or addiction;

(4) Whether the OED Director should hold in abeyance a disciplinary investigation, or a hearing officer should hold in abeyance a disciplinary proceeding because of a practitioner's alleged disability or addiction;

(5) Whether a practitioner, having previously been suspended solely on the basis of a judicial order declaring the practitioner to be mentally incompetent, has subsequently been judicially declared to be competent and is therefore entitled to have the prior suspension terminated;

(6) Whether a practitioner, having previously been suspended solely on the basis of an involuntary commitment to a mental hospital as an inpatient, has subsequently been discharged from inpatient status and is therefore entitled to have the prior order of suspension terminated; and

(7) Whether a practitioner, having previously acknowledged or having been found by the hearing officer or USPTO Director to have suffered from a prior disability or addiction sufficient to warrant suspension (whether or not any suspension has yet occurred), has recovered to the extent, and for the period of time, sufficient to justify the conclusion that the practitioner is fit to resume or continue the practice before the Office and/or is fit to defend the

alleged charges against the practitioner in a disciplinary investigation or disciplinary proceeding that has been held in abeyance pending such recovery.

(b) *Appointment of counsel.* In a disability matter wherein the OED Director contends that the practitioner should be excluded or suspended from practice before the Office, subjected to probationary conditions, or required to submit to a medical examination, the hearing officer shall authorize the OED Director to apply to a court of competent jurisdiction for an order appointing counsel to represent the practitioner whose disability or addiction is under consideration if it appears to the hearing officer's satisfaction, based on the practitioner's motion or notice of the OED Director, that otherwise the practitioner will appear pro se and may therefore be without adequate representation.

(c) *Proceedings before the hearing officer.* (1) *Motions.* All proceedings addressing disability matters before a hearing officer shall be initiated by motion filed by the OED Director or practitioner. In addition to any other requirement of § 11.43, each such motion shall include or have attached thereto:

(i) A brief statement of all material facts;

(ii) A proposed petition and/or recommendation to be filed with the USPTO Director if the movant's motion is granted by the hearing officer; and

(iii) Affidavits, medical reports, official records, or other documents setting forth or establishing any of the material facts on which the movant is relying.

(2) *Response.* The non-moving party shall file a response to any motion hereunder setting forth the following:

(i) All objections, if any, to the actions requested in the motion;

(ii) An admission, denial or allegation of lack of knowledge with respect to each of the material facts in the movant's papers; and

(iii) Affidavits, medical reports, official records, or other documents setting forth facts on which the non-moving party intends to rely for purposes of disputing or denying any material fact set forth in the movant's papers.

(iv) Except as the hearing officer may otherwise order, the response shall be served and filed within fourteen (14) days after service of the motion unless such time is shortened or enlarged by the hearing officer for good cause shown.

(d) *Mentally disabled practitioners.* (1) *Action by OED Director.* The OED Director, upon obtaining proof that a practitioner has been judicially declared to be mentally incompetent or has been involuntarily committed to a mental hospital as an inpatient, shall either

(i) Promptly request authority from a panel of the Committee on Discipline to submit evidence (appropriate affidavits and/or other documentary proof) to a hearing officer seeking, pursuant to this section, an order from the USPTO Director directing that the practitioner's name be transferred to disability inactive status, and that the practitioner cease practicing before the Office effective immediately and for an indefinite period of time until further ordered by the USPTO Director; or

(ii) Notify a panel of the Committee on Discipline of the OED Director's intention not to file a petition under paragraph (d)(1)(i) of this section and the reasons therefor. All further proceedings shall be pursuant to paragraph (f) of this section.

(e) *Incapacitation due to disability or addiction.*—(1) *OED Director's request.* If the OED Director receives information providing reason to believe that a practitioner is incapacitated from continuing to practice before the Office because of disability or addiction and the practitioner is nonetheless likely to offer or attempt to perform legal services while so incapacitated, the OED Director may request a panel of the Committee on Discipline to find probable cause authorizing the OED Director to petition the USPTO Director for an order transferring the practitioner to disability inactive status effective immediately for an indefinite period until further ordered by the USPTO Director, or possibly imposing probationary conditions with or without a period of suspension. All further proceedings shall be pursuant to paragraph (f) of this section, unless the practitioner agrees to have his or her name transferred to disability inactive status, and to cease practicing before the Office effective immediately and for an indefinite period of time until further ordered by the USPTO Director.

(2) *Required evidence.* In the absence of unusual circumstances, probable cause sufficient to support the OED Director's request under paragraph (e)(1) of this section shall include, either a written acknowledgment of the practitioner or a report of an examination by one or more qualified medical experts confirming the existence of the alleged disability or addiction and otherwise indicating the practitioner to be incapacitated as alleged.

(f) *Further proceedings for matters in paragraphs (d) and (e) of this section.*—(1) *Action by Committee on Discipline panel.* A panel of the Committee on Discipline may issue a probable cause determination granting or denying the OED Director's request based on written acknowledgments, affidavits, and other documentary proof.

(2) *Action by OED Director.* Upon issuance of a finding of probable cause, the OED Director shall file a motion provided for in paragraph (c) of this section with the hearing officer. A copy of the motion shall be served on the practitioner in accordance with § 11.35, and upon the practitioner's guardian, if any and known.

(3) *Response by Practitioner.* The practitioner may respond with a motion in accordance with paragraph (c) of this section. The hearing officer will otherwise follow the procedures set forth in §§ 11.37 through 11.54.

(4) *Initial decision by the hearing officer.* The hearing officer shall urge a practitioner who is not represented by counsel to obtain counsel of his or her own choice to represent the practitioner if it is determined that the practitioner is without adequate representation. The hearing officer shall enter a recommendation to grant or deny the OED Director's motion based on the affidavits and other documentary proof of the parties, unless the hearing officer determines that there is a genuine issue concerning one or more of the material facts, and issues an order for an evidentiary hearing. A copy of the hearing officer's recommendation shall be served on the practitioner, the practitioner's guardian, if any, and the OED Director.

(5) *Appeal.* The OED Director or practitioner may, as a matter of right, appeal the hearing officer's recommendation in accordance with the provisions of § 11.55.

(6) *Action by USPTO Director.* When a practitioner has been judicially declared to be mentally incompetent or has been involuntarily committed to a mental hospital as an inpatient, the USPTO Director, upon proper proof of that fact, shall enter an order directing that the practitioner's name be transferred to disability inactive status, and that the practitioner cease practicing before the Office in patent, trademark, and other non-patent law effective immediately and for an indefinite period of time until further ordered by the USPTO Director. A copy of the order shall be served upon the practitioner's guardian or counsel, or in the absence thereof, upon the practitioner and the director of the mental hospital, if any, in such manner as the USPTO Director may direct. If at any time thereafter the practitioner is

judicially declared to be competent or discharged from inpatient status in the mental hospital, the USPTO Director may dispense with further evidence that the disability has ended and may direct the reinstatement of the practitioner's former recognition or registration upon such terms as is deemed appropriate. In a case of addiction to drugs or intoxicants, the USPTO Director alternatively may consider the possibility of probationary conditions.

(g) *Self-reported incapacitation due to disability or addiction; no intent to continue representation.*—(1) *OED Director's request.* If the OED Director receives from a practitioner or the practitioner's guardian either a written acknowledgment of the practitioner or guardian confirming the existence of the alleged disability or addiction, and otherwise showing the practitioner is incapacitated as alleged, or a report of an examination by one or more qualified medical experts providing reason to believe that a practitioner is incapacitated from continuing to practice before the Office because of disability or addiction, and the practitioner does not intend to offer or attempt to perform legal services while so incapacitated, the OED Director shall petition the USPTO Director for an order directing that the practitioner's name be transferred to disability inactive status, and that the practitioner cease practicing before the Office in patent, trademark, and other non-patent law effective immediately and for an indefinite period of time until further ordered by the USPTO Director. In the case of addiction to drugs or intoxicants, the OED Director may petition the USPTO Director to prohibit reinstatement absent satisfaction of specified conditions.

(2) *Action by the USPTO Director.* When a practitioner is incapacitated from continuing to practice before the Office because of disability or addiction, and reports the same to the OED Director, the USPTO Director, upon proper proof of that disability or addiction, shall enter an order directing that the practitioner's name be transferred to disability inactive status, and that the practitioner cease practicing before the Office in patent, trademark, and other non-patent law effective immediately and for an indefinite period of time until further ordered by the USPTO Director. A copy of the order shall be served upon the practitioner, and the practitioner's guardian, if any, in such manner as the USPTO Director may direct. In a case of addiction to drugs or intoxicants, the USPTO Director may prohibit reinstatement absent satisfaction of specified conditions.

(h) *Holding in abeyance a disciplinary proceeding because of disability or addiction.*—(1) *Practitioner's motion.* In the course of a disciplinary proceeding under § 11.32, but before an initial decision is mailed, the practitioner therein may file a motion requesting the hearing officer to enter an order holding such proceeding in abeyance based on the contention that the practitioner is suffering from a disability or addiction that makes it impossible for the practitioner to adequately defend the charges in the disciplinary proceeding. The practitioner's motion shall be accompanied by all pertinent medical records and in all cases must include a signed form acknowledging the alleged incapacity by reason of disability or addiction.

(2) *Disposition of practitioner's motion.* The hearing officer shall decide the motion and any response thereto. If the motion satisfies paragraph (h)(1) of this section, the hearing officer shall:

(i) Enter a temporary order holding the disciplinary proceeding in abeyance (but not any investigation instituted by the OED Director with respect to the practitioner);

(ii) Submit to the USPTO Director a report that includes a petition, prepared by the OED Director, seeking from the USPTO Director an order immediately transferring the practitioner to disability inactive status and otherwise precluding the practitioner from practice before the Office in patent, trademark and other non-patent law until a determination is made of the practitioner's capability to resume practice before the Office in a proceeding instituted by the practitioner under paragraph (h)(2)(i) of this section; and

(iii) If the OED Director raises a genuine issue as to any material fact concerning the practitioner's self-alleged disability or addiction, to enter an order referring such issue(s) to the hearing officer for an evidentiary hearing pursuant to paragraph (e) of this section. The temporary abeyance order shall remain in effect until a determination is made by the hearing officer that the practitioner is not incapacitated and that resumption of the matters held in abeyance would be proper and advisable.

(i) *Determination of practitioner's recovery and removal of disability or addiction.*—(1) *Scope of rule.* This section applies to disability matters involving allegations that a practitioner's prior disability or addiction has been removed, including proceedings for reactivation or for resumption of disciplinary matters being held in abeyance.

(2) *Reactivation.* Any practitioner transferred to disability inactive status for incapacity by reason of disability or addiction shall be entitled to file a motion for reactivation once a year beginning at any time not less than one year after the initial effective date of suspension, or once during any shorter interval provided by the USPTO Director's order of suspension or any modification thereof. In addition to complying with all applicable rules, such motion shall conform to the requirements of paragraph (f)(3) of this section, and include all alleged facts showing that the practitioner's disability or addiction has been removed and that the practitioner is fit to resume practice before the Office.

(3) *Contents of motion for reactivation.* A motion for reactivation alleging that a practitioner has recovered from a prior disability or addiction shall be accompanied by all available medical reports or similar documents relating thereto and shall also include allegations specifically addressing the following matters:

(i) The nature of the prior disability or addiction, including its beginning date and the most recent date (both dates approximate if necessary) on which the practitioner was still afflicted with the prior disability;

(ii) The relationship between the prior disability or addiction and the practitioner's incapacity to continue to practice before the Office during the period of such prior disability or addiction;

(iii) In the case of prior addiction, for an appropriate prior period (including the entire period following any suspension thereof), the dates or period (approximate if necessary) for each and every occasion on or during which the practitioner used any drugs or intoxicants having the potential to impair the practitioner's capacity to practice before the Office, whether or not such capacity was in fact impaired;

(iv) A brief description of the supporting medical evidence (including names of medical or other experts) that the practitioner expects to submit in support of the alleged recovery and rehabilitation;

(v) A written statement disclosing the name of every medical expert (such as psychiatrist, psychologist, or physician) or other expert and hospital by whom or in which the practitioner has been examined or treated during the period since the date of suspension for disability or addiction;

(vi) The practitioner's written consent, to be provided to each medical

or other expert or hospital identified in paragraph (i)(3)(v) of this section, to divulge such information and records as may be required by any medical experts who are appointed by the hearing officer or who examine the practitioner pursuant to his or her consent at the OED Director's request; and

(vii) The practitioner's written consent (without further order from a hearing officer, the USPTO Director, or the OED Director) to submit to an examination of qualified medical experts (at the practitioner's expense) if so requested by the OED Director.

(4) *Resumption of disciplinary proceeding held in abeyance.* The OED Director may file a motion requesting the hearing officer to terminate a prior order holding in abeyance any pending proceeding because of the practitioner's disability or addiction. The hearing officer shall decide the matter presented by the OED Director motion hereunder based on the affidavits and other admissible evidence attached to the OED Director's motion or the practitioner's response. If there is any genuine issue as to one or more material facts, the hearing officer will hold an evidentiary hearing in which the following procedures shall apply:

(i) If the prior order of abeyance was based solely on the practitioner's self-alleged contention of disability or addiction, the OED Director's motion under paragraph (e)(1) of this section shall operate as a show cause order placing the burden on the practitioner to establish by a preponderance of the evidence that the prior self-alleged disability or addiction continues to make it impossible for the practitioner to defend himself/herself in the underlying proceeding being held in abeyance; and

(ii) If such prior order of abeyance was based on a finding supported by affirmative evidence of the practitioner's disability or addiction, the burden shall be on the OED Director to establish by a preponderance of the evidence that the prior evidence of disability or addiction was erroneous or that the practitioner's disability or addiction has been removed and full recovery therefrom has been achieved.

(j) *Action by the hearing officer when practitioner is not incapacitated.* If, in the course of a proceeding under this section or a disciplinary proceeding, the hearing officer determines that the practitioner is not incapacitated from defending himself/herself, or is not incapacitated from practicing before the Office, the hearing officer shall take such action as is deemed appropriate, including the entry of an order directing the resumption of the disciplinary proceeding against the practitioner.

§§ 11.29–11.31 [Reserved]

§ 11.32 Initiating a disciplinary proceeding; reference to a hearing officer.

If after conducting an investigation under § 11.22(a) the OED Director is of the opinion that a practitioner has violated an imperative USPTO Rule of Professional Conduct, or that an other individual (*see* § 11.19(a)(2)) has violated any of §§ 11.303(a)(1), 11.304, 11.305(a), or 11.804, the OED Director, except for complying with the provisions of §§ 27 or 28 for a practitioner, shall, after complying where necessary with the provisions of 5 U.S.C. 558(c), call a meeting of a panel of the Committee on Discipline. The panel of the Committee on Discipline shall then determine as specified in § 11.23(b) whether a disciplinary proceeding shall be instituted under paragraph (b) of this section. If the panel of the Committee on Discipline determines that probable cause exists to believe that a Rule of Professional Conduct has been violated, the OED Director shall institute a disciplinary proceeding by filing a complaint under § 11.34. The complaint shall be filed in the Office of the USPTO Director. A disciplinary proceeding may result in a reprimand, or suspension or exclusion of a practitioner from practice before the Office. Upon the filing of a complaint under § 11.34, the USPTO Director will refer the disciplinary proceeding to a hearing officer.

§ 11.33 [Reserved]

§ 11.34 Complaint.

(a) A complaint instituting a disciplinary proceeding shall:

(1) Name the practitioner or other individual (*see* § 11.19(a)(2)) who may then be referred to as the ''respondent'';

(2) Give a plain and concise description of the respondent's alleged violations of the imperative USPTO Rules of Professional Conduct;

(3) State the place and time, not less than thirty days from the date the complaint is filed, for filing an answer by the respondent;

(4) State that a decision by default may be entered if an answer is not timely filed by the respondent; and

(5) Be signed by the OED Director.

(b) A complaint will be deemed sufficient if it fairly informs the respondent of any violation of the imperative USPTO Rules of Professional Conduct that form the basis for the disciplinary proceeding so that the respondent is able to adequately prepare a defense. If supported by the facts presented to the Committee on Discipline, the complaint may include alleged violations even if the specific violations were not in the finding of the probable cause decision.

§ 11.35 Service of complaint.

(a) A complaint may be served on a respondent in any of the following methods:

(1) By delivering a copy of the complaint personally to the respondent, in which case the individual who gives the complaint to the respondent shall file an affidavit with the OED Director indicating the time and place the complaint was handed to the respondent.

(i) A respondent who is a registered practitioner at the address for which separate notice was last received by the OED Director, or

(ii) A respondent who is a nonregistered practitioner at the last address for the respondent known to the OED Director.

(3) By any method mutually agreeable to the OED Director and the respondent.

(4) In the case of a respondent who resides outside the United States, by sending a copy of the complaint by any delivery service that provides ability to electronically follow the progress of delivery or attempted delivery, to:

(i) A respondent who is a registered practitioner at the last address for which separate notice was last received by the OED Director; or

(ii) A respondent who is a nonregistered practitioner at the last address for the respondent known to the OED Director.

