**UNITED STATES PATENT AND TRADEMARK OFFICE**
**BEFORE THE ADMINISTRATIVE LAW JUDGE**

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| In the Matter of:<br><br>JOHN ROGER CASTIGLIONE,<br><br>Respondent. | Proceeding No. D2020-11<br><br>November 25, 2020 |

# INITIAL DECISION ON DEFAULT JUDGMENT

This matter arises from a disciplinary complaint filed by the Director for the Office of Enrollment and Discipline ("OED Director") for the United States Patent and Trademark Office ("USPTO" or "the Office") against John Roger Castiglione ("Respondent") pursuant to 35 U.S.C. § 32 as implemented by 37 C.F.R. Part 11.[1] The OED Director has filed a Motion for Entry of Default Judgment and Imposition of Disciplinary Sanction and a Memorandum in Support ("Default Motion") seeking a default judgment and an order excluding Respondent from practice before the Office.

## PROCEDURAL HISTORY

On May 6, 2020, after pleading guilty to a felony, Respondent was placed on interim suspension from practice before the USPTO by Final Order issued by the USPTO Director. On May 6, 2020, the matter was referred to this Court pursuant to 37 C.F.R. § 11.25(b)(5) for the purpose of conducting a formal disciplinary hearing. On May 8, 2020, the Court issued a *Notice of Hearing and Order* scheduling a hearing to take place in September 2020 and setting forth various other deadlines, including a deadline for Respondent to file an Answer to the *Complaint*.

Respondent failed to timely file an Answer. After the deadline for him to do so had expired, the OED Director notified the Court that he anticipated filing a motion for default judgment and asked that the hearing date and all prehearing deadlines be vacated. The Court granted this request and vacated the hearing date and deadlines by order dated June 19, 2020.

[1] Pursuant to an Interagency Agreement in effect beginning March 27, 2013, Administrative Law Judges of the U.S. Department of Housing and Urban Development have been appointed by the U.S. Commerce Secretary and are authorized to hear cases brought by the U.S. Patent and Trademark Office.

## APPLICABLE LAW

**USPTO Disciplinary Proceedings**. The USPTO has the "exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it." Kroll v. Finnerty, 242 F.3d 1359, 1364 (Fed. Cir. 2001). This authority flows from 35 U.S.C. § 2(b)(2)(D), which empowers the USPTO to establish regulations governing patent practitioners' conduct before the Office, and 35 U.S.C. § 32, which empowers the USPTO to discipline a practitioner who is "shown to be incompetent or disreputable, or guilty of gross misconduct," or who violates the USPTO's regulations. The practitioner must receive notice and an opportunity for a hearing before such disciplinary action is taken. 35 U.S.C. § 32. Disciplinary hearings are conducted in accordance with the USPTO's procedural rules at 37 C.F.R. part 11, subpart C, and with section 7 of the Administrative Procedure Act, 5 U.S.C. § 556, by a hearing officer appointed by the USPTO. See 37 C.F.R. §§ 11.39(a), 11.44. The OED Director has the burden of proving any alleged violations by clear and convincing evidence. 37 C.F.R. § 11.49.

In 1985, the USPTO issued regulations based on the ABA Model Code of Professional Responsibility to govern attorney conduct and practice. See Practice Before the Patent and Trademark Office, 50 Fed. Reg. 5158 (Feb. 6, 1985) (Final Rule) (codified at 37 C.F.R. §§ 10.20-10.112). These rules set forth the USPTO Code and "clarif[ied] and modernize[d] the rules relating to admission to practice and the conduct of disciplinary cases." Id. In May 2013, the USPTO replaced the USPTO Code with the USPTO Rules, which are fashioned after the ABA's Model Rules of Professional Conduct. See Changes to Representation of Others Before the United States Patent and Trademark Office, 78 Fed. Reg. 20180 (April 3, 2013) (Final Rule) (codified at 37 C.F.R. §§ 11.101-11.901). By updating its regulations, the USPTO sought to "provid[e] attorneys with consistent professional conduct standards, and large bodies of both case law and opinions written by disciplinary authorities that have adopted the ABA Model Rules."[2] Id. at 20180.

