

# **Ethics for the Patent Practitioner**

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## 1. Choice of Law

### A. Choice of Law for Discipline and Ethics

This section discusses ethics and privilege issues. Different choice of law analyses may be required for each, and under particular facts, the required analysis may differ from what is presented here.

Most states have choice of law rules that apply specifically to discipline. While they vary, the most common ones follow ABA Model Rule of Professional Conduct 8.5. That rule gives a state bar authority to discipline a lawyer no matter where the conduct occurs, but helps identify which rules apply to particular conduct. 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.

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.

Choice of law can be a problem because of the multi-state nature of modern litigation.<sup>18</sup> Further, in federal court, many circuits hold that state rules do not control, even if the local rules of the district court specifically adopt the state rules. Instead, "federal law" applies to ethical issues.<sup>19</sup> The federal district court in *McCallum* faced this issue in the context of an ex parte contact with employees of a party opponent, reasoned as follows:

This court has adopted a code of conduct in its local rules. Local Rule 505 utilizes the Code of Professional Responsibility

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<sup>18</sup>Sisk v. Transylvania Community Hosp., Inc., 695 S.E.2d 429 (N.C. 2010).

<sup>19</sup>*E.g.*, *In re Dresser Indus.*, 972 F.2d 540 (5th Cir. 1992).

promulgated by the Supreme Court of North Carolina. Notwithstanding, this Court must look to federal law in order to interpret and apply those rules. That is, even when a federal court utilizes state ethics rules, it cannot abdicate to the state's view of what constitutes professional conduct, even in diversity cases. Therefore, while this Court has adopted the North Carolina Professional Code as its code of conduct, it still must look to federal law for interpretation of those canons and in so doing may consult federal case law and other widely accepted national codes of conduct, such as the ABA Model Rules. In addition, the Court may presume the attorney to be familiar with and bound by the ethical rules of the courts in which the attorney is admitted to practice.<sup>20</sup>

The court rejected the plea from the attorney whose conduct was at issue to follow only the North Carolina rules:

This Court may apply its ethical code of conduct to out-of-state attorneys who practice before this Court and can sanction conduct which takes place in other states. By choosing to litigate in this Court, counsel submit to this Court's federal law interpretation of ethical canons wherever the conduct takes place. Plaintiffs' counsel has not shown that the interpretation set out today is in direct contradiction of any duty imposed by the state where he was admitted to practice or where the conduct occurred. *Even if those states permitted the conduct at issue, that does not give an attorney permission to operate in contravention of the ethical duties as determined by this Court. If there is a disparity between ethical obligations of different states, counsel's only choice is to follow the more expansive duty or seek guidance from this Court.*<sup>21</sup>

Likewise, in a Maryland Federal district court analyzed for the first time, the propriety of ex parte contacts with former employees of a party opponent. Noting that the Maryland Rules of Professional Conduct were merely "the point of departure" for its analysis, the court analyzed authorities applying the Model Code, the Model Rules, and the Restatement of the Law Governing Lawyers.<sup>22</sup> The court held that ex parte contacts with former employees could be improper *even though Maryland's bar opinions had held precisely the opposite.*<sup>23</sup> Although recognizing that the law regarding ex parte contacts was "blurry" and that the question was one of first impression, the court disqualified the lawyers for violating its newly minted rule, stating:

The issue is not whether counsel incorrectly interpreted unsettled law, but whether [counsel] displayed an inappropriate disregard for

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<sup>20</sup> *McCallum*, 149 F.R.D. at 108 (citations omitted).

<sup>21</sup> *McCallum*, 149 F.R.D. at 112 (emphasis added).

<sup>22</sup> *Camden*, 910 F. Supp. at 1118.

<sup>23</sup> *See id.* at 1119.

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