(5) In the case of a respondent being an other individual (*see* § 11.19(a)(2)) by sending a copy of the complaint by any delivery service providing tracking and delivery or attempted delivery records, including the U.S. Postal Service to:

(i) The last address for the other individual (*see* § 11.19(a)(2)) for which notice was last received by the Office in an application; or

(ii) At the last address for the other individual (*see* § 11.19(a)(2)) known to OED; or

(b) If a copy of the complaint cannot be delivered to the respondent through any one of the procedures in paragraph (a) of this section, the OED Director shall serve the respondent by causing an appropriate notice to be published in the Official Gazette for two consecutive weeks, in which case the time for filing an answer shall be thirty days from the second publication of the notice. Failure to timely file an answer will constitute an admission of the allegations in the complaint in accordance with paragraph

(d) of § 11.34, and the hearing officer may enter an initial decision on default.

(c) If the respondent is known to the OED Director to be represented by an attorney under § 11.40(a), a copy of the complaint shall also be served on the attorney in the manner provided for in paragraph (a) or (b) of this section, in addition to the complaint being served on respondent.

§ 11.36 Answer to complaint.

(a) *Time for answer.* An answer to a complaint shall be filed within the time set in the complaint that shall be not less than thirty days.

(b) *With whom filed.* The answer shall be filed in writing with the hearing officer. The hearing officer may extend the time for filing an answer once for a period of no more than thirty days upon a showing of good cause, provided a motion requesting an extension of time is filed within thirty days after the date the complaint is served on respondent. A copy of the answer shall be served on the OED Director.

(c) *Content.* The respondent shall include in the answer a statement of the facts that constitute the grounds of defense and shall specifically admit or deny each allegation set forth in the complaint. The respondent shall not deny a material allegation in the complaint that the respondent knows to be true or state that respondent is without sufficient information to form a belief as to the truth of an allegation when in fact the respondent possesses that information. The respondent shall also state affirmatively special matters of defense.

(d) *Failure to deny allegations in complaint.* Every allegation in the complaint that is not denied by a respondent in the answer shall be deemed to be admitted and may be considered proven. The hearing officer at any hearing need receive no further evidence in respect of that allegation. Failure to timely file an answer will constitute an admission of the allegations in the complaint, and may result in entry of default judgment.

(e) *Reply by the OED Director.* No reply to an answer is required by the OED Director unless ordered by the hearing officer, and any affirmative defense in the answer shall be deemed to be denied. The OED Director may, however, file a reply if he or she chooses.

(f) *Notice of intent to raise disability in mitigation.*—(1) *Respondent's notice.* If respondent intends to raise an alleged disability in mitigation pursuant to § 11.28, respondent shall file by delivery to the OED Director and hearing officer notice of said allegation no later than the date that the answer to the complaint is due. The notice shall specify the disability, its nexus to the misconduct, and the reason it provides mitigation. Failure to deliver the notice of intent to raise an alleged disability in mitigation shall operate as a waiver of the right to raise an alleged disability in mitigation, subject to the provisions of paragraph (f)(3) of this section.

(2) *Conditions of practice.* If a respondent files a notice pursuant to paragraph (f)(1) of this section, the hearing officer, after providing the OED Director with an opportunity to reply to said notice, shall forthwith issue an order providing for appropriate conditions under which the respondent shall practice before the Office. Said order may include the appointment of monitor(s) depending upon the particular circumstances of the case.

(i) *Monitors.* Should the hearing officer appoint monitors, the monitor(s) shall report to the hearing officer and OED Director on a periodic basis to be determined by the hearing officer. The monitoring shall remain in effect during the pendency of the disciplinary proceeding or until order of the USPTO Director. The monitor(s) shall respond to the OED Director's inquiries concerning such monitoring and may be called by the OED Director or respondent to testify regarding sanctions.

(ii) *Waiver.* The filing of the notice pursuant to paragraph (f)(1) of this section is deemed to constitute a waiver by respondent of any claim of the right to withhold from the OED Director information coming to the attention of a monitor.

(3) *Late-filed notice.*—(i) *Notice filed 30 or more days before scheduled hearing.* If respondent wishes to raise an alleged disability in mitigation after the date prescribed in paragraph (f)(1) of this section, but no later than 30 days before the date scheduled by the hearing officer for the hearing, respondent shall file a motion with the hearing officer, on notice to the OED Director, setting forth good cause why respondent should be allowed to raise a plea in mitigation out of time. The OED Director may consent in writing to the grant of the motion. The hearing officer may grant or deny the motion, with or without an evidentiary hearing. Leave to assert the plea in mitigation shall be freely granted when justice so requires, and in the absence of a showing of prejudice by the OED Director. An order by the hearing officer granting such a motion may include the provisions in paragraphs (f)(2), (f)(2)(i), and (f)(2)(ii) of this section, or, in circumstances where the hearing officer determines it to be just and appropriate, may be conditioned upon respondent's consent to an interim suspension pending disposition of the disciplinary proceeding.

(ii) *Notice filed within 30 days after scheduled hearing.* If a respondent wishes to raise an alleged disability in mitigation after the date prescribed in paragraph (f)(3)(i) of this section, respondent shall file a motion with the hearing officer, containing the showing prescribed in paragraph (f)(3)(i) of this section; however, such a motion will be granted only on the condition that respondent consent to an interim suspension pending disposition of the disciplinary proceeding.

(4) *Violations of conditions of practice.* If a monitor reports that respondent has violated a term or condition under which respondent is continuing to practice, the OED Director may request the hearing officer to schedule the matter for a hearing on the issue of whether the monitoring shall be lifted, and respondent suspended, pending final disposition of the disciplinary proceeding.

(5) *Motion to vacate or modify suspension.* A respondent suspended pursuant to paragraphs (f)(3)(i) or (f)(4) of this section may file a motion at any time with the hearing officer to vacate or modify the suspension. If respondent's motion presents a prima facie case that respondent is significantly rehabilitated from the alleged disability, the matter will be considered by the hearing officer at an evidentiary hearing on the issue of rehabilitation. Reinstatement pursuant to this paragraph shall be subject to monitoring and waiver provisions of paragraphs (f)(2), (f)(2)(i), and (f)(2)(ii) of this section. Respondent shall have the burden of proving, by clear and convincing evidence, significant rehabilitation from the alleged disability.

§ 11.37 Supplemental complaint.

False statements in an answer, motion, notice, or other filed communication may be made the basis of a supplemental complaint.

§ 11.38 Contested case.

Upon the filing of an answer by the respondent, a disciplinary proceeding shall be regarded as a contested case within the meaning of 35 U.S.C. 24. Evidence obtained by a subpoena issued under 35 U.S.C. 24 shall not be admitted into the record or considered unless leave to proceed under 35 U.S.C. 24 was previously authorized by the hearing officer.

§ 11.39 Hearing officer; appointment; responsibilities; review of interlocutory orders; stays.

(a) *Appointment.* A hearing officer, appointed by the USPTO Director under 5 U.S.C. 3105 or 35 U.S.C. 32, shall conduct disability or disciplinary proceedings as provided by this part.

(b) *Independence of the Hearing Officer.* (1) A hearing officer appointed in accordance with paragraph (a) of this section shall not be subject to first level and second level supervision, review or direction of the USPTO Director.

(2) A hearing officer appointed in accordance with paragraph (a)(1) of this section shall not be subject to supervision, review or direction of the person(s) investigating or prosecuting the case.

(3) A hearing officer appointed in accordance with paragraph (a)(1) of this section shall be impartial, shall not be an individual who has participated in any manner in the decision to initiate the proceedings, and shall not have been employed under the immediate supervision of the practitioner.

(4) A hearing officer appointed in accordance with paragraph (a) of this section shall be admitted to practice law and have suitable experience and training to conduct the hearing, reach a determination and render an initial decision in an equitable manner.

(c) *Responsibilities.* The hearing officer shall have authority, consistent with specific provisions of these regulations, to:

(1) Administer oaths and affirmations;

(2) Make rulings upon motions and other requests;

(3) Rule upon offers of proof, receive relevant evidence, and examine witnesses;

(4) Authorize the taking of a deposition of a witness in lieu of personal appearance of the witness before the hearing officer;

(5) Determine the time and place of any hearing and regulate its course and conduct;

(6) Hold or provide for the holding of conferences to settle or simplify the issues;

(7) Receive and consider oral or written arguments on facts or law;

(8) Adopt procedures and modify procedures from time-to-time as occasion requires for the orderly disposition of proceedings;

(9) Make initial decisions under §§ 11.24, 11.25, and 11.154;

(10) Engage in no ex parte discussions with any party on the merits of the complaint, beginning with appointment and until the final agency decision is issued; and

(11) Perform acts and take measures as necessary to promote the efficient, timely and impartial conduct of any disciplinary proceeding.

(d) *Time for making initial decision.* The hearing officer shall set times and exercise control over a disciplinary proceeding such that an initial decision under § 11.54 is normally issued within nine months of the date a complaint is filed. The hearing officer may, however, issue an initial decision more than nine months after a complaint is filed if in his or her opinion there exist unusual circumstances which preclude issuance of an initial decision within nine months of the filing of the complaint.

(e) *Review of interlocutory orders.* The USPTO Director will not review an interlocutory order of a hearing officer except:

(1) When the hearing officer shall be of the opinion:

(i) That the interlocutory order involves a controlling question of procedure or law as to which there is a substantial ground for a difference of opinion, and

(ii) That an immediate decision by the USPTO Director may materially advance the ultimate termination of the disciplinary proceeding, or

(2) In an extraordinary situation where the USPTO Director deems that justice requires review.

(f) *Stays pending review of interlocutory order.* If the OED Director or a respondent seeks review of an interlocutory order of a hearing officer under paragraph (b)(2) of this section, any time period set for taking action by the hearing officer shall not be stayed unless ordered by the USPTO Director or the hearing officer.

§ 11.40 Representative for OED Director or respondent.

(a) A respondent may represent himself or herself, or be represented by an attorney before the Office in connection with an investigation or disciplinary proceeding. The attorney shall file a written declaration that he or she is an attorney within the meaning of § 11.1(e) and shall state:

(1) The address to which the attorney wants correspondence related to the investigation or disciplinary proceeding sent, and

(2) A telephone number where the attorney may be reached during normal business hours.

(b) The USPTO Director shall designate at least two disciplinary attorneys under the aegis of the General Counsel to act as representatives for the OED Director. The disciplinary attorneys prosecuting disciplinary proceedings shall not consult with the General Counsel and the Deputy General Counsel for General Law regarding the proceeding. The General Counsel and the Deputy General Counsel for General Law shall remain insulated from the investigation and prosecution of all disciplinary proceedings in order that they shall be available as counsel to the USPTO Director in deciding disciplinary proceedings. However, the Deputy General Counsel for Intellectual Property Law and Solicitor shall not remain insulated from the investigation and prosecution of disciplinary proceedings, and thus shall not be available to counsel the USPTO Director in deciding such proceedings.

(c) Upon serving a complaint pursuant to § 11.34, the members of the Committee on Discipline, and the disciplinary attorneys prosecuting a disciplinary proceeding shall not participate in rendering a decision on the charges contained in the complaint.

§ 11.41 Filing of papers.

(a) The provisions of § 1.8 of this subchapter do not apply to disciplinary proceedings. All papers filed after the complaint and prior to entry of an initial decision by the hearing officer shall be filed with the hearing officer at an address or place designated by the hearing officer.

(b) All papers filed after entry of an initial decision by the hearing officer shall be filed with the USPTO Director. A copy of the paper shall be served on the OED Director. The hearing officer or the OED Director may provide for filing papers and other matters by hand, by ''Express Mail,'' or by facsimile followed in a specified time by the original hard copy.

§ 11.42 Service of papers.

(a) All papers other than a complaint shall be served on a respondent who is represented by an attorney by:

(1) Delivering a copy of the paper to the office of the attorney; or

(2) Mailing a copy of the paper by first-class mail, ''Express Mail,'' or other delivery service to the attorney at the address provided by the attorney under § 11.40(a)(1); or

(3) Any other method mutually agreeable to the attorney and a representative for the OED Director.

(b) All papers other than a complaint shall be served on a respondent who is not represented by an attorney by:

(1) Delivering a copy of the paper to the respondent; or

(2) Mailing a copy of the paper by first-class mail, ''Express Mail,'' or other delivery service to the respondent at the address to which a complaint may be served or such other address as may be

designated in writing by the respondent; or

(3) Any other method mutually agreeable to the respondent and a representative of the OED Director.

(c) A respondent shall serve on the representative for the OED Director one copy of each paper filed with the hearing officer or the OED Director. A paper may be served on the representative for the OED Director by:

(1) Delivering a copy of the paper to the representative; or

(2) Mailing a copy of the paper by first-class mail, ''Express Mail,'' or other delivery service to an address designated in writing by the representative; or

(3) Any other method mutually agreeable to the respondent and the representative.

(d) Each paper filed in a disciplinary proceeding shall contain therein a certificate of service indicating:

(1) The date of which service was made; and

(2) The method by which service was made.

(e) The hearing officer or the USPTO Director may require that a paper be served by hand or by ''Express Mail.''

(f) Service by mail is completed when the paper mailed in the United States is placed into the custody of the U.S. Postal Service.

§ 11.43 Motions.

Motions may be filed with the hearing officer. The hearing officer will determine on a case-by-case basis the time period for response to a motion and whether replies to responses will be authorized. No motion shall be filed with the hearing officer unless such motion is supported by a written statement by the moving party that the moving party or attorney for the moving party has conferred with the opposing party or attorney for the opposing party in an effort in good faith to resolve by agreement the issues raised by the motion and has been unable to reach agreement. If the parties prior to a decision on the motion resolve issues raised by a motion by the hearing officer, the parties shall promptly notify the hearing officer.

§ 11.44 Hearings.

(a) The hearing officer shall preside at hearings in disciplinary proceedings. The hearing officer shall set time and place for a hearing. In setting a time and place, the hearing officer shall normally give preference to a Federal facility in the district where the Office's principal office is located or Washington, DC, for all respondents recognized or registered to practice before the Office, and otherwise shall give due regard to the convenience and necessity of the parties or their representatives. In cases involving an incarcerated respondent, any necessary oral hearing may be held at the location of incarceration. Oral hearings will be stenographically recorded and transcribed, and the testimony of witnesses will be received under oath or affirmation. The hearing officer shall conduct hearings in accordance with 5 U.S.C. 556. A copy of the transcript of the hearing shall become part of the record. A copy of the transcript shall be provided to the OED Director and the respondent at the expense of the Office.

(b) If the respondent to a disciplinary proceeding fails to appear at the hearing after a notice of hearing has been given by the hearing officer, the hearing officer may deem the respondent to have waived the right to a hearing and may proceed with the hearing in the absence of the respondent.

(c) A hearing under this section will not be open to the public except that the hearing officer may grant a request by a respondent to open his or her hearing to the public and make the record of the disciplinary proceeding available for public inspection, provided, Agreement is reached in advance to exclude from public disclosure information which is privileged or confidential under applicable laws or regulations. If a disciplinary proceeding results in disciplinary action against a practitioner, and subject to § 11.59(c), the record of the entire disciplinary proceeding, including any settlement agreement, will be available for public inspection.

§ 11.45 Proof; variance; amendment of pleadings.

Whenever in the course of a hearing evidence is presented upon which another charge or charges against the respondent might be made, it shall not be necessary for the Committee on Discipline to find probable cause based on an additional charge or charges on the respondent, but with the consent of the hearing officer, the OED Director shall provide respondent with reasonable notice and an opportunity to be heard, and the hearing officer shall proceed to consider such additional charge or charges as if the same had been made and served at the time of the service of the original charge or charges. Any party who would otherwise be prejudiced by the amendment will be given reasonable opportunity to meet the allegations in the complaint, answer, or reply, as amended, and the hearing officer shall make findings on any issue presented by the complaint, answer, or reply as amended.

§§ 11.46–11.48 [Reserved]

§ 11.49 Burden of proof.

In a disciplinary proceeding, the OED Director shall have the burden of proving his or her case by clear and convincing evidence and a respondent shall have the burden of proving any affirmative defense by clear and convincing evidence.

§ 11.50 Evidence.

(a) *Rules of evidence.* The rules of evidence prevailing in courts of law and equity are not controlling in hearings in disciplinary proceedings. However, the hearing officer shall exclude evidence that is irrelevant, immaterial, or unduly repetitious.

(b) *Depositions.* Depositions of witnesses taken pursuant to Section 11.51 may be admitted as evidence.

(c) *Government documents.* Official documents, records, and papers of the Office, including all papers collected during the disciplinary investigation, are admissible without extrinsic evidence of authenticity. These documents, records, and papers may be evidenced by a copy certified as correct by an employee of the Office.

(d) *Exhibits.* If any document, record, or other paper is introduced in evidence as an exhibit, the hearing officer may authorize the withdrawal of the exhibit subject to any conditions the hearing officer deems appropriate.

(e) *Objections.* Objections to evidence will be in short form, stating the grounds of objection. Objections and rulings on objections will be a part of the record. No exception to the ruling is necessary to preserve the rights of the parties.

§ 11.51 Depositions.