**Consequences for Failure to Answer Complaint**. The USPTO's procedural rules set forth the requirement for answering the *Complaint* and the consequences for failing to do so: "Failure to timely file an answer will constitute an admission of the allegations in the complaint and may result in entry of default judgment." 37 C.F.R. § 11.36(e).

**Burden of Proof**. The OED Director must prove alleged disciplinary violations by "clear and convincing evidence." 37 C.F.R. § 11.49; In re Johnson, Proceeding No. D2014-12 (USPTO Dec. 31, 2014)[3] at 2. Likewise, it is Respondent's burden to prove any affirmative defense by clear and convincing evidence. 37 C.F.R. § 11.49. This standard "protect[s] particularly important interests . . . where there is a clear liberty interest at stake." Johnson, at 3 (quoting Thomas v. Nicholson, 423 F.3d 1279, 1283 (Fed. Cir. 2005)) (internal quotation marks omitted). "Clear and convincing evidence" requires a level of proof that falls "between a preponderance of the evidence and proof beyond a reasonable doubt." Id. (quoting Addington v.

[2] Thus, the USPTO Code, the Comments and Annotations to the ABA Model Rules, and disciplinary decisions and opinions issued by state bars are useful to understanding the USPTO Rules. See Changes to Representation of Others Before the United States Patent and Trademark Office, 78 Fed. Reg. at 20180.

[3] *Available at*: https://go.usa.gov/xVQps.

Texas, 441 U.S. 418, 424-25 (1979)) (internal quotation marks omitted). The evidence must be of such weight so as to "produce[] in the mind of the trier of fact a firm belief or conviction, without hesitancy, as to the truth of the allegations sought to be established." Id. (quoting Jimenez v. DaimlerChrysler Corp., 269 F.3d 439, 450 (4th Cir. 2001)) (internal quotation marks omitted). "Evidence is clear if it is certain, unambiguous, and plain to the understanding, and it is convincing if it is reasonable and persuasive enough to cause the trier of facts to believe it." Id. (quoting Foster v. AlliedSignal, Inc., 293 F.3d 1187, 1194 (10th Cir. 2002)) (internal quotation marks omitted).

## FINDINGS OF FACT

Because Respondent failed to answer the *Complaint*, Respondent is deemed to have admitted the allegations in the *Complaint*, which are set forth below as the Court's findings of fact. See In re Riley, Proceeding No. D2013-04 (USPTO July 9, 2013)[4] (granting OED Director's motion for default judgement when respondent failed to answer the complaint).

On June 24, 2019, the United States District Court for the District of Massachusetts issued a Judgment in a Criminal Case in United States of America v. John Castiglione in Case Number 3:19-cr-30002-001 (MGM), convicting Respondent of one count of felony Bulk Cash Smuggling Into the United States, in violation of 31 U.S.C. § 5332(a)(1) and 18 U.S.C. § 2. Respondent was sentenced to one year of probation with conditions and forfeiture of $125,000.

The facts leading to the conviction are summarized as follows: on or about May 2, 2014, Respondent sent by Federal Express two packages containing $60,000 and $65,000, respectively, from Bermuda to his law office in Pittsfield, Massachusetts. The packages were addressed to "Attorney At Law" and were declared to be "documents" rather than United States currency. Respondent was aware of the requirement to report transporting currency greater than $10,000, but chose not to do so because, in part, he did not want to pay any taxes or fees.

## CONCLUSIONS OF LAW

Based upon the foregoing findings of fact, the Court concludes that Respondent violated the USPTO Rules of Professional Conduct as alleged, for the following reasons.

a. 37 C.F.R. § 11.804(b) provides that "[i]t is professional misconduct for a practitioner to . . . [c]ommit a criminal act that reflects adversely on the practitioner's honesty, trustworthiness or fitness as a practitioner in other respects." Respondent violated this provision when he violated 31 U.S. C. § 5332(a)(1) and 18 U.S.C. § 2 by sending currency in amounts greater than $10,000 from Bermuda to Pittsfield MA without reporting them.

b. 37 C.F.R. § 11.804(i) provides that "[i]t is professional misconduct for a practitioner to . . . [e]ngage in other conduct that adversely reflects on the practitioner's fitness to practice before the Office." Respondent violated this provision when he violated 31 U.S. C. § 5332(a)(1) and 18 U.S.C. § 2 by sending currency in amounts greater than $10,000 from Bermuda to Pittsfield MA without reporting them.

