

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

In the Matter of)

Fred P. Lane,)

Respondent)

) Proceeding No. D2011-64
)
)
)

FINAL ORDER

The Deputy General Counsel for Enrollment and Discipline and the Director of the Office of Enrollment and Discipline (“OED Director”) for the United States Patent and Trademark Office (“USPTO” or “Office”) and Fred P. Lane (“Respondent”) have submitted a Proposed Settlement Agreement (“Agreement”) to the Under Secretary of Commerce for Intellectual Property and USPTO Director for approval.

The Agreement, which resolves all disciplinary action by the USPTO arising from the stipulated facts set forth below and the disciplinary complaint pending against Respondent, is hereby approved. This Final Order sets forth the parties’ stipulated facts, legal conclusions, and sanctions found in the Agreement.

Jurisdiction

1. At all times relevant hereto, Respondent of Wausau, Wisconsin, has been an agent registered to practice patent law before the Office (Registration No. 58,188) and is subject to the USPTO Disciplinary Rules set forth at 37 C.F.R. § 10.20 et seq.
2. The USPTO Director has jurisdiction over this matter pursuant to 35 U.S.C. §§ 2(b)(2)(D) and 37 C.F.R. § 11.26.

Stipulated Facts

Background

3. From April 2007 until August 2011, Respondent represented a client (a licensed cardiothoracic surgeon who specializes in adult valvular surgery) before the Office in pursuing patent protection in connection with the client’s invention for a medical instrument that facilitates implantation of heart valve prostheses through minimal incision.
4. The client retained Respondent as his patent agent to prepare, file, and prosecute a patent application seeking patent protection for the client’s invention. Prior to accepting employment to represent the client before the Office, Respondent and the client signed two

confidentiality and nondisclosure agreements, one drafted by Respondent and the other by the client's independent counsel.

5. The confidentiality and nondisclosure agreement drafted by the client's independent counsel stated that Respondent planned "to participate in the design, assembly, manufacture and intellectual property protection, including but not limited to a United States patent, of a prosthetic valve clip ('Invention') for [the client]." It also stated that the client "shall be the sole owner of the Invention and shall have the exclusive ownership of and right to use and to license others to use the Invention."

6. Additionally, the client hired Respondent to help market the client's invention, and, in this capacity, Respondent met with third parties (e.g., medical manufacturing companies and hospitals) on behalf of his client about the client's invention.

7. During the course of the practitioner-client relationship, Respondent prepared and filed in the Office three provisional patent applications, each seeking protection for a medical instrument. Two of the three provisional applications, Applications [REDACTED] and [REDACTED], were directed to the prosthetic valve clip and handle and named the client, Respondent, and a retired mechanical engineer who is an independent contractor, retained by Respondent's firm who assisted Respondent in the development of the handle, as co-inventors. The third provisional application, Application [REDACTED], named only Respondent and the independent contractor as co-inventors and was directed to using sutures to secure the prosthetic holder to the prosthetic and a cutting system adapted for use in a minimally invasive setting. Neither Respondent nor the independent contractor regarded Respondent's client as a co-inventor of the invention described in the third provisional application.

8. Respondent prepared and filed two non-provisional applications, Applications [REDACTED] and [REDACTED], each claiming priority to provisional Applications [REDACTED] and [REDACTED] respectively, and seeking protection for the inventions disclosed therein. The non-provisional applications named the client, Respondent, and the retired mechanical engineer as co-inventors. Respondent also prepared and filed a third non-provisional application, Application [REDACTED], claiming priority to provisional Application [REDACTED]. Neither Respondent nor the retired mechanical engineer regarded Respondent's client as a co-inventor of the invention described and claimed in the third non-provisional application.

10. The client, though independent counsel, formed a business entity controlled by the client. Respondent and the retired mechanical engineer assigned all of their interest in Applications [REDACTED]; [REDACTED]; [REDACTED]; and [REDACTED] to the client's business entity.

11. At all relevant times, Respondent was the prosecuting agent for Applications [REDACTED] and [REDACTED]. Respondent represents that he believed the invention disclosed and claimed in these applications was outside the scope of the work for which the client had hired Respondent and his firm.

