

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

<b>In the Matter of</b>	)	
	)	
<b>Kenneth R. Schaefer</b>	)	<b>Proceeding No. D2007-001</b>
	)	
<u>Respondent.</u>	)	

**FINAL ORDER**

The Director of Enrollment and Discipline (OED Director) of the United States Patent and Trademark Office (USPTO) and Kenneth R. Schaefer (Respondent), have submitted a settlement agreement in the above-identified proceeding that meets the requirements of 37 C.F.R. §10.133(g).

Pursuant to that agreement, this Final Order sets forth the following stipulated facts, agreed-upon legal conclusions and discipline.

**STIPULATED FACTS**

**Count 1**

1. Respondent was retained by [ ] (“[ ]”) in May of 1999, to *inter alia*, compose and prosecute certain patent and trademark applications. Respondent prepared ten design patent applications and one trademark application and prosecuted each to issuance.
2. On November 1, 1999, Respondent filed U.S. patent application No. [ ] (“[ ] application”) on behalf of [ ], in which [ ] designated Respondent as his representative, and in which Respondent instructed the USPTO to “[a]ddress all future communications to: Kenneth R. Schaefer, Esq., 25 Dickenson Road, Basking Ridge, New Jersey 07920.”
3. On or about July 18, 2001, the patent examiner handling the “[ ] application spoke with Respondent by phone and identified two different sets of claims (1-19 and 20-30) in the “[ ] application and asked Respondent to select one of the two sets of claims to be examined. During the call, Respondent made an election with traverse, requesting the patent examiner examine claims 1-19 of the “[ ] application.

4. According to USPTO records, on July 26, 2001, the USPTO mailed an Office Action in the '[ ]' application to Respondent's Basking Ridge, New Jersey address. In the Office Action, the patent examiner rejected claims 1-19 (the ones Respondent elected to have examined by the USPTO) and designated claims 20-30 as non-elected subject to a restriction requirement. The Office Action set a three-month period for reply.
5. On March 5, 2002, the patent examiner called Respondent to confirm that Respondent did not file a response to the outstanding office action. According to USPTO records respondent stated that the application is not abandoned and that he "will file papers." The patent examiner told Respondent that the application will be abandoned because there was no response to the July 26, 2001 Office action, and that the applicant could file a petition to revive the abandoned application.
6. According to USPTO records, the patent examiner issued a Notice of Abandonment in the '[ ]' application on March 8, 2002, in which he stated the reasons for the abandonment as, "Applicant's failure to timely file a proper reply to the Office letter mailed on 26 July 2001." The USPTO mailed the Notice of Abandonment to Respondent at his Basking Ridge, New Jersey address.
7. Respondent did not inform [ ] that he had spoken to the patent examiner on July 18, 2001, and elected to have claims 1-19 examined.
8. Respondent did not forward the Office Action or a copy of it to [ ].
9. Respondent did not inform [ ] that the patent examiner called him on March 5, 2002, and informed Respondent that the '[ ]' application was going to become abandoned.
10. Respondent did not forward the Notice of Abandonment or a copy of that document to [ ].
11. Respondent did not withdraw as the attorney of record in the '[ ]' application.
12. Respondent was the attorney of record in the '[ ]' application until December 6, 2004 when [ ] hired new counsel, Mr. [ ], who filed a new power of attorney executed by [ ] revoking all previous powers of attorney.

### **Count 2**

13. Above paragraphs 1-12 are incorporated herein by reference.
14. Although USPTO records state that Respondent told the patent examiner on March 5, 2002 that he "will file papers" in the '[ ]' application, Respondent did not.
15. Respondent did not attempt to revive the '[ ]' application once it became abandoned.

16. Respondent did not inform [ ] that [ ], or Respondent on his behalf, could file a petition requesting to have the '[ ] application revived.
17. Respondent was the attorney of record in the '[ ] application until December 6, 2004 when [ ]'s new attorney filed a new power of attorney executed by [ ].

### **Count 3**

18. Above paragraphs 1-17 are incorporated herein by reference.
19. In a letter dated November 17, 2004, from [ ] to Respondent, [ ] informed Respondent that [ ]'s new attorney was taking over "responsibility for [his] entire patent portfolio." In that letter, [ ] asked Respondent to provide his new attorney with "a list of all of [his] patent matters" and for his assistance in arranging "an orderly transfer of [his] files."
20. On December 1, 2004, Respondent sent an e-mail to [ ]'s new attorney stating simply: "In response to a request from [ ], please be advised that the Serial Number for a U.S. patent Application filed by me on his behalf bears the Serial Number [ ]." According to Respondent, he identified ten issued design patents and a trademark registration to [ ] and/or his new counsel. Respondent stated that copies had been provided to [ ] on an ongoing basis.
21. On December 6, 2004, [ ] executed a Power of Attorney appointing his new attorney in the '[ ] application and providing his new attorney's office address as the new correspondence address for that application. The Power of Attorney also revoked all previous powers of attorney, including Respondent's.
22. By letter dated December 14, 2004, from [ ]'s new attorney to Respondent at his Basking Ridge New Jersey address, [ ]'s new attorney notes that the '[ ] application "appears [to have become] abandoned" and, based on assertions by Respondent reflected in the Interview Summary dated March 5, 2002, [ ]'s new attorney requests Respondent provide to him "facts surrounding this case, if, in fact, the application is abandoned, and if you have filed any papers to revive or otherwise continue this application."
23. [ ]'s new attorney resent his December 14, 2004 letter to Respondent at this Basking Ridge, New Jersey address, as "reminder letters" on January 20, 2005 and April 11, 2005. The April 11, 2005 letter was sent to Respondent by certified mail and the certified mail receipt appears to have been signed for by Respondent on April 13, 2005.
24. Respondent did not forward any files to [ ]'s new attorney but "left messages indicating that he sent copies to [ ] on an ongoing basis and that the best records were in the Patent and Trademark Office file histories" which were available to [ ]'s new attorney.