(a) Depositions for use at the hearing in lieu of personal appearance of a witness before the hearing officer may be taken by respondent or the OED Director upon a showing of good cause and with the approval of, and under such conditions as may be deemed appropriate by, the hearing officer. Depositions may be taken upon oral or written questions, upon not less than ten days' written notice to the other party, before any officer authorized to administer an oath or affirmation in the place where the deposition is to be taken. The parties may waive the requirement of ten days' notice and depositions may then be taken of a witness at a time and place mutually agreed to by the parties. When a deposition is taken upon written questions, copies of the written

questions will be served upon the other party with the notice and copies of any written cross-questions will be served by hand or ''Express Mail'' not less than five days before the date of the taking of the deposition unless the parties mutually agree otherwise. A party on whose behalf a deposition is taken shall file a copy of a transcript of the deposition signed by a court reporter with the hearing officer and shall serve one copy upon the opposing party. Expenses for a court reporter and preparing, serving, and filing depositions shall be borne by the party at whose instance the deposition is taken. Depositions may not be taken to obtain discovery.

(b) When the OED Director and the respondent agree in writing, a deposition of any witness who will appear voluntarily may be taken under such terms and conditions as may be mutually agreeable to the OED Director and the respondent. The deposition shall not be filed with the hearing officer and may not be admitted in evidence before the hearing officer unless he or she orders the deposition admitted in evidence. The admissibility of the deposition shall lie within the discretion of the hearing officer who may reject the deposition on any reasonable basis including the fact that demeanor is involved and that the witness should have been called to appear personally before the hearing officer.

§ 11.52 Discovery.

Discovery shall not be authorized except as follows.

(a) After an answer is filed under § 11.36 and when a party establishes in a clear and convincing manner that discovery is necessary and relevant, the hearing officer, under such conditions as he or she deems appropriate, may order an opposing party to:

(1) Answer a reasonable number of written requests for admission or interrogatories;

(2) Produce for inspection and copying a reasonable number of documents; and

(3) Produce for inspection a reasonable number of things other than documents.

(b) Discovery shall not be authorized under paragraph (a) of this section of any matter which:

(1) Will be used by another party solely for impeachment or cross-examination;

(2) Is not available to the party under 35 U.S.C. 122;

(3) Relates to any disciplinary proceeding commenced in the Office prior to March 8, 1985;

(4) Relates to experts except as the hearing officer may require under paragraph (e) of this section.

(5) Is privileged; or

(6) Relates to mental impressions, conclusions, opinions, or legal theories of any attorney or other representative of a party.

(c) The hearing officer may deny discovery requested under paragraph (a) of this section if the discovery sought:

(1) Will unduly delay the disciplinary proceeding;

(2) Will place an undue burden on the party required to produce the discovery sought; or

(3) Is available:

(i) Generally to the public;

(ii) Equally to the parties; or

(iii) To the party seeking the discovery through another source.

(d) Prior to authorizing discovery under paragraph (a) of this section, the hearing officer shall require the party seeking discovery to file a motion (§ 11.43) and explain in detail for each request made how the discovery sought is necessary and relevant to an issue actually raised in the complaint or the answer.

(e) The hearing officer may require parties to file and serve, prior to any hearing, a pre-hearing statement that contains:

(1) A list (together with a copy) of all proposed exhibits to be used in connection with a party's case-in-chief;

(2) A list of proposed witnesses;

(3) As to each proposed expert witness:

(i) An identification of the field in which the individual will be qualified as an expert;

(ii) A statement as to the subject matter on which the expert is expected to testify; and

(iii) A statement of the substance of the facts and opinions to which the expert is expected to testify;

(4) The identity of Government employees who have investigated the case; and

(5) Copies of memoranda reflecting respondent's own statements to administrative representatives.

(f) After a witness testifies for a party, if the opposing party requests, the party may be required to produce, prior to cross-examination, any written statement made by the witness.

§ 11.53 Proposed findings and conclusions; post-hearing memorandum.

Except in cases in which the respondent has failed to answer the complaint or amended complaint, the hearing officer, prior to making an initial decision, shall afford the parties a reasonable opportunity to submit proposed findings and conclusions and a post-hearing memorandum in support of the proposed findings and conclusions.

§ 11.54 Initial decision of hearing officer.

(a) The hearing officer shall make an initial decision in the case. The decision will include:

(1) A statement of findings and conclusions, as well as the reasons or basis therefor with appropriate references to the record, upon all the material issues of fact, law, or discretion presented on the record, and

(2) An order of suspension or exclusion from practice, an order of reprimand, or an order dismissing the complaint. The hearing officer shall transmit a copy of the decision to the OED Director and to the respondent. After issuing the decision, the hearing officer shall transmit the entire record to the OED Director. In the absence of an appeal to the USPTO Director, the decision of the hearing officer will, without further proceedings, become the decision of the USPTO Director thirty (30) days from the date of the decision of the hearing officer.

(b) The initial decision of the hearing officer shall explain the reason for any reprimand, suspension or exclusion. In determining any sanction, the following should normally be considered:

(1) The public interest;

(2) The seriousness of the violation of the imperative USPTO Rules of Professional Conduct;

(3) The deterrent effects deemed necessary;

(4) The integrity of the legal and patent professions; and

(5) Any extenuating circumstances.

§ 11.55 Appeal to the USPTO Director.

(a) Within thirty (30) days from the date of the initial decision of the hearing officer under §§ 11.28, or 11.54, either party may appeal to the USPTO Director. The appeal shall include the appellant's brief. If an appeal is taken, the time for filing a cross-appeal shall expire 14 days after the date of service of the appeal pursuant to § 11.42, or 30 days after the date of the initial decision of the hearing officer, whichever is later. The cross-appeal shall include the cross appellant's brief. An appeal or cross-appeal by the respondent will be filed with the USPTO Director and served on the OED Director, and will include exceptions to the decisions of the hearing officer and supporting reasons for those exceptions. All briefs must include a separate section containing a concise statement of the disputed facts and disputed points of law. Any issue not raised in the concise statement of

disputed facts and disputed points of law will be deemed to have been abandoned by the appellant and may be disregarded by the USPTO Director in reviewing the initial determination, unless the USPTO Director chooses to review the issue on his or her own initiative under § 11.56. If the OED Director, through his or her representative, files the appeal or cross-appeal, the OED Director shall serve on the other party a copy of the appeal or cross-appeal. The other party to an appeal or cross-appeal may file a reply brief. A copy of respondent's reply brief shall be served on the OED Director. The time for filing any reply brief expires thirty (30) days after the date of service pursuant to § 11.42 of an appeal, cross-appeal or copy thereof. If the OED Director files the reply brief, the OED Director shall serve on the other party a copy of the reply brief. Upon the filing of an appeal, cross-appeal, if any, and reply briefs, if any, the OED Director shall transmit the entire record to the USPTO Director. Unless the USPTO Director permits, no further briefs or motions shall be filed.

(b) An appellant's or cross-appellant's brief shall be no more than 30 pages in length on 8½ by 11-inch paper, and shall comply with Rule 28(A)(2), (3), and (5) through (10), and Rule 32(a)(4), (5), (6), and (7) of the Federal Rules of Appellate Procedure. An appellee's or cross appellee's reply brief shall be no more than 15 pages in length on 8½ by 11-inch paper, and shall comply with Rule 28(A)(2), (3), (8), and (9), and Rule 32(a)(4), (5), (6), and (7) of the Federal Rules of Appellate Procedure. If a cross-appeal is filed, the party who files an appeal first is the appellant for purposes of this rule. If appeals are filed on the same day, the respondent is the appellant. The USPTO Director may refuse entry of a nonconforming brief.

(c) The USPTO Director will decide the appeal on the record made before the hearing officer.

(d) The USPTO Director may order reopening of a disciplinary proceeding in accordance with the principles that govern the granting of new trials. Any request to reopen a disciplinary proceeding on the basis of newly discovered evidence must demonstrate that the newly discovered evidence could not have been discovered by due diligence.

(e) In the absence of an appeal by the OED Director, failure by the respondent to appeal under the provisions of this section shall be deemed to be both acceptance by the respondent of the initial decision and waiver by the respondent of the right to further administrative or judicial review.

§ 11.56 Decision of the USPTO Director.

(a) The USPTO Director shall decide an appeal from an initial decision of the hearing officer. The USPTO Director may affirm, reverse, or modify the initial decision or remand the matter to the hearing officer for such further proceedings as the USPTO Director may deem appropriate. In making a final decision, the USPTO Director shall review the record or the portions of the record designated by the parties. The USPTO Director shall transmit a copy of the final decision to the OED Director and to the respondent.

(b) A final decision of the USPTO Director may dismiss a disciplinary proceeding, reprimand a practitioner, or may suspend or exclude the practitioner from practice before the Office.

(c) The respondent or the OED Director may make a single request for reconsideration or modification of the decision by the USPTO Director if filed within 20 days from the date of entry of the decision. No request for reconsideration or modification shall be granted unless the request is based on newly discovered evidence, and the requestor must demonstrate that the newly discovered evidence could not have been discovered by due diligence. Such a request shall have the effect of staying the effective date of the order of discipline in the final decision. The decision by the USPTO Director is effective on its date of entry.

§ 11.57 Review of final decision of the USPTO Director.

(a) Review of the final decision by USPTO Director in a disciplinary case may be had, subject to § 11.55(d), by a petition filed in the United States District Court for the District of Columbia in accordance with the local rule of said court. 35 U.S.C. 32. The Respondent must serve the USPTO Director with the petition. Service upon the USPTO Director is effected (1) by delivering a copy of the petition by registered or certified mail or as otherwise authorized by law on the USPTO to: Director of the USPTO, Office of the General Counsel, United States Patent and Trademark Office, P.O. Box 15667, Arlington, VA 22215; or (2) by hand-delivering a copy of the petition during business hours to: Director of the USPTO, Office of the General Counsel, Crystal Park Two, Suite 905, 2121 Crystal Dr., Arlington, VA 22215.

(b) The USPTO Director may stay an order of discipline in the final decision pending review of the final decision of the USPTO Director.

§ 11.58 Suspended or excluded practitioner.

(a) A practitioner who is suspended or excluded under §§ 11.24, 11.25, 11.27, 11.55, or 11.56, or has resigned from practice before the Office under §§ 11.11(d) shall not engage in practice of patent, trademark and other non-patent law before the Office. No practitioner suspended or excluded under §§ 11.24, 11.25, 11.27, 11.55, or 11.56 will be automatically reinstated at the end of his or her period of suspension. A practitioner who is suspended or excluded, or who resigned under § 11.11(d) must comply with the provisions of this section and §§ 11.12 and 11.60 to be reinstated. Willful failure to comply with the provisions of this section constitutes grounds for denying a suspended or excluded practitioner's application for reinstatement or readmission. Willful failure to comply with the provisions of this section constitutes cause not only for denial of reinstatement, but also cause for further action, including seeking further exclusion, suspension, and for revocation of any pending probation.

(b) Unless otherwise ordered by the USPTO Director, any practitioner who is suspended or excluded from practice before the Office under §§ 11.24, 11.25, 11.55, or 11.56, who has been excluded on consent under provisions of § 11.27, or whose notice of resignation has been accepted under § 11.11(d) shall:

(1) Within 20 days after the date of entry of the order of suspension, exclusion, or exclusion by consent, or of acceptance of resignation:

(i) File a notice of withdrawal as of the effective date of the suspension, exclusion, or exclusion by consent, or acceptance of resignation in each pending patent and trademark application, each pending reexamination and interference proceeding, and every other matter pending in the Office, together with a copy of the notices sent pursuant to paragraphs (b) and (c) of this section;

(ii) Provide notice to all bars of which the practitioner is a member and all clients on retainer having immediate or prospective business before the Office in patent, trademark and other non-patent matters, all clients the practitioner represents before the Office, and all clients having immediate or prospective business before the Office in patent, trademark and other non-patent matters of the order of suspension, exclusion, exclusion by consent, or resignation and of the practitioner's consequent inability to act as a practitioner after the effective date of the order; and that, if not represented by another practitioner, the

client should act promptly to substitute another practitioner, or to seek legal advice elsewhere, calling attention to any urgency arising from the circumstances of the case;

(iii) Provide notice to the practitioner(s) for all opposing parties (or, to the parties in the absence of a practitioner representing the parties) in matters pending before the Office that the practitioner has been excluded or suspended and, as a consequence, is disqualified from acting as a practitioner regarding matters before the Office after the effective date of the suspension, exclusion, exclusion by consent, or resignation, and state in the notice the mailing address of each client of the excluded or suspended attorney who is a party in the pending reexamination or interference matter;

(iv) Deliver to all clients having immediate or prospective business before the Office in patent, trademark or other non-patent matters any papers or other property to which the clients are entitled, or shall notify the clients and any co-practitioner of a suitable time when and place where the papers and other property may be obtained, calling attention to any urgency for obtaining the papers or other property;

(v) Refund any part of any fees paid in advance that has not been earned,

(vi) Close every client account, trust account, deposit account in the Office, or other fiduciary account to the extent the accounts have fees for practice before the Office, and properly disburse or otherwise transfer all client and fiduciary funds for practice before the Office in his or her possession, custody or control; and

(vii) Take any necessary and appropriate steps to remove from any telephone, legal, or other directory any advertisement, statement, or representation which would reasonably suggest that the practitioner is authorized to practice patent, trademark, or other non-patent law before the Office.

(viii) All notices required by paragraphs (b)(1)(i) through (b)(1)(vii) of this section shall be served by certified mail, return receipt requested, unless mailed abroad. If mailed abroad, all notices shall be served with a receipt to be signed and returned to the practitioner.

(2) Within 30 days after entry of the order of suspension, exclusion, or exclusion by consent, or of acceptance of resignation the practitioner shall file with the OED Director an affidavit certifying that the practitioner has fully complied with the provisions of the order, and with the imperative USPTO Rules of Professional Conduct. Appended to the affidavit of compliance shall be:

(i) A copy of each form of notice, the names and addressees of the clients, practitioners, courts, and agencies to which notices were sent, and all return receipts or returned mail received up to the date of the affidavit. Supplemental affidavits shall be filed covering subsequent return receipts and returned mail. Such names and addresses of clients shall remain confidential unless otherwise ordered by the USPTO Director;

(ii) A schedule showing the location, title and account number of every bank account designated as a client, trust, deposit account in the Office, or other fiduciary account, and of every account in which the practitioner holds or held as of the entry date of the order any client, trust, or fiduciary funds regarding practice before the Office;

(iii) A schedule describing the practitioner's disposition of all client and fiduciary funds in the practitioner's possession, custody or control as of the date of the order or thereafter;

(iv) Such proof of the proper distribution of said funds and the closing of such accounts as has been requested by the OED Director, including copies of checks and other instruments;

(v) A list of all other State, Federal, and administrative jurisdictions to which the practitioner is admitted to practice; and

(vi) An affidavit describing the precise nature of the steps taken to remove from any telephone, legal, or other directory any advertisement, statement, or representation which would reasonably suggest that the practitioner is authorized to practice patent, trademark, or other non-patent law before the Office. The affidavit shall also state the residence or other address of the practitioner to which communications may thereafter be directed, and list all State and Federal jurisdictions, and administrative agencies to which the practitioner is admitted to practice. The OED Director may require such additional proof as is deemed necessary. In addition, for five years following the effective date of the suspension, exclusion, exclusion by consent, a suspended, excluded, or excluded-on-consent practitioner shall continue to file a statement in accordance with § 11.11(a), regarding any change of residence or other address to which communications may thereafter be directed, so that the suspended, excluded, or excluded-on-consent practitioner may be located if a complaint is made about any conduct occurring before or after the exclusion or suspension. The practitioner shall retain copies of all notices sent and shall maintain complete records of the steps taken to comply with the notice requirements.

(3) Not hold himself or herself out as authorized to practice law before the Office.

(4) Not advertise the practitioner's availability or ability to perform or render legal services for any person having immediate or prospective business before the Office.

(5) Not render legal advice or services to any person having immediate or prospective business before the Office as to that business.

(6) Promptly take steps to change any sign identifying a practitioner's or the practitioner's firm's office and practitioner's or the practitioner's firm's stationery to delete therefrom any advertisement, statement, or representation which would reasonably suggest that the practitioner is authorized to practice law before the Office.

(c) *Effective date of discipline.* Except as provided in §§ 11.24, 11.25, and 11.28, an order of suspension, exclusion, or exclusion by consent shall be effective immediately upon entry unless the USPTO Director directs otherwise. The practitioner who is suspended, excluded, excluded-on-consent, or who has resigned, after entry of the order, shall not accept any new retainer regarding immediate, pending, or prospective business before the Office, or engage as a practitioner for another in any new case or legal matter regarding practice before the Office. The order shall grant limited recognition for a period of 30 days. During the 30-day period of limited recognition, the practitioner shall conclude other work on behalf of a client on any matters that were pending before the Office on the date of entry. If such work cannot be concluded, the practitioner shall so advise the client so that the client may make other arrangements.

(d) *Required records.* A practitioner who is suspended, excluded or excluded-on-consent, or who has resigned, other than a practitioner suspended under §§ 11.28 (c) or (d), shall keep and maintain records of the various steps taken under this section, so that in any subsequent proceeding proof of compliance with this section and with the exclusion or suspension order will be available. The OED Director will require the practitioner to submit such proof as a condition precedent to the granting of any petition for reinstatement. In the case of a practitioner suspended under §§ 11.28 (c) or (d), the USPTO Director shall

enter such order as may be required to compile and maintain all necessary records.