[4] *Available at*: https://go.usa.gov/xV9Ku.

The OED Director asked the Court to sanction Respondent by entering an order excluding him from practice before USPTO. The primary purpose of legal discipline is not to punish, but rather "is to protect the public and the administration of justice from lawyers who have not discharged, will not discharge, or are unlikely properly to discharge their professional duties to clients, the public, the legal system, and the legal profession." In re Brufsky, Proceeding No. D2013-18 (USPTO June 23, 2014)[5] at 8 citing Matter of Chastain, 532 S.E.2d 264, 267 (S.C. 2000).

## SANCTIONS

The OED Director claims Respondent's misconduct warrants exclusion. The Court excludes Respondent from practice before the Office based on the fact that Respondent committed a criminal act that reflects adversely on his honesty, trustworthiness or fitness as a practitioner in other respects (37 C.F.R. § 11.804(b)) and because he engaged in conduct that adversely reflects on his fitness to practice before the Office when he was found guilty of committing a serious crime (37 C.F.R. § 11.804(i)). In re Glazer, Proceeding No. D2018-34 (USPTO Mar. 4, 2020)[6].

### 1. Respondent Committed Serious Misconduct When He Committed a Felony.

USPTO regulations provide that a practitioner convicted of a serious crime shall receive an interim suspension from practice before the Office. 37 C.F.R. § 11.25(a). Under 37 C.F.R. §11.1 serious crime is defined as: "[a]ny criminal offense classified as a felony under the laws of the United States, any state or any foreign country where the crime occurred." A federal offense that carries a term of imprisonment of less than ten years but five or more years is a Class D felony. 18 U.S.C. §§ 3156(a)(3) and 3559(a)(4). This Court has found that a conviction for a felony constitutes evidence of serious criminal conduct that will lead to disbarment. See In re Glazer, supra, at 3-4. Other Courts have often concluded the same. See, e.g., People v. Zarlengo, 367 P.3d 1197 (Colo. 2016) (disbarment was more appropriate than suspension due to the seriousness of the disbarred lawyer's felony theft); see also Attorney Grievance Commission of Maryland v. Blair, Misc. Docket AG No. 83, Sep. Term, 2009 (Court of Appeals disbarred lawyer who concocted and executed scheme to launder drug money that he obtained from client, among other criminal acts).

USPTO Rule of Professional Conduct 11.804(b) provides that "[i]t is professional misconduct for a lawyer to . . . (b) commit a criminal act that reflects adversely on the lawyer's honestly, trustworthiness, or fitness as a lawyer in other respects." See also ABA Model Rule of Professional Conduct 8.4(b). The USPTO has excluded practitioners found to have committed a criminal act that reflects adversely on the practitioner's honesty, trustworthiness, or fitness as a practitioner. See In re Glazer, supra, at 6-7. (pursuant to a 37 C.F.R. § 11.25 matter the Court granted the OED Director's default motion and excluded the practitioner from practice.

[5] *Available at:* https://go.usa.gov/xVQd4.

[6] *Available at*: https://go.usa.gov/xGKZp.

Respondent pled guilty to two counts of conspiracy to fix prices in violation of Section 1 of the Sherman Antitrust Act (15 U.S.C. § 1) at a plea hearing in the federal criminal case of United States v. Glazer, No. 2:16-cr-506-1 (E.D. Pa.)); see also In re Mitchell, Proceeding No. D2018-29 (USPTO Nov. 16, 2018)[7] (practitioner suspended for six months with five years' probation upon reinstatement based on a settlement agreement, originating from his § 11.25 interim suspension for a serious crime; Respondent was convicted of operating a motor vehicle while intoxicated and causing a traffic accident, in which a person in the other vehicle was injured. After the accident, Respondent left the scene resulting in his conviction of one felony count for leaving the scene of an accident involving personal injury or death).

