

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

In the Matter of:)

Terry M. Gernstein,)

Respondent)

Proceeding No. D2011-02

FINAL ORDER

Pursuant to 37 C.F.R. § 11.27, the Director of the United States Patent and Trademark Office (“USPTO” or “Office”) received for review and approval from the USPTO’s Director of the Office of Enrollment and Discipline (“OED Director”) an Affidavit of Resignation executed by Terry M. Gernstein (“Respondent”). Respondent is a registered patent practitioner who has been on inactive status since having his name voluntarily removed from the USPTO’s active roster of registered patent practitioners effective February 17, 2009. Respondent submitted the affidavit to the USPTO for the purpose of being excluded on consent pursuant to 37 C.F.R. § 11.27.

For the reasons set forth herein, Respondent’s Affidavit of Resignation dated February 9, 2011, shall be approved, and Respondent shall be excluded on consent from the practice of patent, trademark, and other non-patent law before the Office effective on the date of this Final Order.

Jurisdiction

Respondent is a registered patent practitioner (Registration No. 26,891). Respondent is subject to the USPTO Code of Professional Responsibility and Disciplinary Rules. *See* 37 C.F.R. § 11.19(a). Accordingly, pursuant to 35 U.S.C. §§ 2(b)(2)(D) and 32, and-

37 C.F.R. § 11.27, the USPTO Director has the authority to approve Respondent's Affidavit of Resignation and to exclude Respondent on consent from the practice of patent, trademark, and other non-patent law before the Office.

Respondent's Affidavit of Resignation

Respondent acknowledges in his Resignation Affidavit that:

1. His consent is freely and voluntarily rendered, he is not being subjected to coercion or duress, and that he is fully aware of the implications of consenting to exclusion.
2. He is the subject of a pending investigation concerning his conduct in connection with the practice of patent law before the Office predicated upon the following allegations:
 - a. Under a 1998 Federal Trade Commission (FTC) settlement and court order, Mr. Julian Gumpel and his colleagues were prohibited from misrepresenting the services that they offered to independent inventors.
 - b. Despite the 1998 court order, Mr. Gumpel continued his practices under the name Patent and Trademark Institute of America ("PTI") and a related entity, International Patent Advisors ("IPA").
 - c. On January 17, 2007, PTI, IPA, and their related entities were placed in receivership by order of the U.S. District Court Judge Gerald Bruce Lee in the matter of *FTC v. International Product Design, Inc., et al.*, Case No. 1:97-cv-01114-AVB.
 - d. On May 3, 2007, after a four-day hearing, Judge Lee held Mr. Gumpel and others in contempt, finding, in part, that PTI failed to disclose to consumers that none of its clients had successfully marketed an invention. The judge concluded that consumers were defrauded of \$61 million through "lies and misstatements", and the judge ordered Mr. Gumpel and others to pay \$60 million for violating the 1998 court order.
 - e. Respondent had an agreement with Mr. Gumpel regarding Respondent's preparation of prior art searches, provisional patent applications, and utility applications.
 - f. Under the agreement, PTI and IPA would pay Respondent's fees from a purported escrow account that was under the control of Mr. Gumpel.
 - g. The agreement was not disclosed to PTI's customers.
 - h. The case of Ms. R. and Mr. R. (PTI Docket No. 2188292) is representative of the way IPA handled cases:

- i. Ms. R. and Mr. R. were customers of PTI who paid at least \$14,990 for PTI's services, including the filing of a provisional patent application and a design application.
- ii. IPA sent Respondent a description of the R.s' idea, and Respondent conducted a patent search and prepared a provisional patent application for the R.s' idea.
- iii. The provisional patent application, which Respondent had prepared, included a cover sheet that directed the USPTO to send all correspondence regarding the R.s' provisional patent application to IPA, 99 Powerhouse Road, Suite 108, Roslyn Heights, NY 11577.
- iv. Respondent sent the provisional patent application and cover sheet to IPA, and on February 24, 2006, Ms. R. signed the cover sheet.
- v. Respondent sent IPA an invoice dated February 28, 2006 for a "Provisional Patent and search" for the R.s' idea.
- vi. On March 3, 2006, IPA sent Respondent a package of four provisional patent applications including the R.s' provisional patent application for filing in the USPTO.
- vii. On March 10, 2006, the cover sheet and the R.s' provisional application were filed in the USPTO, and the provisional patent application was assigned Serial No. 60/XXX,XXX.
- viii. Respondent never communicated with Ms. R. or Mr. R.
- ix. On November 7, 2006, another registered practitioner filed a design patent application Serial No. 29/XXX,XXX on behalf of Ms. and Mr. R.

