

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

In the Matter of:)	
)	
Theodore J. Bielen,)	Proceeding No. D2011-10
)	
Respondent)	
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FINAL ORDER

The Director of the Office of Enrollment and Discipline (“OED Director”) for the United States Patent and Trademark Office (“USPTO” or “Office”) and Theodore J. Bielen (“Respondent”) have submitted a Proposed Settlement Agreement to the Under Secretary of Commerce for Intellectual Property and USPTO Director.

The OED Director and Respondent’s Proposed Settlement Agreement sets forth certain stipulated facts, legal conclusions, and sanctions to which the OED Director and Respondent have agreed in order to resolve voluntarily a disciplinary complaint against Respondent.

The Proposed Settlement Agreement, which satisfies the requirements of 37 C.F.R. § 11.26, resolves the disciplinary action by the USPTO arising from the stipulated facts set forth below, but nothing in this Final Order shall prevent the Office from seeking discipline against Respondent in accordance with the provisions of 37 C.F.R. §§ 11.34 through 11.57 for any misconduct not specifically addressed herein.

Pursuant to such Proposed Settlement Agreement, this Final Order sets forth the parties’ stipulated facts, legal conclusions, and agreed upon discipline.

Jurisdiction

At all times relevant hereto, Respondent of Concord, California, has been a patent attorney registered to practice before the Office and is subject to the USPTO Disciplinary Rules set forth at 37 C.F.R. § 10.20 *et seq.*

The USPTO Director has jurisdiction over this matter and the authority to approve the Proposed Settlement Agreement pursuant to the provisions of 35 U.S.C. §§ 2(b)(2)(D) and 32, and 37 C.F.R. §§ 11.20 and 11.26.

Stipulated Facts

1. At all times relevant hereto, Respondent of Concord, California, has been registered as an attorney to practice before the Office and is subject to the Disciplinary Rules of the USPTO Code of Professional Responsibility. Respondent’s registration number is

27,420. Respondent has also been admitted to practice as an attorney in the State of California since November 2, 1973 (Bar Number 56395).

2. OED received information from the USPTO Office of Finance that Respondent had issued ten (10) checks that were returned for insufficient funds in an aggregate amount of \$10,079.00. As further discussed below, each of these checks was submitted for payment of required fees on behalf of five (5) different clients in eight (8) patent applications between April 30, 2008, and October 16, 2009.

U.S. Patent Application No. xx/xxx,809

3. Respondent filed Application No. xx/xxx,809 (the '809 Application) on September 1, 2004, on behalf of Client I, which eventually received a final rejection dated December 27, 2007, setting a 3 month shortened statutory period for reply. A reply was filed by Respondent on April 30, 2008, which included a Request for Continued Examination (RCE) and the client's response to the office action. Check no. 29016, in the amount of \$930.00, which was submitted to pay the RCE and extension fees, was returned unpaid due to insufficient funds. The actions of Respondent, in failing to tender a valid check in payment of the fees due, led to the abandonment of the application as noticed by the Office to Respondent in a Notice of Abandonment dated May 28, 2009. The RCE form submitted by Respondent did not include instructions to pay any deficiencies from a deposit account. The applicant was required to pay the RCE fee for the April 30, 2008, filing in addition to the fee for an extension of time, a surcharge for the bounced check and a petition to revive in order to revive the application to pending status. A petition to revive was filed by Respondent along with a check in the amount of \$2,595.00 which he "enclosed to cover the recited fees," referring to the fees stated as being due in the Notice of Abandonment. Yet the amount of \$2,595.00 tendered did not cover the recited surcharge for the returned check submitted earlier which was dishonored. The application was revived and the patent did issue but the returned check fee surcharge remained unpaid until this investigation ensued. Respondent has admitted that he was unaware of the insufficient state of the funds maintained in his checking account which he used and relied upon to pay fees due to the Office on the part of his client, and remained ignorant of the deficiency until he received the Notice of Abandonment more than a year after the tender of his dishonored check. Respondent represents that Client I was made aware of the deficiencies of his actions and was alerted to the dishonor of the check thereby delaying the action upon and examination of the application.