12. Respondent created a potential or actual conflict of interest with the client by naming himself, but not the client, as an inventor in Applications [REDACTED] and [REDACTED].

Failure to Disclose Potential or Actual Conflicts of Interest Arising from Practitioner's Being a Co-Inventor And Failure to Obtain Client's Consent After Full Disclosure

13. Prior to accepting employment to represent the client before the Office, Respondent did not disclose the potential or actual conflict of interests that could arise between him and the client if Respondent were named as an inventor on a patent application seeking patent protection for inventions similar to, or derivative of, the client's invention.

14. Prior to accepting employment to represent the client before the Office, Respondent did not obtain the client's consent after full disclosure of the potential or actual conflict of interest that could arise between him and the client if Respondent were to name himself as an inventor on a patent application seeking patent protection for inventions similar to, or derivative of, the client's invention.

15. Respondent represents that his failure to obtain the client's consent after full disclosure of those potential or actual conflict of interest was not intentional.

Failure to Disclose Actual or Potential Conflicts of Interest Arising from Contracting with a Client to Assist Client in Developing and Marketing Client's Invention And Failure to Obtain Client's Consent After Full Disclosure

16. At all relevant times, Respondent and the client were engaged in a business relationship wherein Respondent participated in the development, design, assembly, manufacture, intellectual property protection, and product launch of the client's valve clip invention.

17. Although Respondent represents that the client sought and obtained independent legal counsel with respect to the business relationship prior to entering into the business relationship with Respondent, Respondent did not disclose the potential or actual conflict of interests that could arise between Respondent and the client as a result of Respondent also being hired to assist the client in developing and marketing the client's valve clip invention.

18. Respondent represents that his failure to disclose such potential or actual conflict of interests was not intentional.

19. Although Respondent represents that the client sought and obtained independent legal counsel with respect to the business relationship prior to entering into the business relationship with Respondent, Respondent did not obtain the client's consent after full disclosure of the potential or actual conflict of interests that could arise between Respondent and the client as a result of Respondent also being hired to assist the client in developing and marketing the client's invention.

20. Respondent represents that his failure to obtain the client's consent after full disclosure of those potential or actual conflict of interests was not intentional.

Miscellaneous

21. Respondent represents that, since the events at issue, he has enrolled and completed a continuing legal education course entitled "Legal Ethics 2011" sponsored by the State Bar of Wisconsin.

Legal Conclusions

22. Based on the information contained in the Stipulated Facts above, Respondent acknowledges that his conduct violated the following Disciplinary Rules of the USPTO Code of Professional Responsibility:

- a. 37 C.F.R. § 10.62(a) by accepting employment as a patent agent without obtaining the client's consent after full disclosure where the exercise of Respondent's professional judgment on behalf of the client could be or reasonably may be affected by Respondent's own financial, business, property, or personal interests; and
- b. 37 C.F.R. § 10.65 by entering into a business transaction with the client to develop, design, assembly, manufacture, and market the client's invention without obtaining the client's consent after full disclosure, where the client and Respondent could have differing interests therein and where the client might have expected Respondent to exercise professional judgment therein for the protection of the client's interest.

Agreed Upon Sanction

23. Respondent agrees, and it is ORDERED that:

- a. Respondent be, and hereby is, publicly reprimanded;
- b. Respondent shall serve a twenty-four (24) month probationary period commencing on the date this Final Order is signed;
- c. Respondent shall be permitted to practice patent law before the USPTO during his probationary period unless he is subsequently suspended or excluded by order of the USPTO Director;
- d. (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 this 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 Respondent be immediately suspended for up to twenty-four (24) months for the violations set forth in paragraph 22, above;

(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 days to respond to the Order to Show Cause;

and

(2) in the event that, 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 probationary period, failed to comply with any provision of this 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, if any, and (iii) argument and evidence supporting the OED Director's conclusion that Respondent failed to comply with any provision of this 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 suspend Respondent for up to twenty-four (24) months for the violations set forth in paragraph 22, above;

e. In the event that the USPTO Director suspends Respondent pursuant to subparagraph d., above, and Respondent seeks a review of the suspension, any such review of the suspension shall not operate to postpone or otherwise hold in abeyance the suspension;

f. If Respondent is suspended:

