

Ethics for Patent Practitioners

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Reducing Risks Through Writing

- Uncertainty over conflicts of interest:
 - Uncertain client identity:
 - Start-ups and constituents of entity clients;
 - Affiliates/subs of entity clients;
 - Inventors and entity constituents; and
 - Asset transfers and more on affiliates.
 - Uncertainty over whether the representation is over:
 - For conflicts purposes, a former client is “better.”

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Reducing Conflicts Reduces Risks

- Disqualification.
- Grievance.
- Suit for damages.
- Suit for fee disgorgement:
 - “Courts throughout the country have ordered the disgorgement of fees paid or the forfeiture of fees owed to attorneys who have breached their fiduciary duties to their clients by engaging in impermissible conflicts of interests.” *Avco Corp. v. Turner* (3rd Cir. 2022).
- **Firm takes on matter against client who does none of the above but perceives disloyalty and... no longer uses firm.**
- **Firm unsure if it has a conflict and so turns down the matter.**

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4 Hypos on Clarifying Client Identity

- Entity formation
- Corporate affiliates
- Inventors
- Successors to a client's assets

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Pre-formation: A Hypo

- Susie Bracknell and two others come to you to start-up a new business. Susie has a patentable product; John has capital; and Juanita has marketing skills.
- What do you do?

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Pre-formation: Who Might be the Client(s)?

- Founder(s);
- Founders as a partnership (they *may already* be one if associated to carry on a business for profit);
- The inchoate entity (“entity TBD”);
- Founder(s) *and* inchoate entity; or
- Some or all of the above?

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