

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

In the Matter of:

David M. Hill,

Respondent.

Proceeding No. D2014-41

INITIAL DECISION ON DEFAULT

I. Procedural History

This proceeding was initiated on October 6, 2014, with the filing of a Complaint and Notice of Proceedings Under 35 U.S.C. § 32 (“Complaint”) by William R. Covey, Director of the Office of Enrollment and Discipline (“OED”) for the United States Patent and Trademark Office (“USPTO” or “PTO”), against David M. Hill (“Respondent”). The Complaint alleges in five counts that Respondent, a registered patent attorney before the PTO, committed violations of the PTO Code of Professional Responsibility, 37 C.F.R. Sections 20.20 *et seq.* (2012), and the PTO Rules of Professional Conduct, 37 C.F.R. Sections 11.101 through 11.901 (2013) (“Rules of Conduct”).¹ Those counts involve allegations of: (1) neglect and failure to properly remit client funds to pay a Patent Cooperation Treaty (“PCT”) application filing fee; (2) making misrepresentations regarding that PCT application; (3) neglect and failure to properly remit client funds to pay a filing fee for Non-Provisional Patent Application No. [REDACTED] (“the [REDACTED] Application”); (4) neglect regarding Patent Application No. [REDACTED] (“the [REDACTED] Application”); and (5) failure to hold client funds separately and to cooperate in an OED investigation. For these violations, OED seeks entry of an order excluding Respondent from practice before the PTO in patent, trademark, and other non-patent cases or matters,” and “such additional relief as this Tribunal deems reasonable and warranted.” Complaint at 21.

Respondent has not filed an answer or any other response to the Complaint. On January 22, 2015, the OED Director filed a Motion for Entry of Default Judgment and Imposition of Disciplinary Sanction and a separate Memorandum of Points and Authorities in Support of Motion for Entry of Default Judgment and Imposition of Disciplinary Sanction (hereinafter cited as “Memorandum” or “Memo.”). To date, Respondent has not filed any response to the Motion.

II. Service and Default

¹The PTO Disciplinary Rules were amended effective May 3, 2013. Changes to Representation of Others Before The United States Patent and Trademark Office, 78 Fed. Reg. 20,180 (Apr. 3, 2013). The misconduct alleged against Respondent in the present case occurred both before and after May 3, 2013. See Complaint at 2 n.1.

The procedural rules governing PTO disciplinary proceedings are codified at 37 C.F.R. §§ 11.19 - 11.60 (“Procedural Rules”). In regard to serving a Complaint, Rule 11.35 provides in pertinent part:

(a) A complaint may be served on a respondent in any of the following methods:

(1) By delivering a copy of the complaint personally to the respondent . . .

(2) By mailing a copy of the complaint by “Express Mail,” first-class mail, or any delivery service that provides ability to confirm delivery or attempted delivery to:

(i) A respondent who is a registered practitioner at the address provided to OED pursuant to § 11.11,² or

(3) By any method mutually agreeable to the OED Director and the respondent.

37 C.F.R. § 11.35(a)(1)-(3).

In the Memorandum, the OED Director states that the last address Respondent, a registered PTO practitioner, provided to the PTO pursuant to Rule 11.11 was: “Mr. David M. Hill, Law Office of David M. Hill, 74 Rolling Way, New Rochelle, NY 10804-2406.” Memo. at 1-2. On October 6, 2014, the Director attempted to serve the Complaint upon Respondent by sending a copy of it to him at that address by certified mail, return receipt requested. *Id.*; Certificate of Service accompanying the Complaint.³ The Director states that Respondent did not claim the Complaint sent via certified mail and the U.S. Postal Service subsequently determined that the unclaimed envelope “may have been misplaced.” *Id.*

On November 17, 2014, having noted the lack of an Answer or any other response from Respondent, the Director resent the Complaint to Respondent at the same address via certified

²Rule 11.11 requires an attorney or agent registered to appear before the PTO to “notify the OED Director of his or her postal address for his or her office, . . . e-mail addresses . . . , and a business telephone number, as well as every change to any of said addresses or telephone number within thirty days of the date of the change.” 37 C.F.R. § 11.11(a).