U.S. Patent Application No. xx/xxx,887

4. On May 7, 2008, Respondent filed Provisional Application No. xx/xxx,887 (the '887 Application) on behalf of Client II, with a check (No. 29048) for \$105.00 for the basic filing fee. That check was dishonored for insufficient funds. Respondent, who was not placed on notice of the returned check by the Office, repaid the basic filing fee with an additional \$50.00 for the returned check processing fee on May 27, 2008, thereby evidencing that, at least on this occasion, he became aware of his dishonored check from sources other than the Office. Respondent represents that Client II was made aware of the deficiencies of

his actions and was alerted to the dishonor of the check. Thereafter, an application for a non-provisional patent was filed.

U.S. Patent Application No. xx/xxx,987

5. On July 29, 2009, Respondent filed Application No. xx/xxx,987 (the '987 Application) on behalf of Client I, with check no. 30021 for \$1,130.00 for the basic filing fee, search fee, examination fee and recording fee for an assignment. That check was dishonored for insufficient funds. Respondent was first placed on notice of the returned check by a Notice to File Missing Parts dated August 13, 2009, requiring payment within two months of \$610 comprising \$165.00 statutory basic filing fee for small entity, \$65.00 surcharge, \$270.00 for examination fee – small entity and \$110.00 application search fee. A Response to Notice to File Corrected Application Papers was filed on October 19, 2009, and included check no. 30185, dated October 18, 2009, purporting to be for large entity status with payment of basic filing fee, search fee and examination fee in the total amount of \$1,220.00. It also was dishonored and returned for insufficient funds. The second dishonored check prompted a Notice of Incomplete Reply, dated November 6, 2009, which indicated that the Shortened Statutory Period originally noted in the Notice to File Missing Parts was still in effect. Respondent replied to OED during the investigation acknowledging that he was paid (on February 27, 2009) \$18,610.00 as a retainer to prepare and file two applications, the '987 application and xx/xxx,986 (filed contemporaneously and addressed below at paragraph 6). By the time he completed the applications and filed both (five months later on July 29, 2009), the money had been depleted and the checks were dishonored for insufficient funds. Respondent represents that Client I was made aware of the deficiencies of his actions and was alerted to the dishonor of the checks thereby delaying the action upon and examination of the '987 application. Although Respondent asserts that the funds represented by the dishonored checks were not "Client funds," he also states that "the funds received from this client were for my services and reimbursement for fees paid by me." It is clear that the fees were not paid by Respondent until January 4, 2010, almost eleven months after he was paid by the client. The ultimate payment was in the amount of \$1,220.00 for the statutory basic filing fee for a large entity, search fee and examination fee which were the exact fees tendered unsuccessfully by check no. 30185 submitted in October 2009. The payment did not include the fee for returned check processing, which was not paid until this investigation ensued.

U.S. Patent Application No. xx/xxx,986

6. On July 27, 2009, Respondent filed Application No. xx/xxx,986 (the '986 Application), on behalf of Client I, with a check no. 30022 for \$1,130.00. That check was dishonored for insufficient funds. A Notice to File Missing Parts was mailed August 13, 2009 requiring payment within two months of \$610.00: \$165.00 statutory basic filing fee for small entity, \$65.00 surcharge, \$270.00 for examination fee – small entity and \$110.00 application search fee. A Response to Notice to File Corrected Application Papers was filed on October 19, 2009, and included check no. 30186, purporting to be for large entity status with payment of basic filing fee, search fee and examination fee in the total amount of \$1,220.00. It also was dishonored and returned for insufficient funds causing a second Notice to File Missing Parts to issue on November 6, 2009. The fees due for this application were paid thereafter.

The returned check surcharge was paid for check no. 30022 by the Office taking that returned check fee from Respondent's deposit account but the fee for the second check, number 30186, remained unpaid until this investigation ensued. The application is now in good standing. Respondent replied to OED during the investigation acknowledging that he was paid \$18,610.00 as a retainer to prepare and file two applications, the '986 application and the '987 application (filed contemporaneously and addressed above at paragraph 5). Respondent represents that Client I was made aware of the deficiencies of his actions and was alerted to the dishonor of the checks thereby delaying the action upon and examination of the '986 application. Although Respondent asserts that the funds represented by the dishonored checks were not "Client funds," he also states that "the funds received from this client were for my services and reimbursement for fees paid by me." It is clear that the fees were not paid by Respondent until January 4, 2010, almost eleven months after he was paid by the client. The ultimate payment was in the amount of \$1,220.00 for the statutory basic filing fee for a large entity, search fee and examination fee which were the exact fees tendered unsuccessfully by check no. 30186 submitted in October 2009. The payment did not include the \$50.00 fee for returned check processing.