(e) A practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned, and who aids another practitioner in any way in the other practitioner's practice of law before the Office, may, under the direct supervision of the other practitioner, act as a paralegal for the other practitioner or perform other services for the other practitioner which are normally performed by laypersons, provided:

(1) The practitioner who is suspended, excluded or excluded on consent, or who has resigned is:

(i) A salaried employee of:

(A) The other practitioner;

(B) The other practitioner's law firm; or

(C) A client-employer who employs the other practitioner as a salaried employee;

(2) The other practitioner assumes full professional responsibility to any client and the Office for any work performed by the practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned for the other practitioner;

(3) The practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned does not:

(i) Communicate directly in writing, orally, or otherwise with a client of the other practitioner in regard to any immediate, prospective, or pending business before the Office;

(ii) Render any legal advice or any legal services to a client of the other practitioner in regard to any immediate, prospective, or pending business before the Office; or

(iii) Meet in person or in the presence of the other practitioner in regard to any immediate, prospective, or pending business before the Office, with:

(A) Any Office official in connection with the prosecution of any patent, trademark, or other case;

(B) Any client of the other practitioner, the other practitioner's law firm, or the client-employer of the other practitioner; or

(C) Any witness or potential witness which the other practitioner, the other practitioner's law firm, or the other practitioner's client-employer may or intends to call as a witness in any proceeding before the Office. The term ''witness'' includes individuals who will testify orally in a proceeding before, or sign an affidavit or any other document to be filed in, the Office.

(f) When a practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned, acts as a paralegal or performs services under paragraph (c) of this section, the practitioner shall not thereafter be reinstated to practice before the Office unless:

(1) The practitioner shall have filed with the OED Director an affidavit which:

(i) Explains in detail the precise nature of all paralegal or other services performed by the practitioner, and

(ii) Shows by clear and convincing evidence that the practitioner has complied with the provisions of this section and all imperative USPTO Rules of Professional Conduct; and

(2) The other practitioner shall have filed with the OED Director a written statement which

(i) Shows that the other practitioner has read the affidavit required by paragraph (d)(1) of this section and that the other practitioner believes every statement in the affidavit to be true, and

(ii) States why the other practitioner believes that the practitioner who is suspended, excluded, or excluded-on-consent, or who has resigned has complied with paragraph (c) of this section.

§ 11.59 Notice of suspension or exclusion.

(a) Upon issuance of an order reprimanding a practitioner or suspending, excluding, or excluding on consent a practitioner from practice before the Office, the OED Director shall give notice of the final decision to appropriate employees of the Office, to interested departments, agencies, and courts of the United States, and to the National Discipline Data Bank maintained by the American Bar Association Standing Committee on Professional Discipline. The OED Director shall also give notice to appropriate authorities of any State in which a practitioner is known to be a member of the bar and any appropriate bar association.

(b) *Publication of notices, orders, and decisions.* The OED Director shall cause to be published in the Official Gazette the name of every practitioner who is suspended, excluded, or excluded-on-consent, who resigns from practice, and who is transferred to disability inactive status. The order suspending, excluding, or excluding by consent a practitioner, or accepting resignation, and the decision by the USPTO Director, including an initial decision of a hearing officer under § 11.54(a) that becomes the decision of the USPTO Director, suspending or excluding a practitioner shall be published. Unless otherwise ordered by the USPTO Director, the OED Director shall publish in the Official Gazette the name of any practitioner reprimanded by the USPTO Director, as well as the order and any decision by the USPTO Director, including an initial decision of a hearing officer under § 11.54(a) that becomes the decision of the USPTO Director, reprimanding the practitioner.

(c) *Records available to the public.* Consistent with a retention schedule set for disciplinary records, the OED Director shall maintain records that shall be available for public inspection of every disciplinary proceeding where practitioner is reprimanded, suspended, or excluded, excluded-on-consent, or who resigns while under investigation, unless the USPTO Director orders that the proceeding or a portion of the record be kept confidential. The record of a proceeding that results in a practitioner being transferred to disability inactive status will not be available to the public.

(d) *Access to records of exclusion by consent.* The order excluding a practitioner on consent under § 11.27 shall be a matter of public record. However, the affidavit required under paragraph (a) of § 11.27 shall not be publicly disclosed or made available for use in any other proceeding except by order of the USPTO Director or upon written consent of the practitioner.

§ 11.60 Petition for reinstatement.

(a) *Restrictions on reinstatement.* A practitioner who is suspended, excluded, or excluded on consent is required to furnish proof of rehabilitation under paragraph (d) of this section, and shall not resume practice of patent, trademark, or other non-patent law before the Office until reinstated by order of the OED Director or the USPTO Director.

(b) *Reinstatement of practitioners transferred to disability inactive status.* A practitioner who has been transferred to disability inactive status under § 11.28 may move for reinstatement in accordance with that section, but reinstatement shall not be ordered except on a showing by clear and convincing evidence that the disability has ended, that the practitioner has complied with § 11.12, and that the practitioner is fit to resume the practice of law.

(c) *Petition for reinstatement of practitioners excluded or suspended on other grounds.* A suspended or excluded practitioner shall be eligible to apply for reinstatement only upon expiration of the period of suspension or exclusion and the practitioner's full compliance with § 11.58. A practitioner who is excluded or excluded on consent shall be eligible to apply for reinstatement no earlier than at least five years from the effective date of the exclusion.

(d) *Review of reinstatement petition.* A practitioner suspended, excluded, or excluded-on-consent shall file a petition for reinstatement accompanied by the fee required by § 1.21(a)(10) of this subchapter. The petition for reinstatement by a practitioner suspended, excluded, or excluded-on-consent for misconduct, must provide proof of rehabilitation and compliance with the provisions of § 11.11(d)(2), and it shall be filed with the OED Director. A suspended or excluded practitioner who has violated any provision of § 11.58 shall not be eligible for reinstatement until a continuous period of the time in compliance with § 11.58 that is equal to the period of suspension or exclusion has elapsed. If the suspended, excluded, or excluded-on-consent practitioner is not eligible for reinstatement, or if the OED Director determines that the petition is insufficient or defective on its face, the OED Director may dismiss the petition. Otherwise the OED Director shall consider the petition for reinstatement. The suspended, excluded, or excluded-on-consent practitioner seeking reinstatement shall have the burden of proof by clear and convincing evidence. Such proof shall be included in or accompany the petition, and shall establish:

(1) That the practitioner has the moral character qualifications, competency, and learning in law required under § 11.7 for admission;

(2) That the resumption of practice before the Office will not be detrimental to the administration of justice, or subversive to the public interest; and

(3) That the suspended practitioner has complied with the provisions of § 11.58 for the full period of suspension, or that the excluded or excluded-on-consent practitioner has complied with the provisions of § 11.58 for at least five continuous years.

(e) *Petitions for reinstatement—Action by the OED Director granting reinstatement.* (1) If the petitioner is found fit to resume the practice before the Office, the OED Director shall enter an order of reinstatement, which may be conditioned upon the making of partial or complete restitution to persons harmed by the misconduct which led to the suspension or exclusion, or upon the payment of all or part of the costs of the disciplinary proceedings, the reinstatement proceedings, or any combination thereof.

(2) *Payment of costs of disciplinary or reinstatement proceedings.* Upon petitioning for reinstatement, the practitioner shall pay the costs of the disciplinary proceeding, and costs for the reinstatement proceeding. The costs imposed pursuant to this section include all of the following:

(i) The actual expense incurred by the OED Director or the Office for the original and copies of any reporter's transcripts of the disciplinary proceedings or reinstatement proceedings, and any fee paid for the services of the reporter;

(ii) All expenses paid by the OED Director or the Office which would qualify as taxable costs recoverable in civil proceedings; and

(iii) The charges determined by the OED Director to be ''reasonable costs'' of investigation, hearing, and review. These amounts shall serve to defray the costs, other than fees for services of attorneys and experts, of the Office of Enrollment and Discipline in the preparation or hearing of disciplinary proceeding or reinstatement proceeding, and costs incurred in the administrative processing of the disciplinary proceeding or reinstatement proceeding.

(3) A suspended, excluded, or excluded-on-consent practitioner may be granted relief, in whole or in part, only from an order assessing costs under this section, or may be granted an extension of time to pay these costs, in the discretion of the OED Director, upon grounds of hardship, special circumstances, or other good cause.

(f) *Petitions for reinstatement—Action by the OED Director denying reinstatement.* If the petitioner is found unfit to resume the practice of patent law before the Office, the OED Director shall first provide the suspended, excluded, or excluded-on-consent practitioner with an opportunity to show cause in writing why the petition should not be denied. Failure to comply with § 11.12(d)(2) shall constitute unfitness. If unpersuaded by the showing, the OED Director shall deny the petition. The OED Director may require the suspended, excluded, or excluded-on-consent practitioner, in meeting the requirements of § 11.7, to take and pass an examination under § 11.7(b), ethics courses, and/or the Multistate Professional Responsibility Examination. The OED Director shall provide findings, together with the record. The findings shall include on the first page, immediately beneath the caption of the case, a separate section entitled ''Prior Proceedings'' which shall state the docket number of the original disciplinary proceeding in which the suspension, exclusion, or exclusion by consent was ordered.

(g) *Resubmission of petitions for reinstatement.* If a petition for reinstatement is denied, no further petition for reinstatement may be filed until the expiration of at least one year following the denial unless the order of denial provides otherwise.

(h) *Reinstatement proceedings open to public.* Proceedings on any petition for reinstatement shall be open to the public. Before reinstating any suspended, excluded, or excluded-on-consent practitioner, the OED Director shall publish in the Official Gazette a notice of the suspended, excluded, or excluded-on-consent practitioner's petition for reinstatement and shall permit the public a reasonable opportunity to comment or submit evidence with respect to the petition for reinstatement.

§ 11.61 Savings clause.

(a) A disciplinary proceeding based on conduct engaged in prior to the effective date of these regulations may be instituted subsequent to such effective date, if such conduct would continue to justify suspension or exclusion under the provisions of this Part.

(b) No practitioner shall be subject to a disciplinary proceeding under this Part based on conduct engaged in before the effective date hereof if such conduct would not have been subject to disciplinary action before such effective date.

§ 11.62 Protection of clients interests when practitioner becomes unavailable.

If a practitioner dies, disappears, or is suspended or transferred to inactive status for incapacity or disability, and there is no partner, associate, or other responsible practitioner capable of conducting the practitioner's affairs, a court of competent jurisdiction may appoint a registered practitioner to make appropriate disposition of any patent application files. All other matters should be handled in accordance with the laws of the local jurisdiction.

Subpart D—USPTO Rules of Professional Conduct

§ 11.100 Interpretation of the USPTO Rules of Professional Conduct.

(a) Rules in §§ 11.101 through 11.806 that are imperatives are cast in the terms ''shall'' or ''shall not.'' These define proper conduct for purposes of professional discipline.

(b) Rules in §§ 11.101 through 11.806 that are permissive are cast in the term ''may.'' These define areas under the Rules in which the practitioner has professional discretion. No disciplinary action should be taken when the practitioner chooses not to act or acts within the bounds of such discretion.

(c) Other rules in §§ 11.101 through 11.806 defining the nature of relationships between the practitioner

and others, are thus partly obligatory and disciplinary and partly constitutive and descriptive in that they define a practitioner's professional role.

Client-Practitioner Relationship

§ 11.101 Competence.

(a) A practitioner shall provide competent representation to a client having immediate or prospective business before the Office. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.

(b) A practitioner shall serve a client having immediate or prospective business before the Office with skill and care commensurate with that generally afforded to clients by other practitioners in similar matters.

(c) Conduct that constitutes a violation of paragraphs (a) or (b) of this section includes, but is not limited to:

(1) A practitioner handling a legal matter which the practitioner knows or should know that the practitioner, due to legal or scientific training, is not competent to handle, without associating with the practitioner, another practitioner, who is competent to handle the matter;

(2) A practitioner withholding from the Office information identifying a patent or patent application of another from which one or more claims have been copied. *See* §§ 1.604(b) and 1.607(c) of this subchapter;

(3) A practitioner employs one or more procedures that the Office no longer authorizes practitioners to use to present or prosecute a patent application; and

(4) A practitioner filing and/or prosecuting, or assisting in the filing and/or prosecuting an application claiming a frivolous invention; or submitting or assisting in the submission to the Office of a frivolous filing. An application claims a frivolous invention or a filing is frivolous where the claim of patentability or argument is known or should have been known by a reasonably prudent registered practitioner to be unwarranted under existing law, and said claim or argument cannot be supported by good faith argument for an extension, modification, or reversal of existing law.

§ 11.102 Scope of representation.

(a) A practitioner shall abide by a client's decisions concerning the objectives of representation in practice before the Office, subject to paragraphs (c), (d), (e), and (g) of this section, and shall consult with the client as to the means by which they are to be pursued. A practitioner shall abide by a client's decision whether to accept an offer of settlement of a matter.

(b) A practitioner's representation of a client having immediate or prospective business before the Office does not constitute an endorsement of the client's political, economic, social, or moral views or activities.

(c) A practitioner may limit the objectives of the representation if the client having immediate or prospective business before the Office consents in writing after full disclosure by the practitioner.

(d) When a practitioner knows that a client having immediate or prospective business before the Office expects assistance not permitted by the Rules of Professional Conduct or other law, including perpetrating a fraud, disregarding any provision of this Part, or disregarding a decision of the Office made in the course of a proceeding before the Office, the practitioner shall both consult with the client regarding the relevant limitations on the practitioner's conduct, and advise the client of the legal consequences of any proposed course of action.

(e) A practitioner shall not counsel a client having immediate or prospective business before the Office to engage, or assist said client, in conduct that the practitioner knows is criminal or fraudulent, but a practitioner may discuss the legal consequences of any proposed course of conduct with the client and may counsel or assist the client to make a good-faith effort to determine the validity, scope, meaning, or application of the law.

(f) The authority and control of a practitioner, employed by the Federal Government, over decisions concerning the representation may, by statute or regulation, be expanded beyond the limits imposed by paragraphs (a) and (c) of this section.

(g) A practitioner receiving information clearly establishing that the client has, in the course of the representation, perpetrated a fraud upon a person or tribunal in connection with practice before the Office shall promptly call upon the client to rectify the same, and if the client refuses or is unable to do so the practitioner shall reveal the fraud to the affected person or tribunal, except where the information is protected as a privileged communication.

§ 11.103 Diligence and zeal.

(a) A practitioner shall represent a client having immediate or prospective business before the Office zealously and diligently within the bounds of the law.

(b) A practitioner shall act with reasonable promptness in representing a client having immediate or prospective business before the Office.

(c) Conduct that constitutes a violation of paragraphs (a) or (b) of this section includes, but is not limited to, a practitioner:

(1) Neglecting an entrusted legal matter;

(2) Intentionally failing to seek the lawful objectives of a client through reasonably available means permitted by law and the imperative USPTO Rules of Professional Conduct; or

(3) Intentionally prejudicing or damaging a client during the course of the professional relationship.

§ 11.104 Communication.

(a) A practitioner shall keep a client having immediate or prospective business before the Office reasonably informed about the status of a matter, and promptly comply with reasonable requests for information. In particular:

(1) A practitioner who has been engaged to represent or counsel an inventor as a result of a referral from an invention promoter shall communicate directly with the inventor, and promptly report each Office action and communicate directly with the inventor; and

(2) A practitioner who has been engaged to represent or counsel an inventor or other client having immediate, prospective, or pending business before the Office as a result of a referral by a foreign attorney or foreign patent agent located in a foreign country may, with the written and informed consent of said inventor or other client, conduct said communications with the inventor or other client through said foreign attorney or foreign patent agent.

(b) A practitioner shall explain a matter to the extent reasonably necessary to permit the client having immediate or prospective business before the Office to enable the client to make informed decisions regarding the representation.

(c) A practitioner who receives an offer of settlement in an *inter partes* matter before the Office shall inform the client promptly of the substance of the communication.

(d) Conduct that constitutes a violation of paragraph (a) of this section includes, but is not limited to:

(1) Failing to inform a client or former client or failing to timely notify the Office of an inability to notify a client or former client of correspondence received from the Office or the client's or former client's opponent in an *inter partes* proceeding before the Office when the correspondence:

(i) Could have a significant effect on a matter pending before the Office;

(ii) Is received by the practitioner on behalf of a client or former client, and

(iii) Is correspondence of which a reasonable practitioner would believe under the circumstances the client or former client should be notified.

(2) [Reserved]

§ 11.105 Fees.

(a) A practitioner's fee shall be reasonable. The factors to be considered in determining the reasonableness of a fee include the following:

(1) The time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly;

(2) The likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other employment by the practitioner;

(3) The fee customarily charged in the locality for similar legal services;

(4) The amount involved and the results obtained;

(5) The time limitations imposed by the client or by the circumstances;

(6) The nature and length of the professional relationship with the client;

(7) The experience, reputation, and ability of the practitioner or practitioners performing the service; and

(8) Whether the fee is fixed or contingent.

(b) When the practitioner has not regularly represented the client having immediate or prospective business before the Office, the basis or rate of the fee shall be communicated directly to the client, in writing, before or within a reasonable time after commencing the representation. The communication shall distinguish between and specify the basis or rate for preparation and filing an application in the Office, and for prosecution of the application (including replies to Office actions, petitions, affidavits, appeal briefs, and the like).