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

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

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

- g. 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>; except that the names of the inventors set forth in subparagraph k., below, and all applications numbers referenced herein shall be redacted;
- h. The OED Director to publish a notice in the *Official Gazette* materially consistent with attached Exhibit A;
- i. Within thirty (30) days from the date this Final Order is signed, Respondent shall provide a copy of this Final Order to the client referenced in paragraph 3, above;
- j. Within forty-five (45) days from the date this Final Order is signed, Respondent shall provide the OED Director an affidavit attesting to compliance with the preceding subparagraph and the documentation evidencing his compliance (e.g., a copy of the correspondence to the client);
- k. Within thirty (30) days from the date this Final Order is signed, Respondent shall provide a copy of this Final Order to the inventors identified in U.S. Patent Application Nos. [REDACTED], [REDACTED], and [REDACTED];
- l. Within forty-five (45) days from the date this Final Order is signed, Respondent shall provide the OED Director an affidavit attesting to compliance with the preceding subparagraph and the documentation evidencing his compliance (e.g., a copy of the correspondence to the inventors);
- m. Nothing in the Agreement or this Final Order shall be read or construed as addressing or reaching the issue as to whether Respondent is ethically obligated to assign intellectual property rights to the inventors identified in subparagraph k., above; such issue is beyond the scope of the Agreement;
- n. Within thirty (30) days from the date this Final Order is signed, Respondent shall assign, or cause to be assigned, to the client referenced in paragraph 3 above, or to whomever the client designates, via an assignment document that is reasonable and the client reasonably deems within the scope of the law, the following applications: U.S. Provisional Application No. [REDACTED] and U.S. Non-Provisional Patent Application No. [REDACTED];
- o. Within forty-five (45) days from the date this Final Order is signed, Respondent shall provide the OED Director an affidavit attesting to compliance with the


preceding subparagraph and the documentation evidencing his compliance (e.g., a copy of the assignments);

- p. With respect to U.S. Non-Provisional Patent Application No. [REDACTED] within thirty (30) days from the date this Final Order is signed, Respondent shall assign to, cause to be assigned to, or provide reasonable assistance in obtaining an assignment (or assignments) for the benefit of the client referenced in paragraph 4 above, or to whomever the client designates, via an assignment document (or documents) that is reasonable and the client reasonably deems acceptable; and, in the event the application has not yet been assigned, Respondent shall be under a continuing duty to provide reasonable assistance obtaining such assignment;
- q. Within forty-five (45) days from the date this Final Order is signed, Respondent shall provide the OED Director an affidavit attesting to compliance with the preceding subparagraph and the documentation evidencing his compliance (e.g., a copy of the assignment or declaration stating facts of Respondent's reasonable assistance);
- r. Nothing in the Agreement shall have, or be construed as having, any effect on the issue of inventorship of the subject matter claimed in U.S. Non-Provisional Patent Application No. [REDACTED];
- s. Within thirty (30) days of the date on which this Final Order is signed, the OED Director shall file a motion to dismiss the disciplinary proceeding currently pending against Respondent;
- t. Nothing in the Agreement or 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 the misconduct that caused Respondent to be suspended pursuant to subparagraph d., above;
- u. Nothing in the Agreement or this Final Order shall prevent the Office from considering the record of this disciplinary proceeding, including this Final Order, when (1) addressing any further complaint or evidence of the same or similar misconduct concerning Respondent brought to the attention of the Office, and/or (2) in any future disciplinary proceeding concerning Respondent (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

v. The OED Director and Respondent bear their own costs incurred to date and in carrying out the terms of the Agreement.

FEB - 8 2012

Date



JAMES O. PAYNE
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

Exhibit A

Proceeding No. D2011-64

Notice of Public Reprimand and Probation

This concerns Fred P. Lane of Wausau, Wisconsin, registered patent agent (Registration No. 58,188). The United States Patent and Trademark Office ("USPTO" or "Office") has publicly reprimanded Mr. Lane and placed him on probation for twenty-four (24) months. Mr. Lane is permitted to practice patent law before the Office during his probationary period unless he is subsequently suspended by order of the USPTO Director.