U.S. Patent Application No. xx/xxx,178

7. Respondent filed a Design Application, No. xx/xxx,178 ('178 Application), for Client III, on October 19, 2009. Respondent's accompanying check no. 30192, in the amount of \$230.00 for the total fees payable for that application, was returned for insufficient funds. On November 5, 2009, the Office debited Respondent's deposit account to cover the fees that were represented by the dishonored check plus the returned check fee due. Respondent has represented to OED that the funds tendered were not funds of the client, and the design patent was issued May 11, 2010.

U.S. Patent Application No. xx/xxx,186

8. Respondent filed a Design Application, No. xx/xxx,186 ('186 Application), for Client III, on October 19, 2009. Respondent's accompanying check no. 30193, in the amount of \$230.00 for the total fees payable for that application, was returned for insufficient funds. On November 5, 2009, the Office debited Respondent's deposit account to cover the fees that were represented by the dishonored check plus the returned check fee due. Respondent has represented to OED that the funds tendered were not funds of the client, and the application has gone abandoned for not responding to an Office action rejecting the application for double patenting under 35 U.S.C. § 171.

U.S. Patent Application No. xx/xxx,809

9. Respondent filed a Plant Patent Application, No. xx/xxx,809 ('809 Application), for Client IV, on October 13, 2009. The accompanying check for \$360.00 was in payment of the examination of plant patent application, search of plant patent application for a small entity, and small entity filing fee of a plant patent application. The check was dishonored for insufficient funds. On October 29, 2009, the Office debited Respondent's deposit account to cover the fees that were represented by the dishonored check plus the returned check fee due.

Respondent has represented to OED that the funds tendered were not funds of the client, and the application is still pending.

PCT International Application, No. PCT/US09/05655

10. On October 16, 2009, Respondent filed PCT International Application No. PCT/US09/05655 (the '655 Application) on behalf of Client V. The application was filed with check no. 30203 to cover PCT filing fees. The check was returned for insufficient funds but the fees were ultimately paid by Respondent. Respondent has represented to OED that the funds tendered were not funds of the client, and the application is still pending.

Client I

11. Client I was, and continues to be, a long-standing and recurring client of Respondent. At all times relevant to these matters, the relationship between Respondent and Client I was not subject to a written retainer agreement. The understanding and practice between Respondent and Client I was that Respondent would advance funds representing costs and filing fees on behalf of his client and then bill those advances to the client. Respondent did not deposit funds received from Client I in a fiduciary account during these times and, as such, Respondent had represented that none of the dishonored checks for this client represented fiduciary funds or funds belonging to anyone other than Respondent at the time of the tender of the checks submitted to the Office.

Clients II, III, IV, and V

12. Respondent and Clients II, III, IV, and V did not have a written retainer agreement. The understanding and practice between Respondent and these clients was that Respondent would advance funds representing costs and filing fees on behalf of his client and then bill those advances to the client. Respondent did not deposit funds received from Client I in a fiduciary account during these times and, as such, Respondent had represented that none of the dishonored checks for this client represented fiduciary funds or funds belonging to anyone other than Respondent at the time of the tender of the checks submitted to the Office.

Legal Conclusion

13. Based on the foregoing stipulated facts, Respondent acknowledges that he violated the following Disciplinary Rules of the USPTO Code of Professional Responsibility:

- a) 37 C.F.R. § 10.23(b)(4), which proscribes engaging in conduct involving dishonesty, fraud, deceit or misrepresentation, and § 10.23(b)(6), which proscribes engaging in conduct reflecting adversely on a practitioner's fitness to practice, by filing checks with the Office drawn on Respondent's operating bank account and failing to maintain sufficient funds in the account for when the checks were presented for collection;

b) 37 C.F.R. § 10.112(b), which proscribes commingling funds belonging to the practitioner or the practitioner's firm with advanced funds belonging to a client, by failing to deposit unearned client funds in a sequestered account and commingling his personal and business funds with funds of his clients; and

c) 37 C.F.R. § 10.77(c), which proscribes neglect of an entrusted legal matter, by failing to timely pay fees to the Office for which the client had advanced funds, or otherwise had instructed or relied upon Respondent, to pay.

Mitigating Factors

14. Respondent has paid the application fees for which the checks were originally presented, as well as fees arising from the untimely payment of those fees.

15. Respondent has paid the Office all outstanding fees required by 37 C.F.R. § 1.21(m) for the processing of dishonored checks.