(c) A fee in regard to practice before the Office may be contingent on the outcome of the matter for which the service is rendered, except in a matter in which a contingent fee is prohibited by paragraph (d) of this section or other law. In accordance with paragraph (a) of this section, a contingent fee shall be reasonable. A contingent fee agreement shall be in writing and shall state the method by which the fee is to be determined, including the percentage or percentages that shall accrue to the practitioner in the event of grant of a patent, registration of a mark, settlement, hearing or appeal, litigation, and other expenses to be deducted from the recovery, and whether such expenses are to be deducted before or after the contingent fee is calculated. Upon conclusion of a contingent fee matter, the practitioner shall provide the client with a written statement stating the outcome of the matter and, if there is a recovery, showing the remittance to the client and the method of its determination.

(d) A division of a fee between practitioners who are not in the same firm may be made in regard to practice before the Office only if:

(1) The division is in proportion to the services performed by each practitioner or by written agreement with the client, each practitioner assumes joint responsibility for the representation;

(2) The client is advised, in writing, of the identity of the practitioners who will participate in the representation, of the contemplated division of responsibility, and of the effect of the association of practitioners outside the firm on the fee to be charged;

(3) The client gives informed consent in writing to the arrangement; and

(4) The total fee is reasonable.

(e) Any fee that is prohibited by law is per se unreasonable.

§ 11.106 Confidentiality of information.

(a) A practitioner, in regard to practice before the Office, shall not:

(1) Reveal information relating to representation of a client unless the client gives informed consent in writing after full disclosure by the practitioner, except for disclosures that are impliedly authorized in order to carry out the representation, and except as stated in paragraphs (b), (c), or (d) of this section;

(2) Knowingly use information relating to representation of a client to the disadvantage of the client; or

(3) Use a confidence or secret of the practitioner's client for the advantage of the practitioner or of a third person.

(b) A practitioner, in regard to practice before the Office, may reveal such information to the extent the practitioner reasonably believes necessary:

(1) To prevent the client from committing a criminal act that the practitioner believes is likely to result in imminent death or substantial bodily harm; or

(2) To establish a claim or defense on behalf of the practitioner in a controversy between the practitioner and the client, to establish a defense to a criminal charge or civil claim against the practitioner based upon conduct in which the client was involved, or to respond to allegations in any proceeding concerning the practitioner's representation of a client.

(c) A practitioner, in regard to practice before the Office, shall use or reveal information relating to representation of a client to comply with the provisions of § 1.56 of this subchapter in practice before the Office in patent matters (*see* 11.303(d));

(d) A practitioner, in regard to practice before the Office may use or reveal information relating to representation of a client to comply:

(1) With the informed consent in writing of the client affected, but only after full disclosure by the practitioner to the client;

(2) With rules, law or court order when permitted by these rules or required by law or court order; or

(3) With the law or regulations of the Office, when permitted or authorized by the law or regulations, in connection with representation before the Office, whether or not the practitioner is employed by the Federal Government.

(e) The client of practitioner employed by the Federal Government is the Department, agency, or commission that employs the practitioner unless appropriate law, regulation, or order expressly provides to the contrary.

(f) A practitioner shall exercise reasonable care to prevent the practitioner's employees, associates, and others whose services are utilized by the practitioner from disclosing or using such information of a client, except that such persons may reveal information permitted to be disclosed by paragraphs (c), (d), or (e) of this section.

(g) The practitioner's obligation to preserve in confidence such information continues after termination of the practitioner's employment, except as provided for in § 1.56.

(h) The obligation of a practitioner under paragraph (a) of this section also applies to such information learned prior to becoming a practitioner in the course of providing assistance to another practitioner.

§ 11.107 Conflict of interest: General rule.

(a) A practitioner shall not represent a client having immediate or prospective business before the Office if the representation of that client will be directly adverse to another client having immediate or prospective business before the Office, unless:

(1) The practitioner reasonably believes the representation will not adversely affect the relationship with the other client; and

(2) Each client gives informed consent in writing after full disclosure by the practitioner. When a practitioner has both an inventor and an invention promoter, who referred the inventor to

the practitioner, as clients the disclosure and consent shall be in writing.

(b) A practitioner shall not represent a client if the representation of that client may be materially limited by the practitioner's responsibilities to another client or to a third party, or by the practitioner's own interests, where any of the clients or third party have immediate or prospective business before the Office, unless:

(1) The practitioner reasonably believes the representation will not be adversely affected; and

(2) The client gives informed consent in writing after full disclosure, including implications of the common representation and the advantages and risks involved, by the practitioner.

(c) The requirements of paragraph (b) of this section apply when the third party is an invention promoter, or the practitioner's interests involve receiving payment from an invention promoter.

§ 11.108 Conflict of interest: Prohibited transactions.

(a) A practitioner shall not enter into a business transaction with a client having immediate or prospective business before the Office, or knowingly acquire an ownership, possessory, security, or other pecuniary interest adverse to a client having immediate or prospective business before the Office unless:

(1) The transaction and terms on which the practitioner acquires the interest are fair and reasonable to the client, and are fully disclosed and transmitted in writing by the practitioner to the client in a manner which can be reasonably understood by the client;

(2) The client is advised to and given a reasonable opportunity by the practitioner to seek the advice of independent counsel in the transaction; and

(3) The client gives informed consent in writing thereto after full disclosure by the practitioner.

(b) A practitioner shall not use information relating to representation of a client having immediate or prospective business before the Office to the disadvantage of the client unless the client gives informed consent in writing after full disclosure by the practitioner, except as permitted or required by §§ 11.106 or 11.303.

(c) A practitioner shall not prepare an instrument giving the practitioner or a person related to the practitioner as parent, child, sibling, or spouse any substantial gift from a client having immediate or prospective business before the Office, including a testamentary gift, except where the client is related to the donee.

(d) Prior to the conclusion of representation of a client having immediate or prospective business before the Office, a practitioner shall not make or negotiate an agreement giving the practitioner literary or media rights to a portrayal or account based in substantial part on information relating to the representation.

(e) A practitioner shall not provide financial assistance to a client in connection with pending or contemplated litigation or proceeding before the Office, except that:

(1) A practitioner may advance court costs and expenses of litigation, or a proceeding before the Office, the repayment of which may be contingent on the outcome of the matter;

(2) A practitioner representing an indigent client may pay court or Office costs and expenses of litigation or proceeding before the Office on behalf of the client; and

(3) A practitioner may advance or guarantee the expenses of going forward in a proceeding before the Office including fees required by law to be paid to the Office in connection with the prosecution of the matter, expenses of investigation, expenses of medical examination, and costs of obtaining and presenting evidence, provided the client remains ultimately liable for such expenses. A practitioner may, however, advance any fee required to prevent or remedy an abandonment of a client's application by reason of an act or omission attributable to the practitioner and not to the client, whether or not the client is ultimately liable for such fee.

(f) A practitioner shall not accept compensation for representing a client having immediate or prospective business before the Office from one other than the client unless:

(1) The client gives informed consent, confirmed in writing, after full disclosure by the practitioner;

(2) There is no actual or potential interference with the practitioner's independence of professional judgment or with the attorney-client or agent-client relationship; and

(3) Information relating to representation of a client is protected as required by § 11.106.

(g) A practitioner who represents two or more clients having immediate or prospective business before the Office shall not participate in making an aggregate settlement of the claims of or against the clients, unless each client gives informed consent, confirmed in writing, after full disclosure by the practitioner, including disclosure of the existence and nature of all the claims or pleas involved and of the participation of each person in the settlement.

(h) A practitioner, in regard to practice before the Office, shall not:

(1) Make an agreement prospectively limiting the practitioner's liability to a client or former client for malpractice unless permitted by law and the client is independently represented in making the agreement; or

(2) Settle a claim for such liability with an unrepresented client or former client without first advising that person in writing that independent representation is appropriate in connection therewith.

(i) A practitioner related to another practitioner as parent, child, sibling, or spouse shall not represent a client having immediate or prospective business before the Office in a representation directly adverse to a person who the practitioner knows is represented by the other practitioner except upon informed consent by the client, confirmed in writing, after full disclosure by the practitioner regarding the relationship.

(j) A practitioner shall not acquire a proprietary interest in papers received from a client having immediate or prospective business before the Office, or in a proceeding before the Office that the practitioner is conducting for a client, except that the practitioner may:

(1) Acquire a lien granted by law to secure the practitioner's fee or expenses except as provided in § 11.116(d); and

(2) Contract with a client for a reasonable contingent fee in a civil case or proceeding before the Office; or

(3) In a patent case, after complying with the provisions of paragraph (a) of this section, and, in the case of a practitioner who is or has been an officer or employee of the Office, only at such time and insofar as is permitted by 35 U.S.C. 4, take an interest in a patent or in the proceeds from a patent as part or all of his or her fee. However, the fee obtained by said interest may not exceed an amount that is reasonable. *See* § 11.105(a).

(k) If an invention promoter provides the practitioner with access to an inventor-client whom the practitioner undertakes to represent before the Office, the practitioner shall not accept or continue representation of the inventor-client without providing full disclosure of all conflicts in writing to the inventor-client where:

(1) The practitioner has a legal, business, financial, professional, or personal relationship with a company in the same matter; or

(2) The practitioner has or had a legal, business, financial, professional, or personal relationship with another

person the practitioner knows or reasonably should know would be affected substantially by the representation or lack of representation of the inventor-client.

§ 11.109 Conflict of interest: Former client.

(a) A practitioner who, in practice before the Office, has formerly represented a client shall not thereafter represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client gives informed consent, confirmed in writing, after consultation.

(b) A practitioner, in regard to practice before the Office, shall not knowingly represent a person in the same or substantially related matter in which a firm or a member of the firm, with which the practitioner formerly was associated, had previously represented a client,

(1) Whose interests are materially adverse to that person; and

(2) About whom the practitioner has acquired information protected by §§ 11.106 and 11.109(c) that is material to the matter; unless the former client gives informed consent, confirmed in writing, after full disclosure by the practitioner;

(c) A practitioner who has formerly represented a client in a matter before the Office, or whose present or former firm, or a practitioner in the firm, has formerly represented a client in a matter before the Office shall not thereafter:

(1) Use information relating to the representation to the disadvantage of the former client except as §§ 11.106 or 11.303 would permit or require with respect to a client, or when the information has become generally known; or

(2) Reveal information relating to the representation except as §§ 11.106 or 11.303 would permit or require with respect to a client.

§ 11.110 Imputed disqualification: General rule.

(a) While practitioners are associated in a firm, or are associated on a continuing basis with an invention promoter, none of them shall knowingly represent a client having immediate or prospective business before the Office when any one of them practicing alone would be prohibited from doing so by §§ 11.107, 11.108(b), 11.109, or 11.202.

(b) In regard to practice before the Office, when a practitioner has terminated an association with a firm, the firm is not prohibited from thereafter representing a person with interests materially adverse to those of a client represented by the formerly associated practitioner, and not currently represented by the firm, unless:

(1) The matter is the same or substantially related to that in which the formerly associated practitioner represented the client; and

(2) Any practitioner remaining in the firm has information protected by §§ 11.106 and 11.109(c) that is material to the matter.

(c) A disqualification prescribed by this section may be waived by the affected client under the conditions stated in § 11.107.

§ 11.111 Successive Government and private employment.

(a) A practitioner shall not accept private employment in connection with a matter that is the same as, or substantially related to, a matter in which the practitioner participated personally and substantially as an employee of the Office. Such participation includes, but is not limited to, acting on the merits of a matter in an administrative or adjudicative capacity.

(b) If a practitioner is required to decline or to withdraw from employment under paragraph (a) of this section on account of personal and substantial participation in a matter, no partner or associate of that practitioner, or practitioner with an of counsel relationship to that practitioner, may accept or continue such employment except as provided in paragraph (c) of this section. The disqualification of such other practitioners does not apply if the sole form of participation was as a judicial or administrative law clerk, including a law clerk at the Board of Patent Appeals and Interferences, or at the Trademark Trial and Appeal Board.

(c) The prohibition stated in paragraph (b) of this section shall not apply if the personally disqualified practitioner is screened from any form of participation in the matter or representation as the case may be, and from sharing in any fees resulting therefrom, and if the requirements of paragraphs (d) and (e) of this section are satisfied.

(d) Except as law may otherwise expressly permit, a practitioner having information that the practitioner knows is confidential Government information about a person that was acquired when the practitioner was an employee of the Office, may not represent a private client whose interests are adverse to that person in a matter in which the information could be used to the material disadvantage of that person. A firm with which that practitioner is associated may undertake or continue representation in the matter only if the disqualified practitioner is screened from any participation in the matter and is apportioned no part of the fee therefrom.

(e) Except as law may otherwise expressly permit, a practitioner serving as an employee of the Office shall not:

(1) Participate in a matter in which the practitioner participated personally and substantially while in private practice or nongovernmental employment, unless under applicable law no one is, or by lawful delegation may be, authorized to act in the practitioner's stead in the matter; or

(2) Negotiate for private employment with any person who is involved as a party or as practitioner for a party in a matter in which the practitioner is participating personally or substantially, except:

(i) A practitioner serving as a law clerk to a judge, administrative law judge, administrative patent judge, or administrative trademark judge may negotiate for private employment as permitted by § 11.112(b) and subject to the conditions stated in § 11.112(b); and

(ii) A practitioner serving in the Office may negotiate for employment with a party or practitioner involved in a matter in which the practitioner is participating personally and substantially, but only after the practitioner has notified his or her supervisor, and the matter is withdrawn from the practitioner's scope of authority.

(f) A practitioner serving in the Office shall not in any manner assist his or her former client, or another practitioner in the presentation or prosecution of said former client's patent application before the Office, including, but not limited to, providing assistance regarding the presentation or amendment of the specification, claims, or drawings, a translation of any foreign document, or provision of funds.

(g) As used in this section, the terms *matter, participated, personally,* and *substantially* are described in § 11.10(b)(3).

(h) As used in this section, the term *confidential Government information* means information that has been obtained under governmental authority and which, at the time this section is applied, the Government is prohibited by law from disclosing to the public or has a legal privilege not to disclose, and which is not otherwise available to the public.

(i) Conduct that constitutes a violation of paragraph (a) of this section includes, but is not limited to:

(1) A practitioner preparing or prosecuting or providing assistance in

the preparation or prosecution of a patent application in violation of an undertaking signed under § 11.10(b), or knowingly aiding in any manner another practitioner in conduct violating an undertaking signed by the other practitioner under § 11.10(b).

§ 11.112 Former judge or arbitrator.

(a) Except as stated in paragraph (b) of this section, a practitioner shall not represent anyone in connection with a matter before the Office in which the practitioner participated personally and substantially as an arbitrator, unless all parties to the proceeding give informed consent, confirmed in writing, after disclosure by the practitioner.

(b) A practitioner shall not negotiate for employment with any person who is involved as a party or as practitioner for a party in a matter in which the practitioner is participating personally and substantially as a judge, administrative law judge, administrative patent judge, administrative trademark judge, or other adjudicative officer, or arbitrator. A practitioner serving as a law clerk to a judge, administrative patent judge, administrative trademark judge, other adjudicative officer or arbitrator may negotiate for employment with a party or practitioner involved in a matter in which the clerk is participating personally and substantially, but only after the practitioner has notified the judge, other adjudicative officer or arbitrator.

(c) If a practitioner is disqualified by paragraph (a) of this section, no practitioner in a firm with which that practitioner is associated may knowingly undertake or continue representation in the matter unless:

(1) The disqualified practitioner is screened from any participation in the matter and is apportioned no part of the fee therefrom; and

(2) Written notice is promptly given to the appropriate tribunal to enable it to ascertain compliance with the provisions of this section.

(d) An arbitrator selected as a partisan of a party in a multimember arbitration panel is not prohibited from subsequently representing that party.

§ 11.113 Organization as client.

(a) A practitioner employed or retained by an organization represents the organization, which acts through its duly authorized constituents.

(b) If a practitioner employed or retained by an organization having immediate or prospective business before the Office knows that an officer, employee or other person associated with the organization is engaged in action, intends to act or refuses to act in a matter related to the representation that is a violation of a legal obligation to the organization, or a violation of law which reasonably might be imputed to the organization, and is likely to result in substantial injury to the organization, the practitioner shall proceed as is reasonably necessary in the best interest of the organization. In determining how to proceed, the practitioner shall give due consideration to the seriousness of the violation and its consequences, the scope and nature of the practitioner's representation, the responsibility in the organization and the apparent motivation of the person involved, the policies of the organization concerning such matters and any other relevant considerations. Any measures taken shall be designed to minimize disruption of the organization and the risk of revealing information relating to the representation to persons outside the organization. Such measures may include among others:

(1) Asking reconsideration of the matter;

(2) Advising that a separate legal opinion on the matter be sought for presentation to appropriate authority in the organization; and

(3) Referring the matter to higher authority in the organization, including, if warranted by the seriousness of the matter, referral to the highest authority that can act in behalf of the organization as determined by applicable law.

(c) If, despite the practitioner's efforts in accordance with paragraph (b) of this section, the highest authority that can act on behalf of the organization insists upon acting, or a refusal to act, that is clearly a violation of law and is likely to result in substantial injury to the organization, the practitioner may resign in accordance with § 11.116.

(d) In dealing with an organization's directors, officers, employees, members, shareholders, or other constituents, a practitioner shall explain the identity of the client when it is apparent that the organization's interests may be adverse to those of the constituents with whom the practitioner is dealing.