3. He is aware that the OED Director is of the opinion that his conduct may have violated 37 C.F.R. § 10.68(a)(1), which proscribes accepting compensation from one other than the practitioner's client for legal services without obtaining the client's consent after full disclosure to the client.

4. He is fully aware that if he applies for reinstatement under 37 C.F.R. § 11.60,

the OED Director will conclusively presume, for the limited purpose of determining the application for reinstatement, that (i) the facts upon which the investigation is based are true and (ii) he could not have successfully defended himself against the allegations in the investigation.

5. He is fully aware of the implications of his resignation, namely, that he will be excluded from practice before the Office.

6. He desires to be excluded from practice of patent, trademark, and other non-patent law before the Office.

Exclusion on Consent

Based on the foregoing, the USPTO Director has determined that Respondent's Affidavit of Resignation complies with the requirements of 37 C.F.R. § 11.27(a). Hence, it is ORDERED that:

1. Respondent's Declaration of Resignation shall be, and hereby is, approved;
2. Respondent shall be, and hereby is, excluded on consent from the practice of patent, trademark, and other non-patent law before the Office beginning on the date this Final Order is signed;
3. The OED Director shall publish this Final Order at the Office of Enrollment and Discipline's Reading Room electronically located at:
<http://des.uspto.gov/Foia/OEDReadingRoom.jsp>;
4. The OED Director shall publish the following notice in the *Official Gazette*:

Notice of Exclusion on Consent

Terry M. Gernstein, registered patent attorney (Registration No. 26,891). The Director of the United States Patent and Trademark Office ("USPTO" or "Office") has accepted Mr. Gernstein's affidavit of resignation and ordered his exclusion on consent from the practice of patent, trademark

and non-patent law before the Office.

Mr. Gernstein voluntarily submitted his affidavit at a time when he was the subject of a pending investigation of certain of his conduct in connection with his performing patent law services for inventors at the direction of Patent and Trademark Institute of America ("PTI") and an entity related to PTI, International Patent Advisors ("IPA"). Under the manner in which PTI and IPA controlled the flow of work and payment of fees for legal services he rendered, Mr. Gernstein typically never spoke with the inventors.

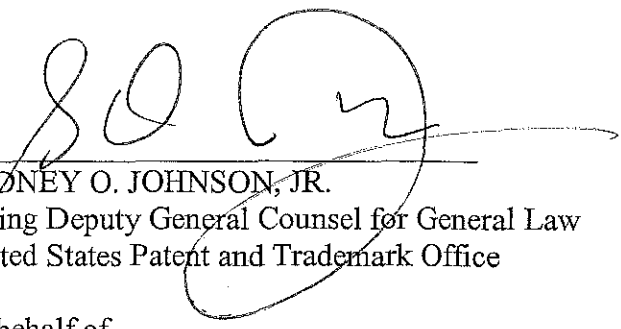
Mr. Gernstein acknowledged that the Director of the USPTO's Office of Enrollment and Discipline was of the opinion that Mr. Gernstein's conduct may have violated 37 C.F.R. § 10.68(a)(1), which proscribes accepting compensation from one other than the practitioner's client for legal services without obtaining the client's consent after full disclosure to the client.

This action is taken pursuant to the provisions of 35 U.S.C. §§ 2(b)(2)(D) and 32, and 37 C.F.R. §§ 11.27 and 11.59. Disciplinary decisions involving practitioners are posted for public reading at the Office of Enrollment and Discipline Reading Room located at:
<http://des.uspto.gov/Foia/OEDReadingRoom.jsp>.

5. Respondent shall comply fully with 37 C.F.R. § 11.58, while excluded;
6. The OED Director, in accordance with 37 C.F.R. § 11.59, shall give notice of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in the State where the practitioner is admitted to practice, to courts where the practitioner is known to be admitted, and the public;
7. Respondent shall comply fully with 37 C.F.R. § 11.60, upon any request for reinstatement; and
8. The OED Director and Respondent shall bear their own costs incurred to date and in carrying out the terms of this agreement.

MAR 22 2011

Date



SYDNEY O. JOHNSON, JR.
Acting Deputy General Counsel for General Law
United States Patent and Trademark Office

on behalf of

David M. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

cc:

Director of Enrollment and Discipline
U.S. Patent and Trademark Office

Elizabeth Kinland Shoenfeld, Esq.
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6806 Paragon Place
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Richmond, VA 23230
Counsel for Terry M. Gernstein

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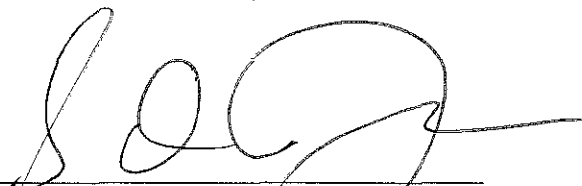
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Acting Deputy General Counsel for General Law
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