16. Respondent has not submitted any checks drawn on an account having insufficient funds since October 16, 2009.

17. Respondent has not heretofore been the subject of any disciplinary history.

Sanctions

18. Respondent agreed, and it is ORDERED that:

a. (1) Respondent be, and hereby is, suspended from practicing patent, trademark and other non-patent law before the USPTO for twenty-four (24) months commencing on the date the Final Order is signed, and (2) the execution of the term of suspension shall be, and hereby is, stayed immediately and shall remain stayed so long as Respondent serves and successfully completes a twenty-four (24) month probationary period under the following terms and conditions:

(i) Respondent shall, during the period of his probation, not conduct himself in any fashion that would constitute misconduct in violation of the USPTO Code of Professional Responsibility.

(ii) Respondent shall timely, completely, and successfully comply with the directions of the Final Order.

(iii) Respondent shall hire, at Respondent's own expense, a law office practice monitor acceptable to the OED Director to review Respondent's legal practice and to prepare and submit a report to the OED Director at six months, 12 months, 18 months and 24 months after the date the Final Order is signed. The report shall indicate whether Respondent is in compliance with the USPTO Code of Professional Responsibility regarding: (a) maintaining funds he receives from his clients in trust accounts, (b)

managing his law practice trust and operating accounts, and (c) maintaining and utilizing both the electronic and manual calendaring system to assist in the timely rendering of legal services. If Respondent is not in compliance, the report shall identify each disciplinary rule implicated and briefly explain the manner in which Respondent's conduct does not comply therewith.

(iv) In the event that the practice monitor cannot for any reason continue, Respondent shall promptly provide the OED Director with the name, address, and resume of another law office practice monitor for the OED Director's approval to conduct the review and prepare the required reports. If any proffered monitor is not approved, the Respondent shall promptly proffer another law office practice monitor for the OED Director's approval, and Respondent shall continue to do so until the OED Director approves a consultant. Failure to promptly name and maintain a practice monitor acceptable to the OED Director shall be grounds for issuing a Show Cause order as set forth in subparagraph e., below, if such failure causes a reporting period to pass without an acceptable monitor available for oversight. Nothing herein shall extend the deadlines for Respondent to cause the reports to be timely submitted except that the deadlines may be extended by written agreement of the Respondent and the OED Director.

- b. Respondent shall be, and hereby is, permitted to practice patent, trademark, and non-patent law before the USPTO during his probationary period unless the stay of the suspension is lifted by order of the USPTO Director;
- c. 37 C.F.R. §§ 11.58 and 11.60 shall not apply unless the USPTO Director lifts the stay of the suspension;
- d. If the stay of the suspension is not lifted by order of the USPTO Director by the end of Respondent's twenty-four month probationary period, Respondent is not required to serve the suspension;
- e. (1) In the event that the OED Director is of the opinion that Respondent, during the probationary period, failed to comply with any provision of the Final Order or any Disciplinary Rule of the USPTO Code of Professional Responsibility, the OED Director shall:
 - (a) issue to Respondent an Order to Show Cause why the USPTO Director should not order that the stay of the suspension be lifted and Respondent be immediately suspended for up to twenty-four (24) months for the violations set forth in paragraph 13, above; and
 - (b) send the Order to Show Cause to Respondent at the last address of record Respondent furnished to the OED Director pursuant to 37 C.F.R. § 11.11(a); and
 - (c) grant Respondent fifteen (15) days to respond to the Order to Show

Cause; and

(2) In the event after the 15-day period for response and consideration of the response, if any, received from Respondent, the OED Director continues to be of the opinion that Respondent, during the twenty-four month probationary period, failed to comply with any provision of the Final Order or any Disciplinary Rule of the USPTO Code of Professional Responsibility, the OED Director shall:

(a) deliver to the USPTO Director: (i) the Order to Show Cause, (ii) Respondent's response to the Order to Show Cause, and (iii) evidence causing the OED Director to be of the opinion that Respondent failed to comply with any provision of the Final Order or any Disciplinary Rule of the USPTO Code of Professional Responsibility during the probationary period, and

(b) request that the USPTO Director immediately lift the stay of the suspension and suspend Respondent for up to twenty-four (24) months for the violations set forth in paragraph 13, above;

f. If Respondent is suspended pursuant to the provisions of subparagraph e., above:

(1) Respondent shall comply with 37 C.F.R. § 11.58;

(2) The OED Director shall disseminate information in accordance with 37 C.F.R. § 11.59;

