Ethics and Patent Agents

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Oct. 2016

1. Choice of Law

a. Choice of Law for Discipline and Legal Ethics

This paper discusses ethical issues and also privilege issues. Different choice of law analyses may be required for those issues, and in a particular case the analysis may be different than presented here, which is, however, typical.

The primary ethical issue discussed in this paper is the duty of a lawyer to supervise non-lawyers working on behalf of the lawyer. That issue typically would arise in one of two proceedings: in a disciplinary proceeding or in a malpractice suit. The same is true of the duty to avoid assisting in the unauthorized practice of law.

A disciplinary proceeding could be brought by a state bar or the Office of Enrollment and Discipline ("OED") at the United States Patent & Trademark Office ("USPTO"). As the following shows, no matter which forum a disciplinary proceeding is brought in, the OED or a state bar should apply the same set of rules if the conduct consists of practicing before the USPTO.

As for the OED, its disciplinary authority is stated in this rule:

> All practitioners engaged in practice before the Office… are subject to the disciplinary jurisdiction of the Office….. A person not registered or recognized to practice before the Office is also subject to the disciplinary authority of the Office if the person provides or offers to provide any legal services before the Office.

"Proceeding before the Office" is itself defined: "Proceeding before the Office means an application for patent, an application for reissue, a reexamination, a protest, a public use matter, an inter partes patent matter, correction of a patent, correction of inventorship, an application to register a trademark, an inter partes trademark matter, an appeal, a petition, and any other matter that is pending before the Office."

So, plainly a patent practitioner who is involved in a proceeding before the Office can be disciplined by the OED. Another subsection of that same USPTO regulation in title 37 of the CFR identifies what is a ground for OED discipline:

> (i) Conviction of a serious crime;
> (ii) Discipline on ethical grounds imposed in another jurisdiction or disciplinary disqualification from participating in or appearing before any Federal program or agency;
> (iii) Failure to comply with any order of a Court disciplining a practitioner, or any final decision of the USPTO Director in a disciplinary matter;
> (iv) *Violation of any USPTO Rule of Professional Conduct;* or
> (v) Violation of the oath or declaration taken by the practitioner. See § 11.8.

(37 C.F.R 11.19 emph. added.) So, unless some other agency or court has already disciplined a practitioner, or one of the other enumerated acts has occurred, the OED must find that a practitioner violated a USPTO Rule.

What if a state bar sought to discipline a lawyer for conduct occurring before the USPTO? While the state bar will have power to discipline a lawyer for conduct no matter where it occurs, most states have choice of law rules expressly for discipline. While they vary, the most common ones follow ABA Model Rule of Professional Conduct 8.5. That rule gives a licensing state authority to discipline a lawyer no matter where his conduct occurs, but makes it clear that the bar may or may not apply its rules to that conduct, depending on where the conduct occurred or other circumstances. Model Rule 8.5(b), as adopted by many states, provides:

> In any exercise of the disciplinary authority of this jurisdiction, the rules of professional conduct to be applied shall be as follows:
>
> > (1) *for conduct in connection with a matter pending before a tribunal*, the rules of the jurisdiction in which the tribunal sits, unless the rules of the tribunal provide otherwise; and
> > (2) for any other conduct, the rules of the jurisdiction in which the lawyer's conduct occurred, or, if the predominant effect of the conduct is in a different jurisdiction, the rules of that jurisdiction shall be applied to the conduct. A lawyer shall not be subject to discipline if the lawyer's conduct conforms to the rules of a jurisdiction in which the lawyer reasonably believes the predominant effect of the lawyer's conduct will occur.

Significantly, (a) some states have rules that say that a lawyer must *appear* in the tribunal for subpart (a) to apply, and (b) complex problems arise if the matter is not pending, such as activities occurring before a patent application is filed.

To conclude, at least once a matter is pending before the USPTO and in most states, a practitioner can rely solely upon the USPTO Rules to determine what is "ethical" or not, in terms of discipline. Finally, if state law somehow does apply to conduct about a matter pending before the USPTO, then it may be that a preemption analysis is required, because the USPTO Rules only narrowly preempt state law to the contrary.

With respect to malpractice, many states hold that breach of an applicable rule is admissible, but to varying extents. Usually, states provide that breach of an applicable rule can be evidence of breach of the standard of care. *See generally* Stephen E. Kalish, *How to Encourage Lawyers to Be Ethical: Do Not Use the Ethics Codes as a Basis for Regular Law Decisions*, 13 GEO. J. LEGAL ETHICS 649 (2000). A court in a malpractice case that allows admission of such evidence should, for obvious reasons, follow the analysis above.

b. Choice of Law for Privilege

Patent cases must be appealed to the Federal Circuit, but Federal Circuit law does not apply to all issues in patent cases. Instead, regional circuit law applies to "procedural" issues, but Federal Circuit law applies to "patent" issues. *See* Midwest Indus., Inc. v. Karavan Trailers, Inc., 175 F.3d 1356, 1360, 50 U.S.P.Q.2d 1672 (Fed. Cir. 1999), *overruled on other grounds*, Zoltek Corp. v. United States, 672 F.3d 1309, 102 U.S.P.Q.2d 1001 (Fed. Cir. 2012) (en banc). More specifically,

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First appeared as part of the conference materials for the
21st Annual Advanced Patent Law Institute session
"Privilege in Patent Cases: What's New?"