

BEFORE THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENTS AND TRADEMARK OFFICE

HARRY I. MOATZ,)	
)	
Director, Office of)	
Enrollment and Discipline,)	
)	
v.)	Proceeding No. 2003-12
)	
MALCOLM B. WITTENBERG,)	
)	
Respondent.)	
_____)	

FINAL DECISION UNDER 37 C.F.R. § 10.156

On July 24, 2003, the Director of the Office of Enrollment and Discipline (OED Director) filed a disciplinary complaint against Respondent alleging violations related to insider trading. On February 4, 2004, while the matter was pending before the Honorable William B. Moran ("ALJ"), the OED Director filed a motion for default judgment. On March 3, 2004, the ALJ entered an initial decision finding Respondent in default and recommending that he be excluded from practice before the USPTO. Meanwhile, however, the parties apparently had discussed the possibility of Respondent tendering his resignation pursuant to 37 C.F.R. § 10.133(b). On March 3, 2004, the same day that the ALJ's initial decision was entered, Respondent tendered a resignation affidavit by facsimile transmission. According to the OED Director, the affidavit was tendered after the initial decision had been entered and was incomplete.

Respondent filed a timely appeal, requesting that the ALJ's decision be vacated and a stipulated resolution entered pursuant to 37 C.F.R. § 10.133(b). Attached to the appeal is a complete original copy of a resignation affidavit. The OED Director filed a statement indicating that he does not object to the relief requested by Respondent.

As required by 37 C.F.R. § 10.133(b) and (c), Respondent's affidavit swears, among other things, that if he applies for reinstatement, the OED Director will conclusively presume, for the limited purpose of determining the application for reinstatement, that the facts upon which the complaint is based are true and that Respondent could not have successfully defended himself against charges set out in the complaint. The first two pages of the affidavit set forth the statements required by § 10.33(b) and (c), and the second page of the affidavit includes Respondent's notarized signature. Attached thereto are three additional pages, numbered three through five, setting forth the factual allegations of the Complaint and including some but not all of the disciplinary rule violations charged in the Complaint. These three pages are not referred to in the main body of the affidavit. However, the OED Director's statement concerning Respondent's appeal refers to Respondent's "five-page resignation affidavit that accords with the settlement negotiations prior to the entry of the Initial Decision."

In order to give effect to the obvious intent of the parties, Respondent's affidavit and the OED Director's expressed acceptance thereof will be treated as an amendment of the Complaint by mutual consent so that the relevant portion reads as follows:

COUNT 1

- 1.1 The United States Securities and Exchange Commission ("SEC") on or about April 16, 2001, filed civil complaint No. 01-1477 against Respondent in the Northern District of California, alleging that Respondent traded in a client's stock on inside information in violation of 15 U.S.C. § 78j and 17 C.F.R. § 240.10b-5
- 1.2 The SEC complaint alleges that Respondent "with scienter, directly or indirectly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, or courses of business which

operated or would operate as a fraud or deceit upon other persons, including purchasers and sellers of securities; in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, of the mails, or the facilities of a national securities exchange.”

- 1.3 In particular, the SEC complaint alleges that (i) on or before August 16, 1999, the general counsel of Forte Software Inc., a client of the firm of which Respondent was a partner, informed Respondent that Forte was considering a merger with Sun Microsystems, Inc., (ii) that Respondent communicated with attorneys conducting due diligence for Sun over the next few days, and (iii) that Respondent, using his advance knowledge of the proposed merger, purchased Forte stock on August 16 and August 20, 1999.
- 1.4 Sun announced its acquisition of Forte on August 23, 1999, resulting in a 24.2% increase in the price of Forte shares.
- 1.5 Respondent consented to entry of final judgment against him in the SEC matter, and stated:

Wittenberg agrees not to take any action or to make or permit to be made any public statement, denying, directly or indirectly, any allegation in the Complaint or creating the impression that the Complaint is without factual basis.

- 1.6 Respondent’s conduct violated the following Disciplinary Rules of Professional Conduct as outlined in Section 10 of 37 C.F.R. as follows:
 - a. Rule 10.23(b)(4) by engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation;
 - b. Rule 10.23(b)(6) by engaging in conduct that adversely reflects on Respondent’s fitness to practice before the Office; and
 - c. Rule 10.57(b)(3) by using a confidence or secret of a client, without consent after full disclosure, for the advantage of the Respondent.