(3) The USPTO shall promptly dissociate Respondent's name from all USPTO customer numbers and Public Key Infrastructure (PKI) certificates;

(4) Respondent shall not to use any USPTO customer number or PKI certificate unless and until he is reinstated to practice before the USPTO; and

(5) Respondent may not obtain a USPTO customer number or a PKI certificate unless and until he is reinstated to practice before the USPTO;

g. In the event that the USPTO Director lifts the stay of the suspension and Respondent seeks a review of the USPTO Director's decision to lift the stay, any such review shall not operate to postpone or otherwise hold in abeyance the immediate suspension of Respondent;

h. Nothing in the proposed Settlement Agreement or the Final Order shall prevent the Office from seeking discipline against Respondent in accordance with the

provisions of 37 C.F.R. §§ 11.34 through 11.57 for the misconduct that caused the stay of the suspension to be lifted;

- i. The OED Director shall publish the Final Order at the Office of Enrollment and Discipline's Reading Room electronically;
- j. The OED Director shall publish the following Notice of Stayed Suspension in the *Official Gazette*;

Notice of Stayed Suspension

Theodore J. Bielen of Concord, California, a registered patent attorney (Registration number 27,420). Mr. Bielen has been suspended for twenty-four (24) months with the entirety of the suspension stayed and placed on probation for a period of twenty-four (24) months by the United States Patent and Trademark Office ("Office") for violating 37 C.F.R. §§ 10.23(b)(4) for conduct involving dishonesty, fraud, deceit or misrepresentation; 10.23(b)(6) for conduct reflecting adversely on a practitioner's fitness to practice before the Office; 10.77(c) for neglecting entrusted legal matters; and 10.112(b) for commingling funds. Mr. Bielen is permitted to practice before the Office during his probation unless the stay of the suspension is lifted.

Mr. Bielen submitted checks for required fees to the Office drawn on his operating account, but he failed to maintain sufficient funds in the account when the checks were presented for payment. Mr. Bielen subsequently paid the application fees for which the checks were originally presented, as well as fees arising from the untimely payment of those fees. Upon receipt of notice of the investigation of his handling of client funds, Mr. Bielen immediately undertook remedial action to ensure that the conduct herein would never reoccur (e.g., he no longer uses checks to pay USPTO fees). No client has reported substantial harm to OED. Mr. Bielen has no previous disciplinary record.

This action is the result of a settlement agreement between Mr. Bielen and the OED Director pursuant to 35 U.S.C. §§ 2(b)(2)(D) and 32, and 37 C.F.R. §§ 11.20, 11.26, and 11.59. Disciplinary decisions involving practitioners are posted for public reading at the Office of Enrollment and Discipline's Reading Room located at: <http://des.uspto.gov/Foia/OEDReadingRoom.jsp>.

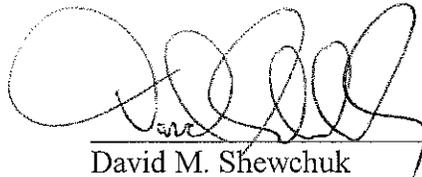
- k. Pursuant to 37 C.F.R. § 11.59, the OED Director shall give notice of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in the state(s) where Respondent is admitted to practice, to courts where Respondent is known to be admitted, and to the public;
- l. Pursuant to 37 C.F.R. § 11.20(a)(4), Respondent is to provide, within 30 days of the date of the Final Order, a copy of the Final Order to Clients I, II, III, IV and V and to file, within 45 days of the date of the Final Order, an affidavit

with the OED Director stating that he complied with the requirements of this subparagraph;

- m. Nothing in the Proposed Settlement Agreement or this Final Order shall prevent the Office from considering the record of this disciplinary proceeding, including the Final Order, (1) when addressing any further complaint or evidence of the same or similar misconduct brought to the attention of the Office, and/or (2) in any future disciplinary proceeding (i) as an aggravating factor to be taken into consideration in determining any discipline to be imposed and/or (ii) to rebut any statement or representation by or on Respondent's behalf; and
- n. The OED Director and Respondent shall each bear their own costs incurred to date and in carrying out the terms of this agreement.

APR 22 2011

Date



David M. Shewchuk
Acting Deputy General Counsel for General Law
Office of General Counsel
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:

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

Thomas J. Bielen
1390 Willow Pass Road
Suite 1020
Concord, CA 94520

Notice of Stayed Suspension

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APR 22 2011

Date



David M. Shewchuk
Acting Deputy General Counsel for General Law
Office of General Counsel
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