Financial fraud such as that which Respondent pled guilty are routinely relied upon by the courts to exclude practitioners from practice. In re Glazer, supra; see also In re Caracappa, Proceeding No. D2015-37 (USPTO Jan. 5, 2016) (Respondent was excluded on consent where the complaint alleged that he pled guilty to 18 U.S.C. § 1349 (conspiracy to commit wire fraud) and 18 U.S.C. § 1956(h) (conspiracy to commit money laundering) in connection with a scheme to defraud a client); In re Ho, Proceeding No. D2018-23 (USPTO May 2, 2018) (Respondent excluded on consent where the disciplinary investigation was pending concerning his conviction of money laundering, 18 U.S.C. § 1956(a)(3) and felony conspiracy to commit money laundering, 18 U.S.C. § 1956(h)).

The OED Director has presented clear and convincing evidence of Respondent's felony conviction. The Court therefore concludes that Respondent committed a serious crime.

2. Four Factors to Consider When Determining Discipline

The primary purpose of legal discipline is not to punish, but rather "is to protect the public and the administration of justice from lawyers who have not discharged, will not discharge, or are unlikely properly to discharge their professional duties to clients, the public, the legal system, and the legal profession." In re Brufsky, Proceeding No. D2013-18 (USPTO June 23, 2014)[8] at 8 citing Matter of Chastain, 532 S.E.2d 264, 267 (S.C. 2000); see also American Bar Association, STANDARDS FOR IMPOSING LAWYER SANCTIONS (2015), ("STANDARDS" or "STANDARD") § 1.1. Respondent's behavior demonstrates a willful disregard of his obligations to the public and the legal profession. Further, Respondent's misconduct reflects that he lacks basic ethical capacities, and, thus, should not be permitted to continue to represent others before the Office.

There are four factors that the Court is to consider when determining an appropriate disciplinary sanction in a USPTO disciplinary hearing: (1) whether the practitioner has violated a duty owed to a client, to the public, to the legal system, and/or to the profession; (2) whether the practitioner acted intentionally, knowingly, or negligently; (3) the amount of the actual or potential injury caused by the practitioner's misconduct; and (4) the existence of any aggravating or mitigating factors. See 37 C.F.R. § 11.54(b). See also In re Morishita, supra; In re Lau, supra; In re Schwedler, supra; STANDARDS § 3.0.

[7] *Available at*: https://go.usa.gov/xdX3C.

[8] *Available at:* https://go.usa.gov/xyEDt.

a. Respondent Violated of Duties Owed to Clients, the Public and the Legal System.

"The most fundamental duty a lawyer owes to the public is the duty to maintain standards of personal integrity upon which the community relies." See STANDARDS § 5.0. "The public expects lawyers to be honest and to abide by the law; public confidence in the integrity of officers of the court is undermined when lawyers engage in illegal or other dishonest conduct." Id.; see also Disciplinary Counsel v. Dann, 979 N.E.2d 1263, 1268 (Ohio 2012) ("The integrity of the profession can be maintained only if the conduct of the individual attorney is above reproach. He should refrain from any illegal conduct. Anything short of this lessens public confidence in the legal profession-because obedience to the law exemplifies respect for the law." (citations omitted)); see also In re King, 646 So. 2d 326, 328 (La. 1994) ("Disbarment is suitable when a lawyer violates his duty to the public by serious criminal conduct involving false swearing, misrepresentation or fraud." (citation omitted)); see also Disciplinary Counsel v. Margolis, 114 Ohio St.3d 165, 167 (Ohio 2017) ("Respondent violated duties to the legal system and the general public by failing to conduct himself within the bounds of the law and to act in accordance with the highest standards of honesty and integrity."). Respondent's criminal conduct violated his duty to maintain personal integrity and detracted from the public's confidence in lawyers.

b. Respondent Acted Intentionally and Knowingly when he attempted to smuggle cash into the United States with a specific intent to evade federal reporting requirements and obviously knew of these requirements.