COUNT 2

- 2.1 Paragraph 1.1 – 1.6 are hereby incorporated by reference.
- 2.2 On or about April 16, 2001, Respondent was indicted by a federal grand jury on two counts of violating 15 U.S.C. §§ 78j and 78ff, and 17 C.F.R. § 240.10b-5, by (a) employing a device, scheme and artifice to defraud, (b) omitting to state material facts necessary to make statements made, in light of the circumstances

under which they were made, not misleading, and (c) engaging in acts, practices, and courses of dealing which would and did operate as a fraud and deceit.

- 2.3 In particular, the indictment states that (i) Respondent was informed of an impending merger by an attorney employed by Forte on or about August 16, 1999, (ii) Respondent purchased 1000 shares of Forte stock after this conversation, (iii) on August 19, 1999, Respondent spoke with an attorney employed by Sun regarding the merger, (iv) on August 20, 1999 Respondent purchased 1000 additional shares of Forte stock, (v) on August 23, 1999, Sun publicly announced the Forte acquisition and Respondent's Forte shares were later converted to Sun shares, and (vi) Respondent sold his Sun shares on or about October 21, 1999.
- 2.4 Count Two of the indictment alleged that Respondent, on or about August 20, 1999, purchased 1000 shares of Forte stock in breach of his fiduciary duty not to trade in Forte stock while in possession of material nonpublic information regarding Forte.
- 2.5 On or about September 4, 2001, Respondent executed a plea agreement in which he agreed to plead guilty to Count Two of the indictment stated that "I agree I am guilty of the offense to which I will plead guilty." Respondent further stated in the plea agreement that "I stipulate that there is a sufficient factual basis to support my conviction for insider trading."
- 2.6 On or about December 4, 2001, the United States District Court for the Northern District of California accepted Respondent's guilty plea and entered a judgment convicting him of insider trading.
- 2.7 Respondent's conduct violated the following Disciplinary Rules of Professional Conduct as outlined in Section 10 of 37 C.F.R. as follows:
- a. Rule 10.23(b)(6) by engaging in conduct that adversely reflects on Respondent's fitness to practice before the Office; and
 - b. Rule 10.23(c)(1) in the Respondent was convicted of a criminal offense involving dishonesty or breach of trust; and
 - c. Rule 10.57(b)(3) by using a confidence or secret of a client, without consent after full disclosure, for the advantage of the Respondent.

COUNT 3

- 3.1 Paragraphs 1.1 - 1.6 and 2.1 - 2.7 are hereby incorporated by reference
- 3.2 Respondent was a member of the Virginia State Bar

- 3.3 On February 22, 2002, the Virginia State Bar Disciplinary Board revoked Respondent's license to practice law in Virginia as a result of a felony conviction.
- 3.4 Respondent's conduct violated the following Disciplinary Rules of Professional conduct as outlined in Section 10 of 37 C.F.R. as follows:
- a. Rule 10.23(b)(6) by engaging in conduct that adversely reflects on his fitness to practice before the Office; and
 - b. Rule 10.23(c)(5) by being disbarred from practice as an attorney on ethical grounds by a duly constituted authority of a State.

ORDER

Based upon the affidavit that Respondent submitted that meets the requirements of 37 C.F.R. § 10.133(b) and (c), it is:

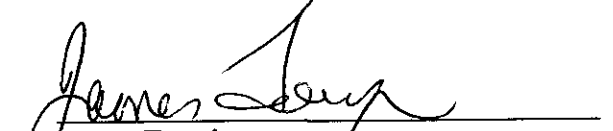
- a. ORDERED that Malcolm B. Wittenberg, of San Francisco CA, a patent attorney, with registration number 27,028, be excluded on consent from practice before the United States Patent and Trademark Office.
- b. ORDERED that the OED Director will publish the following notice in the Official Gazette:

Notice Of Exclusion On Consent

Malcolm B. Wittenberg, of San Francisco, CA, a patent attorney, with registration number 27,028, has been excluded on consent from practice before the United States Patent and Trademark Office in patent and trademark law cases beginning **July 1, 2004**. This exclusion on consent is made pursuant to the provisions of 35 U.S.C. § 32, and 37 C.F.R. § 10.133(b) and (c).

On behalf of the Under Secretary of Commerce for
Intellectual Property and Director of the United
States Patent and Trademark Office

June 16, 2004
Date


James Toupin
General Counsel
United States Patent and Trademark Office

cc:

Director
Office of Enrollment and Discipline
Mailstop OED
USPTO
P.O. Box 1450
Alexandria, VA 22313-1450

Malcolm B. Wittenberg

Sydney Johnson, Esq.
Associate Solicitor
United States Patent and Trademark Office
Office of the Solicitor
P.O. Box 16116
Arlington, VA 22215