(e) A practitioner representing an organization may also represent any of its directors, officers, employees, members, shareholders, or other constituents, subject to the provisions of § 11.107. If the organization's consent to the dual representation is required by § 11.107, the consent shall be confirmed in writing by an appropriate official of the organization other than the individual who is to be represented, or by the shareholders.

§ 11.114 Client under a disability.

(a) When the ability of a client who has immediate or prospective business before the Office, to make adequately considered decisions in connection with the representation is impaired, whether because of minority, mental disability, or for some other reason, the practitioner shall, as far as reasonably possible, maintain a normal attorney-client or agent-client relationship with the client.

(b) A practitioner may seek the appointment of a guardian or take other protective action with respect to a client having immediate or prospective business before the Office, only when the practitioner reasonably believes that the client cannot adequately act in the client's own interest.

§ 11.115 Safekeeping property.

(a) All funds received or held by a practitioner or law firm on behalf of a client having immediate or prospective business before the Office, other than reimbursement of advances for costs and expenses, shall be deposited in one or more identifiable escrow accounts maintained at a financial institution in the State, authorized by Federal or State law to do business in the jurisdiction where the practitioner or law firm is situated and which is a member of the Federal Deposit Insurance Corporation, or the Federal Savings and Loan Insurance Corporation, or successor agencies or, in the case of a practitioner having an office in a foreign country or registered under § 11.6(c), in said financial institution in the United States or in a comparable financial institution in a foreign country, and no funds belonging to the practitioner or law firm shall be deposited therein except as follows:

(1) Funds reasonably sufficient to pay service or other charges or fees imposed by the financial institution may be deposited therein; or

(2) Funds belonging in part to a client and in part presently or potentially to the practitioner or law firm must be deposited in said financial institution, and the portion belonging to the practitioner or law firm must be withdrawn promptly after it is due unless the right of the practitioner or law firm to receive it is disputed by the client, in which event the disputed portion shall not be withdrawn until the dispute is finally resolved.

(b) A practitioner having an arrangement with an invention promoter for payment of his or her legal fees for legal services rendered for a client referred to the practitioner by the promoter must ascertain upon accepting said referral whether the client advances

funds for legal services to the promoter, and must take all reasonable steps to safeguard the advanced funds.

(c) When in the course of representation before the Office a practitioner is in possession of property in which both the practitioner and another person claim interests, the practitioner shall keep the property separate until there is an accounting and severance of their interests. If a dispute arises concerning their respective interests, the practitioner shall keep the portion in dispute separate until the dispute is resolved.

(d) A practitioner, in connection with a client having immediate or prospective business before the Office, shall:

(1) Promptly notify a client of the receipt of the client's funds, securities, or other properties;

(2) Identify and label securities and properties of a client promptly upon receipt and place them in a safe deposit box or other place of safekeeping as soon as practicable;

(3) Maintain complete records of all funds, securities, and other properties of a client coming into the possession of the practitioner and render appropriate accounts to the client regarding them; and

(4) Promptly pay and deliver to the client or another as requested by such person the funds, securities, or other properties in the possession of the practitioner that such person is entitled to receive.

(e) *Funds, securities or other properties.* Funds, securities or other properties held by a practitioner or law firm as a fiduciary in connection with a client having immediate or prospective business before the Office shall be maintained in separate fiduciary accounts, and the practitioner or law firm shall not commingle the assets of such fiduciary accounts in a common account (including a book-entry custody account), except in the following cases:

(1) Funds may be maintained in a common escrow account subject to the provisions of paragraphs (a) and (c) of this section when authorized by professional conduct rules for lawyers in the jurisdiction where the practitioner or law firm is situated; or

(2) Funds, securities or other properties may be maintained in a common account when authorized by professional conduct rules for lawyers in the jurisdiction where the practitioner or law firm is situated.

(f) *Recordkeeping requirements, required books and records.* Every practitioner in regard to his or her practice before the Office shall maintain or cause to be maintained, on a current basis, books and records that establish compliance with paragraphs (a) and (d) of this section. Whether a practitioner or a law firm maintains computerized records or a manual accounting system, such system shall produce the records or information required by this section.

(1) In the case of funds held in an escrow account subject to this section, the required books and records include:

(i) A cash receipts journal or journals listing all funds received, the sources of the receipts and the date of receipts. Checkbook entries of receipts and deposits, if adequately detailed and bound, may constitute a journal for this purpose. If separate cash receipts journals are not maintained for escrow and non-escrow funds, then the consolidated cash receipts journal shall contain separate columns for escrow and non-escrow receipts;

(ii) A cash disbursements journal listing and identifying all disbursements from the escrow account. Checkbook entries of disbursements, if adequately detailed and bound, may constitute a journal for this purpose. If separate disbursements journals are not maintained for escrow and non-escrow disbursements then the consolidated disbursements journal shall contain separate columns for escrow and non-escrow disbursements;

(iii) A subsidiary ledger containing a separate account for each client and for every other person or entity from whom money has been received in escrow shall be maintained. The ledger account shall by separate columns or otherwise clearly identify escrow funds disbursed, and escrow funds balance on hand. The ledger account for a client or a separate subsidiary ledger account for a client shall clearly indicate all fees paid from trust accounts; and

(iv) Reconciliations and supporting records required under this section.

(2) The records required under paragraph (f)(1) of this section shall be preserved for at least five full calendar years following termination of the fiduciary relationship.

(3) In the case of funds or property held by a practitioner or law firm as a fiduciary subject to paragraph (c) of this section, the required books and records include:

(i) An annual summary of all receipts and disbursements and changes in assets comparable to an accounting that would be required of a court supervised fiduciary in the same similar capacity. Such annual summary shall be in sufficient detail as to allow a reasonable person to determine whether the practitioner is properly discharging the obligations of the fiduciary relationship; and

(ii) Original source documents sufficient to substantiate and, when necessary, to explain the annual summary required under paragraph (f)(2)(A) of this section.

(4) The records required under paragraph (f)(3) of this section shall be preserved for at least five full years following the termination of the fiduciary relationship.

(g) *Required escrow accounting procedures.* The following minimum accounting procedures are applicable to all escrow accounts subject to paragraphs (a) and (c) of this section by practitioners in regard to practice before the Office.

(1) Insufficient fund check reporting.

(i) *Clearly identified escrow accounts required.* A practitioner or law firm shall deposit all funds held in escrow in a clearly identified account, and shall inform the financial institution in writing of the purpose and identity of the account. Practitioner escrow accounts shall be maintained only in financial institutions authorized by these rules.

(ii) *Overdraft notification.* A financial institution may report to the Office of Enrollment and Discipline if any instrument which would be properly payable if sufficient funds were available, is presented against a practitioner escrow account containing insufficient funds, irrespective of whether or not the instrument is honored.

(iii) *Overdraft reports.* All reports made by a financial institution shall be in the following format:

(A) In the case of a dishonored instrument, the report shall be identical of the overdraft customarily forwarded to the depositor, and should include a copy of the dishonored instrument, if such a copy is normally provided to depositors;

(B) In the case of instruments that are presented against insufficient funds but which instruments are honored, the report shall identify the financial institution, the practitioner or law firm, the account name, the account number, the date of presentation for payment, and the date paid, as well as the amount of the overdraft created thereby; and

(C) Every practitioner or law firm shall be conclusively deemed to have consented to the reporting and production requirements mandated by this section.

(2) *Deposits.* All receipts of escrow money shall be deposited intact and a retained duplicate deposit slip or other such record shall be sufficiently

detailed to show the identity of each item.

(3) *Deposit of mixed escrow and non-escrow funds other than fees and retainers.* Mixed escrow and non-escrow funds shall be deposited intact to the escrow account. The non-escrow portion shall be withdrawn upon the clearing of the mixed fund deposit instrument.

(4) *Periodic trial balance.* A regular periodic trial balance of the subsidiary ledger shall be made at least quarterly, within 30 days after the close of the period and shall show the escrow account balance of the client or other period at the end of each period.

(A) The total of the trial balance must agree with the control figure computed by taking the beginning balance, adding the total monies received in escrow for the period and deducting the total escrow monies disbursed for the period; and

(B) The trial balance shall identify the preparer and be approved by the practitioner or one of the practitioners in the law firm.

(5) *Reconciliations.* (i) A monthly reconciliation shall be made at month end of the cash balance derived from the cash receipts journal and cash disbursements journal total, the escrow account checkbook balance, and the escrow account bank Statement balance;

(ii) A periodic reconciliation shall be made at least quarterly, within 30 days after the close of the period, reconciling cash balances to the subsidiary ledger trial balance;

(iii) Reconciliations shall identify the preparer and be approved by the practitioner or one of the practitioners in the law firm.

(6) *Receipts and disbursements explained.* The purpose of all receipts and disbursements of escrow funds reported in the escrow journals and subsidiary ledgers shall be explained and supported by adequate records.

(h) All financial accounts kept by a registered practitioner must comply with the provisions of paragraph (f) of this section, except that:

(1) *Attorneys:* The financial records maintained by a practitioner who is an attorney in good standing of a bar of the highest court in a state will be deemed to be in substantial compliance with the provisions of paragraphs (f) and (g) of this section if the attorney's principal place of business is in the United States, and the financial records are in compliance with the financial recordkeeping requirements of the state bar of which he or she is a member in good standing; or

(2) *Patent agents employed by a law firm:* The trust account records maintained by a law firm with regard to a patent agent employed by the law firm will be deemed to be in substantial compliance with the provisions of paragraphs (f) and (g) of this section for the patent agent if the principal place of business of the law firm and the patent agent are in the United States, the patent agent is employed by the law firm, and the financial records maintained by the law firm comply with the financial record-keeping requirements that apply to at least one attorney in the law firm at the principal place of business.

(i) Conduct that constitutes a violation of paragraph (a) of this section includes, but is not limited to misappropriation of, or failure to properly or timely remit, funds received by a practitioner or the practitioner's firm from a client having immediate or prospective business before the Office to pay a fee which the client is required by law to pay to the Office.

§ 11.116 Declining or terminating representation.

(a) Except as stated in paragraph (c) of this section, a practitioner shall not represent a client before the Office, or where representation has commenced, shall withdraw from the representation of a client before the Office if:

(1) The representation will result in violation of the Rules of Professional Conduct or other law;

(2) The practitioner's physical or mental condition materially impairs the practitioner's ability to represent the client;

(3) The practitioner is discharged; or

(4) The practitioner becomes an employee of the Office, and before becoming an employee the practitioner has a matter, including a patent application, in which the practitioner acts as attorney or agent for prosecuting a claim against the United States, or receives any gratuity, or any share of or interest in such claim, or acts as attorney or agent for anyone before the Office in which the United States is a party or has a substantial interest. In the latter instance, the practitioner shall withdraw before the first day of employment at the Office from every such matter.

(b) Except as stated in paragraph (c) of this section, a practitioner may withdraw from representing a client before the Office if withdrawal can be accomplished without material adverse effect on the interests of the client, or if:

(1) The client persists in a course of action involving the practitioner's services that the practitioner reasonably believes is criminal or fraudulent;

(2) The client has used the practitioner's services to perpetrate a crime or fraud;

(3) A client insists upon pursuing an objective that the lawyer considers repugnant or imprudent;

(4) The client fails substantially to fulfill an obligation to the practitioner regarding the practitioner's services and has been given reasonable warning that the practitioner will withdraw unless the obligation is fulfilled;

(5) The representation will result in an unreasonable financial burden on the practitioner or obdurate or vexatious conduct on the part of the client has rendered the representation unreasonably difficult; or

(6) Other good cause for withdrawal exists.

(c) When ordered to do so by the Office, a practitioner shall continue representation notwithstanding good cause for terminating the representation.

(d) Upon termination of representation before the Office, a practitioner shall take steps reasonably practicable to protect a client's interests, such as giving reasonable notice to the client, allowing time for employment of other counsel, surrendering papers and property to which the client is entitled, and refunding any advance payment of fee that has not been earned. The practitioner may retain papers relating to the client to the extent permitted by other law, § 11.108(j), but in regard to any proceeding before the Office a practitioner shall not retain:

(1) Any part of the client's files regarding the proceeding, including patent or trademark application files, that has been filed with the Office,

(2) Any work product regarding the proceeding for which the practitioner has been paid, or

(3) Any proceeding-related paper whenever assertion of a retaining lien on the paper would materially prejudice or imperil the protection of the client's interests.

§ 11.117 Sale of practice.

A practitioner may sell or purchase a law practice involving patent or trademark matters before the Office, including good will, if the following conditions are satisfied:

(a) The seller ceases to engage in the private practice before the Office;

(b) The practice, to the extent it involves patent proceedings, is sold as an entirety to another registered practitioner or firm comprising registered practitioners;

(c) Actual written notice is given to each of the seller's clients having immediate or prospective business before the Office regarding:

(1) The proposed sale;

(2) The terms of any proposed change in the fee arrangement authorized by paragraph (d) of this section;

(3) The client's right to retain other counsel or to take possession of the file; and

(4) The fact that the client's consent to the sale will be presumed if the client does not take any action or does not otherwise object within ninety (90) days after receipt of the notice. If a client cannot be given notice, the representation of that client may be transferred to the purchaser only upon entry of an order so authorizing by a court having jurisdiction. The seller may disclose to the court in camera information relating to the representation only to the extent necessary to obtain an order authorizing the transfer of a file.

(d) The fees charged clients having immediate or prospective business before the Office shall not be increased by reason of the sale. The purchaser may, however, refuse to undertake the representation unless the client gives informed consent, confirmed in writing, to pay the purchaser fees at a rate not exceeding the fees charged by the purchaser for rendering substantially similar services prior to the initiation of the purchase negotiations.

§§ 11.118–11.200 [Reserved]

Counselor

§ 11.201 Advisor.

(a) In representing a client having immediate or prospective business before the Office, a practitioner shall exercise independent professional judgment and render candid advice. In rendering advice, a practitioner may refer not only to law but also to other considerations such as moral, economic, social and political factors that may be relevant to the client's situation.

(b) In rendering patentability advice to a client referred by an invention promoter, a practitioner shall identify the element(s) of the references and invention considered, and specify the element or combination of elements of the invention that are believed to support a conclusion that the invention may be patentable.

§ 11.202 Intermediary.

(a) A practitioner may act as intermediary between clients, any one of which has immediate or prospective business before the Office, if:

(1) The practitioner consults with each client concerning the implications of the common representation, including the advantages and risks involved, and the effect on the attorney-client or agent-client privileges, and the practitioner obtains from each client informed consent, confirmed in writing, to the common representation;

(2) The practitioner reasonably believes that the matter can be resolved on terms compatible with the clients' best interests, that each client will be able to make adequately informed decisions in the matter, and that there is little risk of material prejudice to the interests of any of the clients if the contemplated resolution is unsuccessful; and

(3) The practitioner reasonably believes that the common representation can be undertaken impartially and without improper effect on other responsibilities the practitioner has to any of the clients.

(b) While acting as intermediary between clients, any one of which has immediate or prospective business before the Office, the practitioner shall consult with each client concerning the decisions to be made and the considerations relevant in making them, so that each client can make adequately informed decisions.

(c) A practitioner shall withdraw as intermediary between clients, any one of which has immediate or prospective business before the Office, if any of the clients so request, or if any of the conditions stated in paragraph (a) of this section are no longer satisfied. In connection with a proceeding pending before the Office, the practitioner shall submit a written request to withdraw to the USPTO Director. Upon withdrawal, the practitioner shall not continue to represent any of the clients in the matter that was the subject of the intermediation.

(d) Except in unusual circumstances that may make it infeasible, prior to undertaking intermediation in a matter between clients who are an inventor and an invention promoter, a practitioner shall provide both clients with full disclosure of all potential and actual conflicts of interest, and obtain from each client informed consent, confirmed in writing.

§ 11.203 Evaluation for use by third persons.

(a) A practitioner may undertake an evaluation of a matter affecting a client for the use of someone other than the client, where either the client or other person has immediate or prospective business before the Office, if:

(1) The practitioner reasonably believes that making the evaluation is compatible with other aspects of the practitioner's relationship with the client; and

(2) The client gives informed consent, confirmed in writing, after full disclosure by the practitioner.

(b) Except as disclosure is required in connection with a report of an evaluation regarding a patent, trademark or other non-patent law matter before the Office, information relating to the evaluation is otherwise protected by § 11.106.

(c) If a practitioner provides an evaluation regarding a patent, trademark or other non-patent matter before the Office to an invention promoter, which the invention promoter forwards in whole or in part to an inventor, and the evaluation includes any evaluation of patentability, the inventor shall constitute a client of the practitioner and provisions of §§ 11.104(a)(1), 11.107(a)(2), 11.107(b)(2), 11.108(f)(1), 11.201(b), 11.202(d), and 11.701(b), and the practitioner must satisfy the provisions of §§ 11.804(h)(2) or (h)(3) before the practitioner provides any evaluation. The evaluation may not disclose or be based upon knowledge or information that the inventor regards as confidential, and may not otherwise provide publication of the invention prior to the filing of an application for the inventor.

§§ 11.204–11.300 [Reserved]

Advocate

§ 11.301 Meritorious claims and contentions.

A practitioner shall not bring or defend a proceeding before the Office, or assert or controvert an issue therein, unless there is a basis for doing so that is not frivolous, which includes a good-faith argument for an extension, modification, or reversal of existing law.

§ 11.302 Expediting litigation and Office proceedings.