Evaluation of a lawyer's mental state, or *mens rea*, requires a determination as to whether, at the time of the misconduct, the lawyer acted intentionally, knowingly, or negligently. These three mental states address the degree of the lawyer's culpability for disciplinary purposes. See STANDARDS § 3.0; see also, e.g., In re Phillips, 244 P.3d 549, 555 (Ariz. 2010) (lawyer's mental state at the time of a violation is important, as it affects the appropriate discipline imposed; "[i]ntentional or knowing conduct is sanctioned more severely than negligent conduct because it threatens more harm"); People v. Varallo, 913 P.2d 1 (Colo. 1996) (lawyer's mental state is decisive element in determining level of discipline).

Acting with intent constitutes the most culpable mental state and arises when a lawyer acts with a conscious objective or purpose to accomplish a particular result. See STANDARDS § 3.0; see also, e.g., Att'y Grievance Comm'n v. Culver, 808 A.2d 1251, 1260 (Md. 2002) (discussing indefinitely suspended lawyer who failed to reduce contingency fee modification to writing and disbursed settlement proceeds to himself, court reiterated principle that "[c]learly, one who acts with deliberation and calculation, fully cognizant of the situation and, therefore, fully intending the result that is achieved is more culpable than one who, though doing the same act, does so unintentionally, negligently or without full appreciation of the consequences" (citations omitted)).

There is no dispute that Respondent's acts were intentional and knowing. According to the United States Attorney's Office, District of Massachusetts, Respondent attempted to mail two

packages containing $60,000 and $65,000 from Bermuda to his residence in Philadelphia, with the intent to evade federal reporting requirements concerning the cash. See United States of America v. John Castiglione in Case Number 3:19-cr-30002-001 (MGM) (June 24, 2019), convicting Respondent of one count of felony Bulk Cash Smuggling Into the United States, in violation of 31 U.S.C. § 5332(a)(1) and 18 U.S.C. § 2. Respondent admitted that he was aware of the federal reporting requirements but had attempted to smuggle the money into the United States because, in part, he did not want to pay any taxes and fees. He also made false statements that the money might have been owned by a client of his practice, when he knew that the money actually belonged to his family. Therefore, Respondent acted intentionally and knowingly as he engaged in the smuggling of cash with a specific intent to evade federal reporting requirements and obviously knew of these requirements.

c. The Legal Profession and the Public were harmed by Respondent's Misconduct.

It is not necessary to establish that a client was actually harmed by a practitioner's misconduct in order to establish a violation of the USPTO ethics rules. See In re Fuess, Proceeding No. D2017-16 (USPTO July30, 2018)[9] at 21 ("The federal courts have consistently held that the purpose of disciplinary rules is not to punish, but rather 'to protect the public, to protect the integrity of the legal profession and to deter other lawyers from violating the Rules of Professional Conduct.' . . . 'The harm from the violation need not be actual, only potential.'"); Halvonik v. Dudas, 398 F.Supp.2d 115, 128 (D. D.C. 2005) ("Consequently, even if there was no harm, the conduct was still improper giving the [US]PTO sufficient justification to sanction such conduct. . . ."). Other jurisdictions follow the same rule. See, e.g., In re Banks, 461 A.2d 1038, 1041 (D.C. App. 1983) ("When viewed from the perspective of the disciplinary system's responsibility to protect the public from unworthy attorneys, to maintain the integrity of the profession, and to deter shoddy practice, it is clear that whether the client happens to be prejudiced or not should not determine the outcome of disciplinary cases involving neglect.").

Therefore, even though Respondent did not compromise any client's interest, Respondent certainly failed to maintain the integrity of the legal profession by engaging in a criminal act. Respondent harmed the public by failing to maintain a high standard of ethical conduct; thereby, lessening public confidence in the legal profession.

d. Aggravating and Mitigating Factors

The American Bar Association STANDARDS also contain a list of aggravating and mitigating factors for use in assessing attorney disciplinary sanctions. See STANDARDS § 1.1. The STANDARDS have been referenced when determining the appropriate sanction to be imposed in a USPTO disciplinary proceeding. See, e.g., In re Hormann, Proceeding No. D08-04 (USPTO July 8, 2009)[10]; In re Sheasby, Proceeding No. D2013-13 (USPTO Dec. 31, 2013)[11]; and In re

[9] *Available at*: https://go.usa.gov/xdEgH.