A client retained Mr. Lane as his patent agent to prepare, file, and prosecute a patent application seeking patent protection for the client's invention. Prior to accepting employment to represent the client before the Office, Mr. Lane and the client signed two confidentiality and nondisclosure agreements. One was drafted by Mr. Lane; the other was drafted by the client's independent counsel. The confidentiality and nondisclosure agreement drafted by the client's independent counsel stated that Mr. Lane planned "to participate in the design, assembly, manufacture and intellectual property protection, including but not limited to a United States patent, of a prosthetic valve clip ('Invention') for [the client]." It also stated that the client "shall be the sole owner of the Invention and shall have the exclusive ownership of and right to use and to license others to use the Invention." Additionally, the client hired Mr. Lane to help market the client's invention, and, in this capacity, Mr. Lane met with third parties (e.g., medical manufacturing companies and hospitals) on behalf of his client about the client's invention.

During the course of the multi-year practitioner-client relationship, Mr. Lane prepared and filed in the Office two provisional patent applications and two non-provisional patent applications claiming benefit to the provisional applications, each seeking protection for the client's invention. Each of these applications named the client, Mr. Lane, and a retired mechanical engineer associated as an independent contractor with Mr. Lane's firm, as joint inventors. These applications were subsequently assigned to a business entity formed, and solely owned, by the client.

Mr. Lane also prepared and filed a third provisional patent application naming only himself and the retired mechanical engineer as joint inventors. This application was directed to a medical instrument similar to the client's invention. Mr. Lane prepared and filed a third non-provisional application, which claimed priority to the third provisional application. The third non-provisional application also named only Mr. Lane and the engineer as joint inventors. Neither Mr. Lane nor the retired mechanical engineer regarded the client as an inventor of the invention disclosed and claimed in the third provisional and non-provisional applications. Mr. Lane represents that he believed the invention disclosed and claimed in the third provisional and non-provisional applications was outside the scope of his agreement with the client.

Mr. Lane was the prosecuting agent for all three non-provisional applications. Mr. Lane did not obtain the client's consent after full disclosure of the potential or actual conflict of interests that could arise between him and the client if Mr. Lane (a) were to seek patent protection for inventions similar to, or derivative of, the client's invention and (b) were to name himself as a joint inventor on patent applications seeking patent protection for such inventions. Mr. Lane represents that his failure to disclose such potential or actual conflict of interests was not

intentional.

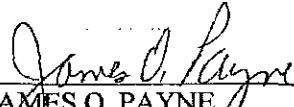
Mr. Lane represents that, prior to accepting employment to represent the client before the Office, the client had independent legal counsel with respect to a business relationship that resulted by hiring Mr. Lane's firm to assist in developing, designing, assembling, manufacturing, and marketing the client's invention. Nevertheless, Mr. Lane did not obtain the client's consent after full disclosure of the potential or actual conflict of interests that could arise between Mr. Lane and the client as a result of Mr. Lane also being hired to assist the client in such manner. Mr. Lane represents that his failure to obtain the client's consent after full disclosure of those potential or actual conflict of interests was not intentional.

A patent practitioner who names himself as a co-inventor with his client may create a potential conflict of interest with the client and may be in violation of the USPTO's Disciplinary Rules. Hence, a patent practitioner may be subject to disciplinary action if the patent practitioner, prior to naming himself as an co-inventor, does not fully disclose the conflict of interest to the client and obtain the client's consent after full disclosure. See In the Matter of Christopher H. Lynt (USPTO Disciplinary Proceeding No. D2005-08) (two-year suspension) (registered patent attorney reciprocally disciplined by the USPTO based on a finding by a Virginia Circuit Court that practitioner had violated the Virginia Code of Professional Responsibility's prohibition on using a confidence or secret of a client to the disadvantage of a client where, without a former client's authorization, the attorney filed a patent application naming himself as a co-inventor with the former client and then later sought \$2.6 million plus royalties in exchange for an assignment). See also In the Matter of Thomas G. Watkins, III (USPTO Disciplinary Proceeding No. D2006-04) (exclusion) (registered patent attorney reciprocally disciplined by the USPTO based on a finding by the Supreme Court of Arizona that the attorney had violated that jurisdiction's rules regarding entering into a business transaction with a client and by attempting to knowingly acquire an ownership interest adverse to a client without a client's consent).

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

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Date



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Deputy General Counsel for General Law
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