

UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE DIRECTOR OF THE  
UNITED STATES PATENT AND TRADEMARK OFFICE

HARRY I. MOATZ,  
Director, Office of  
Enrollment and Discipline,

v.

MICHAEL I. KROLL,  
Respondent.

)  
)  
)  
)  
)  
)  
)  
)  
)  
)  
)

Proceeding D03-07

FINAL ORDER

Harry I. Moatz, Director of the Office of Enrollment and Discipline (OED Director), and Michael I. Kroll (Respondent), have submitted a settlement agreement in the above proceeding that meets the requirements of 37 C.F.R. § 10.133(g). Pursuant to that agreement, it is ORDERED that:

1. Respondent is suspended from practice before the United States Patent and Trademark Office (USPTO) for a period of three years.
2. Respondent's suspension will be stayed, and he will be permitted to continue to practice, so long as he complies with the agreed-upon terms of the agreement.
3. In the event that Respondent fails to comply with any of the terms of the agreement, the stay of suspension will be immediately vacated and Respondent shall serve a three year suspension, starting at the time the stay is vacated, prior to being eligible for reinstatement.
4. Before vacating the stay, the USPTO shall provide Respondent with an Order To Show Cause Why The Stay Should Not Be Vacated. The Order To Show Cause will give Respondent ten (10) days to show cause to the OED Director why the stay should not be vacated. The OED Director may then exercise his discretion to vacate the stay. Any review that might be available would not operate to postpone vacating of the stay during pendency of the review. Respondent shall be suspended and ineligible to practice during such review.
5. In considering a response to an Order To Show Cause, the OED Director will exercise his discretion with the understanding that Respondent should generally have a brief chance to cure any minor and unintentional breach of his obligations under the agreement.

6. Upon providing evidence of fulfilling all terms of this agreement, Respondent will no longer be suspended, and thus the need for any stay will no longer be required.
7. The following Notice shall be published in the Official Gazette:

Notice of Suspension

Michael I. Kroll (Kroll), of Syosset, New York, is a patent attorney whose registration number is 26,755. The Director of the United States Patent and Trademark Office has ordered Kroll be suspended for three years from practice before the United States Patent and Trademark Office in patent, and non-patent law cases. The suspension is for violating USPTO Disciplinary Rules ("DR") 10.36(a)(1) (proscribing charging and collecting a clearly excessive fee), DR 10.23(c)(2)(ii) (proscribing knowingly giving false or misleading information to the USPTO) and DR 10.85(a)(6) (proscribing participation in the creation of false evidence). This action is taken pursuant to the provisions of 35 U.S.C. § 32, and 37 C.F.R. §§ 10.156 and 10.159. The suspension will be stayed, so long at Respondent complies with the terms of the settlement agreement entered into on \_\_\_\_\_. Those terms include refunding one-half of attorney fees, in accordance with an agreed-upon payment schedule, collected from 75 particular applicants for filing International Applications under the Patent Cooperation Treaty (PCT). Those terms also include filing new Powers of Attorney to replace defective Powers of Attorney in all pending PCT cases in which Kroll signed his clients' names on the Power of Attorney forms. Upon any violation of any term of the settlement agreement during the period of the payment schedule, the stay will be vacated and Kroll, at that time, will serve a three year suspension.

8. Starting from the date of this ORDER and continuing until December 1, 2010, Respondent will provide partial refunds of legal fees charged to a designated list of clients as agreed to by the OED Director and Respondent and reflected in the refund payment schedule provided in Attachment A of the agreement. Respondent will comply with the refund payment schedule, which will be initiated with a \$ 1000.00 payment to each client on the designated list by December 1, 2004.
9. Subsequent to the initial payment, Respondent will make annual payments (by December 1 of each year until December 1, 2010) to each client on the designated list in compliance with the repayment schedule provided in Attachment A of the agreement.
10. Within 30 days of the entry of the order of stayed suspension, Respondent shall notify all bars of which he is a member the order of the stayed suspension in separate written communications and shall file a copy of each written communication with the OED Director pursuant to the provisions of § 10.158(b)(1). All notices required by this paragraph shall be served by certified mail, return receipt requested. To the extent that another bar disciplines Respondent for only the conduct covered by the present Complaint, the USPTO will not impose any further discipline as a result of the other bar's discipline.