[10] *Available at:* https://go.usa.gov/xdXcX.

[11] *Available at:* https://go.usa.gov/xyEZY.

Robinson, Proceeding No. D2009-48 (USPTO May 26, 2010).[12]

i. Aggravating Factors

STANDARDS § 9.22 identifies eleven aggravating factors which, if they exist, warrant more severe sanctions. Aggravation or aggravating circumstances are any considerations or factors that may justify an increase in the degree of discipline to be imposed. STANDARDS § 9.21. There are two aggravating factors present in this matter.

The first aggravating factor present is a "dishonest or selfish motive." See STANDARDS § 9.22(b). Respondent's attempt to smuggle $125,000 into the United States in an attempt to avoid paying taxes and fees clearly demonstrates his dishonest and selfish motive.

The second aggravating factor is whether the Respondent has "substantial experience in the practice of law." See STANDARDS § 9.22(i). Substantial years in practice can be considered an aggravating factor under Standard 9.22(i) because a lawyer with a great deal of experience should know better than to engage in misconduct. See STANDARDS § 9.22 annotation at 442. Respondent was registered as a patent attorney on May 19, 1977. Respondent has been licensed to practice patent law before the Office approximately 43 years.

A lawyer who has been practicing for 43 years, surely knows better than to engage in the conduct described here. See In re Tachner, supra (suspending a 40-year member of the patent bar for 5-years); In re Vickers, 729 S.E.2d 355 (Ga. 2012) (several aggravating factors including lawyer's six years of law practice experience warranted disbarment sanction for mail fraud conviction involving real estate fraud); In re Disciplinary Proceedings Against Theobald, 786 N.W.2d 834 (Wis. 2010) (practicing law for 14 years when lawyer committed misconduct found to be aggravating factor in determining sanction for her for failing to act with reasonable diligence and promptness in representing bankruptcy client and failing to communicate with client after dismissal of bankruptcy petition; 60-day suspension imposed). Significant aggravation attaches to Respondent's misconduct justifying the increase of his sanction, because Respondent has practiced patent law for decades.

ii. Mitigating Factors

STANDARD § 9.32 identifies mitigating factors which, if they exist, are considerations or facts that may justify a reduction in the degree of discipline to be imposed. See STANDARDS § 9.31. The only mitigating factor is the "absence of a prior disciplinary record." See STANDARDS § 9.32(a). There are no additional mitigating factors present in this case and Respondent's clean disciplinary past is clearly outweighed by the gravity of the violation and the aggravating factors.

[12] *Available at:* https://go.usa.gov/xyEZj.

## CONCLUSION

Because Respondent has failed to answer the Complaint, Respondent is found to be in **DEFAULT**. Based on the facts hereby admitted, this Court finds that Respondent has violated the USPTO Rules of Professional Conduct as alleged. As a consequence of the default, the OED Director requests that the Court exclude Respondent from practice before the USPTO in patent, trademark, or other non-patent matters. After analyzing the factors enumerated in 37 C.F.R. § 11.54(b), this Court concludes that Respondent's misconduct warrants the sanction of exclusion.

Accordingly, Respondent shall be **EXCLUDED** from practice before the U.S. Patent and Trademark Office in patent, trademark, and other non-patent matters.[13] This Order shall be applied *nunc pro tunc* and Respondent's period of exclusion shall be deemed to have started running as of May 30, 2019. However, Respondent shall comply 37 C.F.R. §§ 11.58 and 11.60.

So **ORDERED**,

J. Jeremiah Mahoney
United States Administrative Law Judge

**Notice of Required Actions by Respondent:** Respondent is directed to refer to 37 C.F.R. § 11.58 regarding his responsibilities in the case of suspension or exclusion.

**Notice of Appeal Rights:** Within thirty (30) days of this initial decision, either party may file an appeal to the USPTO Director pursuant to 37 C.F.R. § 11.55.

[13] An excluded practitioner is eligible to apply for reinstatement no earlier than five years from the effective date of the exclusion. See 37 C.F.R. § 11.60(b). Eligibility is predicated upon full compliance with 37 C.F.R. § 11.58.