## LEGAL CONCLUSIONS

### Count 1

25. Based upon the following stipulated facts, Respondent acknowledged that his conduct violated the following Disciplinary Rules of the Code of Professional Responsibility as outlined in Section 10 of 37 C.F.R.:
- a. Rule 10.23(b)(5) in that Respondent engaged in conduct prejudicial to the administration of justice by allowing the '[]' application to become abandoned without his client's consent;
  - b. Rule 10.77(c) in that Respondent neglected a legal matter entrusted to him in:
    - i) allowing the '[]' application to become abandoned, ii) in failing to report to his client the substance of the March 5, 2002 call from the patent examiner, and iii) in failing to notify his client of the March 8, 2002 Notice of Abandonment in the '[]' application; and
  - c. Rule 10.40(a) in that Respondent failed to withdraw from the '[]' application.

### Count 2

- d. Rule 10.77(c) in that Respondent neglected a legal matter entrusted to him in failing to revive the '[]' application which had become abandoned, and in failing to notify his client of the opportunity to revive the '[]' application; and
- e. Rule 10.40(a) in that Respondent failed to withdraw from the '[]' application.

### Count 3

- f. Rule 10.40(a) in that Respondent failed to withdraw from the '[]' application, and by failing to deliver to his client his client's papers and other property, including [ ]'s application file.

## SANCTIONS

Based upon the foregoing, Respondent agreed and it is:

- 26. **ORDERED** that the Final Order incorporates the stipulated facts above.
- 27. **ORDERED** that the Respondent is suspended from the practice of patent law, trademark law, and other non-patent law before the USPTO for three months starting from the date of the Final Order.

28. **ORDERED** that the OED Director publish the Final Order.
29. **ORDERED** that the OED Director publish the following Notice:

**Notice of Suspension**

Kenneth R. Schaefer, of Point Pleasant, New Jersey, a patent attorney, Registration No. 20,409, has been suspended from practice before the United States Patent and Trademark Office in patent, trademark, and other non-patent law cases for three months, beginning effective as of the date of the Final Order. This action by the USPTO Director is taken pursuant to the provisions of 35 U.S.C. § 32, and 37 C.F.R. § 10.133(g).

30. **ORDERED** that the OED Director give notice to appropriate employees of the USPTO, courts, and authorities in any state in which Respondent is known to be a member of the bar; and any appropriate bar association. 37 C.F.R. § 10.159(a).
31. **ORDERED** that within 30 days of the execution of this Final Order, Respondent shall, in accordance with 37 C.F.R. § 10.158(b)(2), surrender each client's active USPTO case file(s) to (1) each client or (2) another practitioner designated by each client, and shall file proof thereof with the OED Director within the same 30 day period.
32. **ORDERED** that any communication relating to a client matter that is addressed to Respondent and/or received by him shall be immediately forwarded to the client or the practitioner designated by the client, and that Respondent will take no other legal action in the matter, enter any appearance, or provide any legal advice concerning the matter that is the subject of the communication, all in accordance with 37 C.F.R. §§ 10.158(a), (b)(2), (b)(6).
33. **ORDERED** that within 30 days of the execution of this Final Order, Respondent shall, in accordance with 37 C.F.R. §§ 10.158(b)(8), 10.160(d), return to any client having immediate or prospective business before the Office any unearned legal funds, including any unearned retainer fee, and any securities and property of the client, and shall file a proof thereof with the OED Director no later than filing his petition for reinstatement.
34. **ORDERED** that upon the execution of this Final Order, Respondent shall promptly take steps to comply with the provisions of 37 C.F.R. § 10.158(b)(3), (b)(4), (b)(5), (b)(6), and (b)(7), and further, within 30 days of taking steps to comply with § 10.158(b)(4) Respondent shall file with the OED Director an affidavit describing the precise nature of the steps taken, and still further directing that Respondent shall submit proof of compliance with §§ 10.158(b)(3), (b)(5), (b)(6), and (b)(7) with the OED Director upon filing a petition for reinstatement under 37 C.F.R. § 10.160.
35. **ORDERED** that upon the execution of this Final Order, Respondent shall promptly take

steps to fully comply with the provisions of 37 C.F.R. §§ 10.158(c) and (d).

36. **ORDERED** that all parties shall bear their own costs.

**REINSTATEMENT**

37. Following the suspension for three months in compliance with the foregoing provisions, Respondent may apply for reinstatement to practice effective upon filing a petition for reinstatement and an affidavit showing compliance with 37 CFR §§ 10.158 and 10.160.

April 30, 2007  
Date

/s/  
James A. Toupin  
*General Counsel*  
*United States Patent and Trademark Office*

On behalf of Jon W. Dudas  
*Under Secretary of Commerce For*  
*Intellectual Property and Director of the*  
*United States Patent And Trademark Office*

cc: Harry I. Moatz  
OED Director

cc: Kenneth R. Schaefer  
104 Bay Point Harbour  
Point Pleasant, NJ 08742  
and  
7201 Promenade Drive  
Boca Raton, FL 33433