(a) A practitioner shall make reasonable efforts to expedite proceedings before the Office consistent with the interests of the client.

(b) In representing a client having immediate or prospective business before the Office, a practitioner shall not delay a proceeding when the practitioner knows or when it is obvious that such action would serve solely to harass or maliciously injure another.

§ 11.303 Candor toward the tribunal.

(a) A practitioner, in regard to practice before the Office, shall not knowingly:

(1) Make a false statement of material fact or law to a tribunal;

(2) Fail to disclose a material fact to the Office when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client;

(3) Fail to disclose to the Office legal authority in the controlling jurisdiction known to the practitioner to be directly adverse to the position of the client and not disclosed by opposing counsel; or

(4) Offer evidence that the practitioner knows to be false or misleading. If a practitioner has offered material evidence and comes to know of its falsity or that it is misleading, the practitioner shall take reasonable remedial measures. If a practitioner has offered evidence in the Office material to patentability in regard to a patent or patent application, and comes to know of its falsity or that it is misleading, the practitioner shall disclose to the Office in writing information regarding the falsity or that it is misleading with respect to each pending claim until the claim is cancelled or withdrawn from consideration, or the application becomes abandoned.

(b) The duties stated in paragraph (a) of this section continue to the conclusion of the proceeding, and apply even if compliance requires disclosure of information otherwise protected by § 11.106.

(c) A practitioner, in regard to practice before the Office, may refuse to offer evidence that the practitioner reasonably believes is false or misleading.

(d) In a proceeding before the Office other than those involving the granting of a patent or registration of a mark, a practitioner shall inform the Office of all material facts known to the practitioner that will enable the Office to make an informed decision, whether or not the facts are adverse. In a patent proceeding before the Office, a practitioner shall inform the Office of all information material to patentability known to the practitioner in accordance with § 1.56, whether or not such information is adverse.

(e) Conduct that constitutes a violation of paragraphs (a) through (d) of this section includes, but is not limited to:

(1) Knowingly misusing a ''Certificate of Mailing or Transmission'' under § 1.8 of this subchapter;

(2) Knowingly violating or causing to be violated the requirements of §§ 1.56 or 1.555 of this subchapter;

(3) Except as permitted by § 1.52(c) of this subchapter, knowingly filing or causing to be filed a patent application containing any material alteration made in the application papers after the signing of the accompanying oath or declaration without identifying the alteration at the time of filing the application papers;

(4) Knowingly signing a paper filed in the Office in violation of the provisions of § 11.18 or making a scandalous statement in a paper filed in the Office; and

(5) Knowingly giving false or misleading information or knowingly participating in a material way in giving false or misleading information, to the Office or any employee of the Office.

§ 11.304 Fairness to opposing party, the Office, and counsel.

A practitioner, in regard to practice before the Office, shall not:

(a) Unlawfully obstruct another party's access to evidence or unlawfully alter, destroy or conceal documents or other material having potential evidentiary value. A practitioner shall not counsel or assist another person to do any such act;

(b) Falsify evidence, counsel or assist a witness to testify falsely, or offer an inducement to a witness that is prohibited by law;

(c) Knowingly disobey an obligation under the rules of the Office except for an open refusal based on an assertion that no valid obligation exists;

(d) In an *inter partes* proceeding before the Office, make a frivolous discovery request, or fail to make a reasonably diligent effort to comply with a legally proper discovery request by an opposing party;

(e) In a proceeding before the Office, allude to any matter that the practitioner does not reasonably believe is relevant or that will not be supported by admissible evidence, assert personal knowledge of facts in issue except when testifying as a witness, or state a personal opinion as to the justness of a cause, the credibility of a witness, the culpability of a civil litigant, or the guilt or innocence of an accused; or

(f) Request a person other than a client to refrain from voluntarily giving relevant information to another party unless:

(1) The person is a relative or an employee or other agent of a client; and

(2) The practitioner reasonably believes that the person's interests will not be adversely affected by refraining from giving such information.

§ 11.305 Impartiality and decorum of the tribunal.

A practitioner shall not:

(a) Seek to influence an administrative law judge, administrative patent judge, administrative trademark judge, hearing officer, tribunal, employee of a tribunal, or other official by means prohibited by law;

(b) Communicate ex parte with such a person except as permitted by law; or

(c) Engage in conduct intended to disrupt a tribunal.

(d) Conduct that constitutes a violation of paragraphs (a) through (c) of this section includes, but is not limited to:

(1) Directly or indirectly improperly influencing, attempting to improperly influence, offering or agreeing to improperly influence, or attempting to offer or agree to improperly influence an official action of any tribunal or employee of a tribunal by:

(i) Use of threats, false accusations, duress, or coercion;

(ii) An offer of any special inducement or promise of advantage, or

(iii) Improperly bestowing of any gift, favor, or thing of value.

§ 11.306 [Reserved]

§ 11.307 Practitioner as witness.

(a) A practitioner shall not act as advocate in a proceeding before the Office in which the practitioner is likely to be a necessary witness except where:

(1) The testimony relates to an uncontested issue;

(2) The testimony relates to the nature and value of legal services rendered in the case; or

(3) Disqualification of the practitioner would work substantial hardship on the client.

(b) A practitioner may act as advocate in a proceeding before the Office in which another practitioner in the practitioner's firm is likely to be called as a witness unless precluded from doing so by §§ 11.107 or 11.109. The provisions of this paragraph do not apply if the practitioner who is appearing as an advocate is employed by, and appears on behalf of, a Government agency.

§ 11.308 [Reserved]

§ 11.309 Advocate in nonadjudicative proceedings.

A practitioner representing a client before a legislative or administrative body in a nonadjudicative proceeding shall disclose that the appearance is in a representative capacity and shall conform to the provisions of §§ 11.303(a) through (c), 11.304(a) through (c), and 11.305.

§§ 11.310–11.400 [Reserved]

Transactions With Persons Other Than Clients

§ 11.401 Truthfulness in statements to others.

In the course of representing a client having immediate or prospective business before the Office, a practitioner shall not knowingly:

(a) Make a false statement of material fact or law to a third person; or

(b) Fail to disclose a material fact to a third person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited by § 11.106.

§ 11.402 Communication with person represented by counsel.

(a) In representing a client having immediate or prospective business before the Office a practitioner shall not communicate or cause another to communicate about the subject of the representation with a party the practitioner knows to be represented by another practitioner in the matter, unless the practitioner has the consent of the practitioner representing such other party or is authorized by law to do so.

(b) For purposes of this section, the term *party* includes any person, including an employee of a party organization, who has the authority to bind a party organization as to the representation to which the communication relates.

(c) This section does not prohibit communication by a practitioner with Government officials who have the authority to redress the grievances of the practitioner's client, whether or not those grievances or the practitioner's communications relate to matters that are the subject of the representation, provided that in the event of such communications the disclosures specified in paragraph (b) of this section are made to the Government official to whom the communication is made.

§ 11.403 Dealing with unrepresented person.

In dealing with a person who is not represented by counsel on behalf of a client having immediate or prospective business before the Office, a practitioner shall not state or imply to unrepresented persons that the practitioner is disinterested. When the practitioner knows or reasonably should know that the unrepresented person misunderstands the practitioner's role in the matter, the practitioner shall make reasonable efforts to correct the misunderstanding.

§ 11.404 Respect for rights of third persons.

In representing a client having immediate or prospective business before the Office, a practitioner shall not use means that have no substantial purpose other than to embarrass, delay, or burden a third person, or use methods of obtaining evidence that violate the legal rights of such a person.

§§ 11.405–11.500 [Reserved]

Law Firms and Associations

§ 11.501 Responsibilities of a partner or supervisory practitioner.

(a) A partner in a law firm shall make reasonable efforts to ensure that the firm has in effect measures giving reasonable assurance that all practitioners in the firm conform to the Rules of Professional Conduct.

(b) A practitioner having direct supervisory authority over another practitioner shall make reasonable efforts to ensure that the other practitioner conforms to the Rules of Professional Conduct.

(c) A practitioner shall be responsible for another practitioner's violation of the Rules of Professional Conduct if:

(1) The practitioner orders or, with knowledge of the specific conduct, ratifies the conduct involved; or

(2) The practitioner is a partner in the law firm in which the other practitioner practices, or has direct supervisory authority over the other practitioner, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action.

§ 11.502 Responsibilities of a subordinate practitioner.

(a) A practitioner is bound by the Rules of Professional Conduct notwithstanding that the practitioner acted at the direction of another person.

(b) A subordinate practitioner does not violate the Rules of Professional Conduct if that practitioner acts in accordance with a supervisory practitioner's reasonable resolution of an arguable question of professional duty.

§ 11.503 Responsibilities regarding nonpractitioner assistants.

With respect to a nonpractitioner employed or retained by, or associated with a practitioner practicing before the Office:

(a) A partner in a law firm shall make reasonable efforts to ensure that the firm has in effect measures giving reasonable assurance that the person's conduct is compatible with the professional obligations of the practitioner;

(b) A practitioner having direct supervisory authority over the nonpractitioner shall make reasonable efforts to ensure that the person's conduct is compatible with the professional obligations of the practitioner; and

(c) A practitioner shall be responsible for conduct of such a person that would be a violation of the Rules of Professional Conduct if engaged in by a practitioner if:

(1) The practitioner orders or, with the knowledge of the specific conduct, ratifies the conduct involved; or

(2) The practitioner is a partner in the law firm in which the person is employed or has direct supervisory authority over the person, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action.

§ 11.504 Professional independence of a practitioner.

(a) A practitioner or law firm, in regard to practice before the Office, shall not share legal fees with a nonpractitioner, except that:

(1) An agreement by a practitioner with the practitioner's firm, partner, or associate may provide for the payment of money, over a reasonable period of time after the practitioner's death, to the practitioner's estate or to one or more specified persons;

(2) A practitioner who purchases the practice of a deceased, disabled, or disappeared practitioner may, pursuant to the provisions of § 11.117, pay to the estate or other representative of that practitioner the agreed upon purchase price; and

(3) A practitioner or law firm may include nonpractitioner employees in a compensation or retirement plan, even though the plan is based in whole or in part on a profit-sharing arrangement.

(b) A practitioner accepting a client referred by an invention promoter shall not divide legal fees paid by the client with the promoter for legal services rendered in regard to practice before the Office, including by accepting payment from the promoter a portion of funds the promoter receives from the referred client, delivering to the promoter a portion of any funds the practitioner receives from the client. The proscribed delivery of funds includes any transfer of funds before or after services are rendered. The legal services include, but are not limited to, providing an opinion regarding the patentability of the client's invention, providing an opinion regarding the registrability of a mark, preparing a patent or trademark application, and prosecuting a patent or trademark application.

(c) A practitioner shall not form a partnership with a nonpractitioner if any of the activities of the partnership consist of the practice of law before the Office.

(d) A practitioner shall not permit a person who recommends, employs, or pays the practitioner to render legal services for another before the Office to direct or regulate the practitioner's

professional judgment in rendering such legal services.

(e) A practitioner shall not practice with or in the form of a professional corporation or association authorized to practice law for a profit in regard to practice before the Office, if:

(1) A nonpractitioner owns any interest therein, except that a fiduciary representative of the estate of a practitioner may hold the stock or interest of the practitioner for a reasonable time during administration;

(2) A nonpractitioner is a corporate director or officer thereof; or

(3) A nonpractitioner has the right to direct or control the professional judgment of a practitioner.

§ 11.505 Unauthorized practice of law.

A practitioner shall not:

(a) Practice law in a jurisdiction where doing so violates the regulation of the legal profession in that jurisdiction, except that a registered practitioner may practice before the Office in patent matters in any State;

(b) Assist a person who is not a member of the bar in the performance of activity that constitutes the unauthorized practice of law;

(c) Aid a non-practitioner in the unauthorized practice of law before the Office;

(d) Aid a practitioner under suspension, exclusion, disbarment, or disbarment on consent, or who resigned during a pending investigation in the unauthorized practice of patent, trademark, or other non-patent law before the Office or aid a suspended or disbarred attorney in the unauthorized practice of law in any other jurisdiction;

(e) Practice before the Office in trademark matters if the practitioner was registered as a patent agent after January 1, 1957, and is not an attorney; or

(f) Practice before the Office in patent, trademark, or other non-patent law if suspended, excluded, or excluded on consent from practice by the USPTO Director under §§ 11.24, 11.25, 11.27, 11.28, or 11.56; if administratively suspended under § 11.11(b); or if in contravention of restrictions imposed on a practitioner under § 11.36(f).

§ 11.506 Restrictions on right to practice.

A practitioner, in regard to practice before the Office, shall not participate in offering or making:

(a) A partnership or employment agreement that restricts the rights of a practitioner to practice after termination of the relationship, except an agreement concerning benefits upon retirement; or

(b) An agreement in which a restriction on the practitioner's right to practice is part of the settlement of a controversy between parties.

§ 11.507 Responsibilities regarding law-related services.

(a) A practitioner shall be subject to the Rules of Professional Conduct with respect to the provision of law-related services before the Office, as defined in paragraph (b) of this section, if the law-related services are provided:

(1) By the practitioner in circumstances that are not distinct from the practitioner's provision of legal services to clients; or

(2) By a separate entity controlled by the practitioner individually or with others if the practitioner fails to take reasonable measures to assure that a person obtaining the law-related services knows that the services of the separate entity are not legal services and that the protections of the client-lawyer or client-agent relationship do not exist; or

(3) By a separate entity controlled by an invention promoter which refers legal services to the practitioner if the practitioner fails to take reasonable measures to assure that a person obtaining the law-related services knows that the services of the invention promoter are not legal services and that the protections of the client-lawyer or client-agent relationship do not exist.

(b) The term ''law-related services'' means services that might reasonably be performed in conjunction with and in substance are related to the provision of legal services in patent, trademark, or other non-patent law matters before the Office, and that are not prohibited as unauthorized practice of law when provided by a nonlawyer.

§§ 11.508–11.600 [Reserved]

Public Service

§ 11.601 *Pro Bono Publico* service.

A practitioner, in regard to practice before the Office, should participate in serving those persons, or groups of persons, who are unable to pay all or a portion of reasonable attorneys' fees or who are otherwise unable to obtain counsel. A practitioner may discharge this responsibility by providing professional services at no fee, or at a substantially reduced fee, to persons and groups who are unable to afford or obtain counsel, or by active participation in the work of organizations that provide legal services to them. When personal representation is not feasible, a practitioner may discharge this responsibility by providing financial support for organizations that provide legal representation to those unable to obtain counsel.

§ 11.602 Accepting appointments.

A practitioner, who is a lawyer, shall not seek to avoid appointment by a tribunal to represent a person except for good cause, such as:

(a) Representing the client is likely to result in violation of the Rules of Professional Conduct or other law;

(b) Representing the client is likely to result in an unreasonable financial burden on the practitioner; or

(c) 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.

§ 11.603 Membership in legal services organization.

A lawyer may serve as a director, officer, or member of a legal services organization, apart from the law firm in which the practitioner practices, notwithstanding that the organization serves persons having interests adverse to a client of the practitioner. The practitioner shall not knowingly participate in a decision or action of the organization:

(a) If participating in the decision would be incompatible with the practitioner's obligations to a client under § 11.107; or

(b) Where the decision could have a material adverse effect on the representation of a client of the organization whose interests are adverse to a client of the practitioner.

§ 11.604 Law reform activities.

A practitioner may serve as a director, officer, or member of an organization involved in reform of the law or its administration notwithstanding that the reform may affect the interests of a client of the practitioner. When the practitioner knows that the interests of a client may be materially benefited by a decision in which the practitioner participates, the practitioner shall disclose that fact but need not identify the client.

§§ 11.605–11.700 [Reserved]

Information About Legal Services

§ 11.701 Communications concerning a practitioner's services.

(a) A practitioner, or another on behalf the practitioner, shall not make a false or misleading communication about the practitioner or the practitioner's services for persons having immediate, prospective or pending business before the Office. A

communication is false or misleading if it:

(1) Contains a material misrepresentation of fact or law, or omits a fact necessary to make the statement considered as a whole not materially misleading;

(2) Is likely to create an unjustified expectation about results the practitioner can achieve, or states or implies that the practitioner can achieve results by means that violate the Rules of Professional Conduct or other law; or

(3) Compares the practitioner's services with other practitioners' services, unless the comparison can be factually substantiated.

(b) A practitioner, or another on behalf of a practitioner, shall not seek by in-person contact, employment (or employment of a partner, associate, or other person or party) by a potential client having immediate or prospective business before the Office who has not sought the practitioner's advice regarding employment of a practitioner, if:

(1) The solicitation involves use of a statement or claim that is false or misleading, within the meaning of paragraph (a) of this section;

(2) The solicitation involves the use of undue influence;

(3) The potential client is apparently in a physical or mental condition which would make it unlikely that the potential client could exercise reasonable, considered judgment as to the selection of a practitioner;

(4) The solicitation involves the use of an intermediary and the practitioner has not taken all reasonable steps to ensure that the potential client is informed of:

(i) The consideration, if any, paid or to be paid by the practitioner to the intermediary; and

(ii) The effect, if any, of the payment to the intermediary on the total fee to be charged; or

(5) The solicitation involves the use of an invention promoter and the practitioner has not taken all reasonable steps to ensure that the potential client is informed:

(i) In every contract or other agreement between the potential client and invention promoter the specific amount of all legal fees and expenses included in funds the client delivers or is obligated to deliver to the promoter;

(ii) In every communication by the invention promoter requesting funds from the client the specific amount of all legal fees and expenses included in funds the client delivers or is obligated to deliver to the promoter; and

(iii) The discount (expressed as a percent) from the customary fee the practitioner gives or will give in the fees charged for legal services rendered for a client referred by the promoter.