11. Within 30 days of the entry of the order of stayed suspension, Respondent shall notify in writing all clients on the designated list, based on their last known address using certified mail, return receipt requested, that he will be providing a partial refund of past collected legal fees and shall notify them of the refund payment schedule. Respondent will not make any claim to being absolved from any and all claims upon fulfilling the payment schedule. Respondent's written notice will (i) notify each client of the payment schedule, (ii) set forth the amount Respondent is obligated to pay each year until 2010, and (iii) include the following paragraphs:

After reviewing my files, I have come to realize that I charged you too much for the service of filing an International Application under the Patent Cooperation Treaty. I promise to return one-half of the relevant attorney fees I collected, in accordance with the following payment schedule:

#### SCHEDULE HERE

As you can see from the payment schedule, this refund to you will total \$ \_\_\_\_\_ over a period of six years. The reason for this payment schedule is because I cannot afford to pay the entire refund immediately.

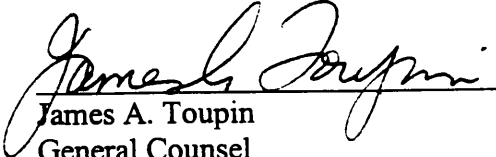
12. Within 30 days of giving written notice to all clients on the designated list of his intent to provide a refund, Respondent must provide copies to the OED Director of each and every letter sent to all clients on the designated list.
13. Respondent shall send payments to each client on the designated list by certified mail, return receipt requested. Throughout the period of stayed suspension, Respondent will provide the OED Director copies of all refund payment checks sent to clients on the designated list, along with the cover letters identifying the certified mail number, within 30 days of the mail date of each check and cover letter, and shall continue to provide copies of checks and cover letters evidencing payment until the refund payment schedule is completed. Throughout the period of stayed suspension, Respondent will provide the OED Director copies of all returned receipts showing delivery of the certified mail.
14. If any letter or check is returned by the Post Office as undeliverable, Respondent will make a reasonable effort to locate the intended recipient. Reasonable effort shall be defined as (1) searching Respondent's files for any alternate contact information and (2) performing an Internet search and printing out the results. If the person still cannot be located, Respondent shall promptly document his reasonable efforts to OED. Respondent shall be thereafter released from his obligations hereunder to that person who could not be located, unless OED locates the person and provides Respondent the person's address. In addition, if at any time during the payment schedule period a client who had not been successfully located becomes discovered, then Respondent is still obligated to pay that client the full amount of the refund.

15. For any future PCT applications that Respondent files, Respondent will charge and collect a fee that falls within the 25% to 75% range listed in the most recently published AIPLA Economic Survey Report.
16. When offering legal services to a client or potential client, Respondent will clearly articulate the specific services covered by the specific fees charged and provide full disclosure to the client explaining all possible, future fees for complete prosecution of a given case to issuance. In addition, all future offer letters to file PCT applications from Respondent for clients, or potential clients, must clearly detail, upfront, all costs in filing and prosecuting a PCT application from the initial filing, to each national stage to issuance of a patent. The content of the letter shall be devoid of ambiguity of the fees and costs anticipated to be incurred, and the services covered by the charged fees.
17. Respondent shall obtain client's signatures on documents that require the client to sign.
18. Respondent shall rectify within six months of entry of the order of stayed suspension any defective client signatures on any documents in pending US or PCT applications. This includes acquiring the actual signature on the document by the client and filing that document with the respective Office where the application is pending. Respondent must send letters to these clients explaining the need for corrective action in their cases. Respondent shall provide copies of the letters sent to each client to the OED Director.
19. Within two months of entry of the order of stayed suspension, Respondent will provide the OED Director with a list of all pending US or PCT applications containing defective client signatures, and provide a copy of the letters sent to the clients having said applications. Within six months of entry of the order of stayed suspension, Respondent will provide the OED Director with proof that Respondent has rectified the defective client signature in each relevant US or PCT application.
20. If any client refuses to cooperate with rectifying the defective client signature, or the client cannot be found or reached after reasonable effort (as defined in paragraph 18 of this agreement), Respondent shall file a notice of the defective client signature in the client's application within six months of the entry of the order of stayed suspension. Within six months of entry of the order of stayed suspension, Respondent will provide the OED Director with proof of each client's refusal to cooperate in rectifying the defective client signature, or that the client cannot be found or reached after reasonable effort, and proof that Respondent has filed a notice of the defective client signature in the client's application within six months of the entry of stayed suspension.
21. Should the stay of the suspension be vacated, then after being suspended for three years, Respondent may petition for reinstatement in accordance with the following:
  - (A) The Petition for Reinstatement for reinstatement is to include the following items:

- (i) A statement that Respondent has complied with all provisions of this ORDER;
  - (ii) Copies of all relevant documents not previously furnished to demonstrate compliance with the provisions of this ORDER;
  - (iii) A statement and proof that the Respondent has the moral character qualifications, competency, and learning in law required under 37 C.F.R. § 10.7 or any succeeding regulation;
  - (iv) A statement that the resumption of practice before the Office will not be detrimental to the administration of justice, or subversive to the public interest;
  - (v) A statement that Respondent will not sign clients' names to documents required to be signed by the client;
  - (vi) A statement that Respondent will not charge fees for legal services that are clearly excessive as defined by 37 C.F.R. § 10.36 or any succeeding regulation (*i.e.*, the fee exceeds a reasonable fee for the amount, type and caliber of legal services rendered or exceeds the fee customarily charged for similar services, in particular when filing a PCT application based upon a previously filed U.S. application, etc.), and will provide full disclosure and itemize the amount and type of work involved before charging such fees.
- (B) Upon receipt of the Petition for Reinstatement and the above enumerated accompanying documentation and statements by Respondent, OED Director agrees, as provided for in § 10.160 (or successor regulations), that if Respondent has complied with the regulation existing at the time the stay of suspension is vacated (37 C.F.R. § 10.158 or its successor regulations) and granting the Petition for Reinstatement will not be contrary to the public interest, that he will accept the Petition, not oppose the granting of the Petition, and will promptly forward it for public comment with his recommendation that it be granted.
- (C) OED Director further agrees to publish Respondent's name in a Notice of Petition for Reinstatement for public comment as required by § 10.160(e) (or successor regulations). It is further agreed that the OED Director shall conduct investigations pursuant to 37 C.F.R. 10.131 (and successor regulations) of possible violations of USPTO disciplinary rules by Respondent upon receipt from within or outside the USPTO of a complaint or information of a possible violation of said rules, and in conducting the investigation the OED Director may communicate with current, or potential future clients of Respondent, as well as any other person or party possibly having relevant information regarding said violations.

- (D) It is further agreed that if Respondent has not complied with the provisions of this settlement agreement during the period of suspension, he shall not be entitled to reinstatement and the OED Director shall deny the Petition for Reinstatement.
- (E) It is further agreed that Respondent shall comply with the procedures and fees in effect at the time he files a petition for reinstatement.
22. This ORDER is intended to encompass all complaints against Respondent by the OED Director on behalf of itself or on behalf of clients of Respondent as of the date of this agreement to the extent that the complaints consist of matters encompassed in the Complaint filed by the Office of Enrollment and Discipline against Respondent on May 14, 2003.
23. The OED Director and Respondent shall each bear their own costs.

February 27, 2004  
Date

  
James A. Toupin  
General Counsel  
United States Patent and Trademark Office  
*on behalf of*  
Jon W. Dudas  
Acting Undersecretary of Commerce for  
Intellectual Property and Acting Director of the  
United States Patent and Trademark Office

cc: Harry I. Moatz  
Director, Office of Enrollment  
and Discipline, USPTO