(c) A practitioner shall not knowingly assist an organization that furnishes or pays for legal services to others having immediate or prospective business before the Office to promote the use of the practitioner's services or those of the practitioner's partner or associate, or any other practitioner affiliated with the practitioner or the practitioner's firm, as a private practitioner, if the promotional activity involves the use of coercion, duress, compulsion, intimidation, threats, or vexatious or harassing conduct.

(d) No practitioner shall personally, or through acts of another, with respect to any prospective business before the Office, by word, circular, letter, or advertising, with intent to defraud in any manner, deceive, mislead, or threaten any prospective applicant or other person having immediate or prospective business before the Office.

(e) A practitioner may not use the name of a Member of either House of Congress or of an individual in the service of the United States in advertising the practitioner's practice before the Office.

§ 11.702 Advertising.

(a) Subject to the requirements of §§ 11.701 and 11.703, a practitioner may advertise services regarding practice before the Office through public media, such as a telephone directory, legal directory, newspaper or other periodical, outdoor advertising, radio or television, through written or recorded communication, or through electronic media.

(b) A copy or recording of an advertisement or communication (whether in printed or electronic media) authorized by paragraph (a) of this section shall be kept for two years after its last dissemination along with a record of when and where it was used.

(c) A practitioner shall not give anything of value to a person or organization for recommending the practitioner's services in practice before the Office except that a practitioner may:

(1) Pay the reasonable costs of advertisements or communications permitted by this section; and

(2) Pay the usual charges of a not-for-profit lawyer referral service or legal service organization.

(d) A practitioner who is a lawyer may pay for a law practice in accordance with § 11.117.

(e) Any advertisement or communication to the public made pursuant to this section shall include the name of at least one practitioner responsible for its content.

§ 11.703 Direct contact with prospective clients

(a) A practitioner personally, or through the actions of another, shall not by in-person or telephone contact solicit professional employment from a prospective client having immediate or prospective business before the Office with whom the practitioner has no family or prior professional relationship when a significant motive for the practitioner's doing so is the practitioner's pecuniary gain under circumstances evidencing undue influence, intimidation, or overreaching.

(b) A practitioner personally, or through the actions of another, shall not solicit professional employment from a prospective client having immediate or prospective business before the Office by written or recorded communication or by in-person or telephone contact even when not otherwise prohibited by paragraph (a) of this section, if:

(1) The prospective client has made known to the practitioner a desire not to be solicited by the practitioner; or

(2) The solicitation involves false or misleading statements, undue influence, coercion, duress or harassment.

(c) Every written (including in print or electronic media) or recorded communication from or on behalf of a practitioner, soliciting professional employment from a prospective client known to be in need of legal services in a particular matter before the Office, and with whom the practitioner has no family or prior professional relationship, shall include the words ''Advertising Material'' on the outside envelope, and at the beginning and ending of any electronic or recorded communication.

(d) Notwithstanding the prohibitions in paragraph (a) of this section, a practitioner may participate with a prepaid or group legal service plan operated by an organization not owned or directed by the practitioner which uses in-person or telephone contact to solicit memberships or subscriptions for the plan from persons who are not known to need legal services in a particular matter covered by the plan.

§ 11.704 Communication of fields of practice and certification.

A practitioner may communicate the fact that the practitioner does or does not practice in particular fields of law. A practitioner shall not state or imply that the practitioner has been recognized or certified as a specialist in a particular field of law except as follows:

(a) Unless a practitioner is an attorney, the practitioner shall not hold himself or herself out to be an attorney, lawyer, or member of a bar, or as qualified or authorized to practice general law. Unless authorized by § 11.14(b), a non-lawyer shall not hold himself or herself out as being qualified or authorized to practice before the Office in trademark matters;

(b) A registered practitioner who is an attorney may use the designation ''Patents,'' ''Patent Attorney,'' ''Patent Lawyer,'' ''Registered Patent Attorney,'' or a substantially similar designation;

(c) A registered practitioner who is not an attorney may use the designation ''Patents,'' ''Patent Agent,'' ''Registered Patent Agent,'' or a substantially similar designation;

(d) An individual granted limited recognition may use the designation ''Limited Recognition''; and

(e) A lawyer engaged in Admiralty practice may use the designation ''Admiralty,'' ''Proctor in Admiralty'' or a substantially similar designation.

§ 11.705 Firm names and letterheads.

(a) A practitioner shall not use a firm name, letterhead, or other professional designation that violates § 11.701. A practitioner in private practice may use a trade name if it does not imply a connection with a Government agency or with a public or charitable legal services organization and is not otherwise in violation of § 11.701.

(b) A law firm with offices in more than one jurisdiction may use the same name in each jurisdiction, but identification of the practitioners in an office of the firm shall indicate the jurisdictional limitations of those not licensed to practice in the jurisdiction where the office is located.

(c) The name of a practitioner holding a public office shall not be used in the name of a law firm, or in communications on its behalf, during any substantial period in which the practitioner is not actively and regularly practicing with the firm.

(d) Practitioners may state or imply that they practice in a partnership or other organization only when that is the fact.

§§ 11.706–11.800 [Reserved]

Maintaining the Integrity of the Profession

§ 11.801 Bar admission, registration, and disciplinary matters.

An applicant for registration, or a practitioner in connection with an application for registration, or a practitioner in connection with a disciplinary matter or reinstatement, shall not:

(a) Knowingly make a false statement of material fact, knowingly fail to disclose a material fact, or knowingly fail to update information regarding a material fact; or

(b) Fail to disclose a fact necessary to correct a misapprehension known by the practitioner or applicant to have arisen in the matter, or knowingly fail to respond reasonably to a lawful demand for information from an admissions or disciplinary authority, except that the provisions of this paragraph (b) do not require disclosure of information otherwise protected by § 11.106.

(c) Conduct that constitutes a violation of paragraphs (a) or (b) of this section includes, but is not limited to, willfully refusing to reveal or report knowledge or evidence to the OED Director contrary to paragraphs (a) or (b) of this section.

§ 11.802 Judicial and legal officials.

(a) A practitioner shall not make a statement that the practitioner knows to be false, or with reckless disregard as to its truth or falsity, concerning the qualifications or integrity of a judge, administrative law judge, administrative patent judge, administrative trademark judge, adjudicatory officer, or public legal officer, or of a candidate for election or appointment to judicial or legal office.

(b) A practitioner who is a candidate for judicial office shall comply with the applicable provisions of the Code of Judicial Conduct.

§ 11.803 Reporting professional misconduct.

(a) A practitioner having knowledge that another practitioner has committed a violation of the Rules of Professional Conduct that raises a substantial question as to that practitioner's honesty, trustworthiness, or fitness as a practitioner in other respects, shall inform the appropriate professional authority.

(b) A practitioner having knowledge that an employee of the Office has committed a violation of applicable Federal statutes, and rules adopted by the Office of Government Ethics that raises a substantial question as to the employee's fitness for office shall inform the appropriate authority. The Office of Enrollment and Discipline is not an appropriate authority for reporting under this section unless an imperative rule of the USPTO Rules of Professional Conduct is violated.

(c) The provisions of this section does not require disclosure of information otherwise protected by § 11.106, or information gained by a lawyer or judge, administrative law judge, administrative patent judge, or administrative trademark judge while serving as a member of an approved lawyers assistance program to the extent that such information would be confidential if it were communicated subject to the attorney-client privilege. The provisions of this section do not authorize the filing of frivolous complaints.

(d) A practitioner:

(1) Found guilty of a crime or who pleads guilty or *nolo contendre* or enters an Alford plea to a criminal charge in a court of a State, or of the United States, except as to misdemeanor traffic offenses or traffic ordinance violations, not including the use of alcohol or drugs, shall within ten days from the date of such finding or plea advise the OED Director in writing of the finding or plea and file with the OED Director a certified copy of the court record or conviction or docket entry of the finding or plea; or

(2) Found by a court of record or duly constituted authority of the United States to have engaged in inequitable conduct to obtain a patent shall within ten days from the date of such finding advise the OED Director of the finding and file with the OED Director a certified copy of the court record or finding.

(e) A practitioner:

(1) Reprimanded, suspended, disbarred as an attorney, or disbarred on consent from practice as an attorney on any ethical grounds (including ethical grounds not specified in this Part) by any duly constituted authority of a State, or the United States, or who resigns from the bar of any State, or Federal court while under investigation; shall within ten days from the date of such action advise the OED Director in writing of such action and file with the OED Director a certified copy of the order, finding or plea;

(2) Residing in a foreign country or registered under § 11.6(c), who is reprimanded, suspended, disbarred, disbarred on consent from practice as an attorney on any ethical grounds, by any duly constituted authority of a foreign country, including by any foreign patent or trademark office, or who resigns while under investigation by any duly constituted authority of a foreign country, shall within ten days from the date of such action advise the OED Director in writing of such action and file with the OED Director a certified copy of the order, finding or plea; or

(3) Who, as a result of any other event or change, would be precluded from continued registration under §§ 11.6(a),

or 11.6(b), or 11.6(c), or as a result of any other event or change would be precluded from continued recognition under §§ 11.9 or 11.14, or any event or change that would be grounds for disciplinary action under § 11.25(c) shall within ten days from the date of such event or change advise the OED Director in writing of the event or change and file with the OED Director any records regarding the event or change.

(f) Conduct that constitutes a violation of paragraphs (a) through (e) of this section includes, but is not limited to:

(1) Failing to comply with the provisions of paragraphs (d) or (e) of this section;

(2) Willfully refusing to reveal or report knowledge or evidence to the OED Director contrary to §§ 11.24(a) or (b), or 10.25(b);

(3) In the absence of information sufficient to establish a reasonable belief that fraud or inequitable conduct has occurred, alleging before a tribunal that anyone has committed a fraud on the Office or engaged in inequitable conduct in a proceeding before the Office; or

(4) Being suspended, disbarred as an attorney, or disbarred on consent from practice as an attorney on any ethical grounds (including ethical grounds not specified in this part) by any duly constituted authority of a State, or the United States, or resigning from the bar of any State, or Federal court while under investigation.

§ 11.804 Misconduct.

It is professional misconduct for a practitioner to:

(a) Violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another;

(b) Commit a criminal act that reflects adversely on the practitioner's honesty, trustworthiness, or fitness as a practitioner in other respects, including crimes for which the practitioner is found guilty, pleads guilty or *nolo contendre,* and crimes to which the practitioner enters an Alford plea to a criminal charge in a court of a State, or of the United States, but does not include misdemeanor traffic offenses or traffic ordinance violations, not including the use of alcohol or drugs;

(c) Engage in conduct involving dishonesty, fraud, deceit, or misrepresentation;

(d) Engage in conduct that is prejudicial to the administration of justice;

(e) State or imply an ability to influence improperly a Government agency or official;

(f) Knowingly assist an administrative law judge, administrative patent judge, administrative trademark judge, patent examiner, other employee of the Office, or judicial officer in conduct that is a violation of applicable Federal statutes, rules adopted by the Office of Government Ethics, or other law; or

(g) Engage in disreputable or gross misconduct.

(h) Conduct that constitutes a violation of paragraphs (a) through (g) of this section includes, but is not limited to:

(1) Knowingly giving false or misleading information or knowingly participating in a material way in giving false or misleading information, to a client in connection with any immediate, prospective, or pending business before the Office;

(2) Representing before the Office in a patent matter either a joint venture comprising an inventor and an invention promoter, or an inventor referred to the registered practitioner by an invention promoter when:

(i) The registered practitioner knows, or has been advised by the Office, that a formal complaint filed by a Federal or State agency, alleging a violation of any law relating to securities, unfair methods of competition, unfair or deceptive acts or practices, mail fraud, or other civil or criminal conduct, is pending before a Federal or State court or Federal or State agency, or has been resolved unfavorably by such court or agency, against the invention promoter in connection with marketing an invention; and

(ii) The registered practitioner fails to fully advise the inventor of the existence of the pending complaint or unfavorable resolution thereof prior to undertaking or continuing representation of the joint venture or inventor;

(3) Accepting referral of a matter or inventor from an invention promoter wherein:

(i) A contract or other agreement for marketing and patenting an invention does not specify the total amount of funds constituting legal fees the inventor becomes obligated to pay the invention promoter,

(ii) A contract or other agreement for marketing and patenting an invention does not specify the total amount of funds constituting costs and expenses for legal services the inventor becomes obligated to pay the invention promoter,

(iii) The inventor delivers funds for legal fees, expenses or costs to the invention promoter,

(iv) A patentability opinion or patent search report by a registered practitioner is included in, accompanies, or is referenced in any report issued by the invention promoter,

(v) A contract or other agreement for marketing and patenting an invention provides for the preparation, drafting, or filing of a patent application for a design or a utility invention, or

(vi) The contract or other agreement for marketing and patenting an invention guarantees a patent;

(4) Accepting assistance in a specific matter from any former employee of the Office who participated personally and substantially in the matter as an employee of the Office;

(5) Representing, or permitting another party, including an invention promoter, to represent, that a fee for non-legal services is inclusive of any fee(s) for a practitioner's professional services without also separately stating in writing the full amount of the legal fees;

(6) Being a partner or associate of an employee of the Office, and representing anyone in any proceeding before the Office in which the employee of the Office participates or has participated personally and substantially as an employee of the Office, or which is subject to that employee's official responsibility;

(7) Accepting or using the assistance of an Office employee in the presentation or prosecution of an application, whether or not the employee is compensated, except to the extent that the employee may lawfully provide the assistance in an official capacity;

(8) Being a Federal employee and practicing before the Office while so employed in violation of applicable conflict of interest laws, regulations or codes of professional responsibility;

(9) Failing to report a change of address within thirty days of the change; or

(10) Knowingly filing, or causing to be filed, a frivolous complaint alleging that a practitioner violated an imperative USPTO Rule of Professional Conduct.

(i) A practitioner who acts with reckless indifference to whether a representation is true or false is chargeable with knowledge of its falsity. Deceitful statements of half-truths or concealment of material facts shall be deemed fraud within the meaning of this Part.

§ 11.805 Disciplinary authority: Choice of law.

(a) *Disciplinary authority.* A practitioner registered or recognized to practice or practicing before the Office in patent, trademark, or other non-patent law is subject to the disciplinary authority of the Office, regardless of

where the practitioner's conduct occurs. A practitioner may be subject to the disciplinary authority of both the Office and another jurisdiction where the practitioner is admitted to practice for the same conduct. An applicant for patent (§ 1.41(b) of this subchapter) representing himself, herself, or representing himself or herself and other individual applicants pursuant to §§ 1.31 and 1.33(b)(4) of this subchapter; an individual who is an assignee as provided for under § 3.71(b) of this subchapter; and an individual appearing in a trademark or other non-patent matter pursuant to § 11.14 is subject to the disciplinary authority of the Office for matters arising in connection with their practice before the Office.

(b) *Choice of law.* In any exercise of the disciplinary authority of the Office, the Rules of Professional Conduct to be applied shall be as follows:

(1) For conduct in connection with practice before the Office in patent, trademark, or other non-patent law a practitioner registered or recognized to practice (either generally or for purposes of that practice), the rules to be applied shall be the rules of the Office;

(2) For conduct in connection with a proceeding in a court before which a practitioner has been admitted to practice (either generally or for purposes of that proceeding), the rules to be applied shall be the rules of the jurisdiction in which the court sits, unless the rules of the court provide otherwise; and

(3) For any other conduct,

(i) If the practitioner is registered or recognized to practice only before the Office, the rules to be applied shall be the rules of the Office, and

(ii) If the practitioner is registered or recognized to practice before the Office, and is licensed to practice in another jurisdiction, the rules to be applied by the Office shall be the rules of the Office in regard to practice before the Office, and otherwise the rules applied shall be those of the admitting jurisdiction in which the practitioner principally practices; provided, however, that if particular conduct clearly has its predominant effect in another jurisdiction in which the practitioner is licensed to practice, the rules of that jurisdiction shall be applied to that conduct.

§ 11.806 Sexual relations with clients and third persons.

(a) *Sexual relations* means sexual intercourse or the touching of an intimate part of another person for the purpose of sexual arousal, sexual gratification, or sexual abuse.

(b) A practitioner shall not:

(1) Require or demand sexual relations with a client or third party incident to or as a condition of any professional representation;

(2) Require or demand sexual relations with an employee incident to or as a condition of employment; or

(3) Employ coercion, intimidation, or undue influence in entering into sexual relations with a client.

(c) Paragraph (b) of this section shall not apply to sexual relations between a practitioner and his or her spouse or significant other, or to ongoing consensual sexual relationships that predate the initiation of the practitioner-client relationship or practitioner-employee relationship.

(d) Where a practitioner in a firm has sexual relations with a client but does not participate in the representation of that client, the practitioners in the firm shall not be subject to discipline under this section solely because of the occurrence of such sexual relations.

§§ 11.807–11.900 [Reserved]

Dated: November 17, 2003.

James E. Rogan,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 03–29150 Filed 12–11–03; 8:45 am]

BILLING CODE 3510–16–P