³Additionally, as a courtesy, the Complaint was also sent that day by the PTO to Respondent via regular U.S. mail and by email to the electronic mail address used by Respondent to communicate with OED during its investigation of this matter, specifically: hilld@dmhiplaw.com. Memo. at 2; Certificate of Service accompanying the Complaint; Memo. Attachment (“Att.”) B. The Director states that the Complaint sent by regular mail on October 6, 2014 was not returned to PTO. Memo. at 2.

mail, return receipt requested, regular mail, and UPS Next Day Air. Memo. at 2; Memo. Att. A. US Next Day Air confirmed its delivery of the Complaint to Respondent's address on November 18, 2014 at 9:54 a.m.⁴ *Id.*

Ten days later, on November 28, 2014, the OED Director states he received a letter from Respondent dated November 21, 2014. Memo. at 3; Memo. Att. C. In the letter, Respondent acknowledged receipt of the Complaint on November 19, 2014 via UPS Next Day Air, and requested an extension of time to file his Answer until December 19, 2014 or "30 days from the delivery date of the Complaint via Next Day Air." *Id.* Respondent claimed in his letter that he was unaware of the Complaint until November 19, 2014.⁵ *Id.* Respondent did not file that letter with this Tribunal.

The OED Director responded to Respondent's letter in writing on December 1, 2014. Memo. at 3; Memo. Att. D. In his correspondence, the Director advised Respondent that this Tribunal, not PTO's Solicitor's Office, had authority to grant him an extension of time to answer, citing 37 C.F.R. § 11.36(b), and provided the addresses where such an extension request could be filed with this Tribunal. *Id.* OED's letter also stated that Respondent could represent to this Tribunal that the Director did not oppose his request for an extension until December 19, 2014, to file its Answer, citing 37 C.F.R. § 11.43. *Id.* PTO's letter was sent to Respondent via UPS Next Day Air, certified mail, regular U.S. mail, and email. *Id.* Attachments to the Memorandum show that the email was delivered on December 1, 2014, at 4:18 p.m. and the letter was delivered by UPS Next Day Air on December 3, 2014, at 9:56 a.m. Memo. at 3; Memo. Att. D and Att. E.

On December 16, 2014, counsel for the Director sent another letter to Respondent. Mot at 3; Memo. Att. F. This letter stated that, because Respondent had not filed an Answer nor an extension request with this Tribunal, the Director intended to file a motion for default judgment, unless Respondent filed an Answer or extension request by December 24, 2014. *Id.* PTO's letter dated December 16, 2014, was sent to Respondent via UPS Next Day Air, certified mail, regular U.S. mail, and email. *Id.* Attachment F to the Memorandum includes confirmation of delivery of this letter via email on December 16, 2014, at 2:12 p.m. and via UPS on December 17, 2014, at 10:22 a.m. *Id.*

Although Respondent was not personally served with the Complaint and did not personally sign a delivery slip for either the Complaint sent to him by certified mail or UPS Next Day Air, the undersigned nevertheless finds that Respondent was duly served in this proceeding. The Complaint was mailed to Respondent via UPS Next Day Air which confirmed its "delivery

⁴On November 18, 2014, counsel for the Director also resent the Complaint to Respondent via email at 4:12 p.m. and received confirmation of its delivery. Memo. at 2; Memo. Att. B at 1-2.

⁵Nevertheless, it is noted that the letterhead on Respondent's correspondence identifies both the same street address and e-mail address as was used by the PTO to send the Complaint in October 2014. Memo. at 1-2; Memo. Att. C.

or attempted delivery” of the Complaint to Respondent on November 18, 2014 at 9:54 a.m. at the address he provided to the OED Director pursuant to §11.11 and in his correspondence dated November 21, 2014. Memo. at 1-2; Memo. Att. A, Att. C. Further, by his signature on his letter dated November 21, 2014, Respondent personally confirmed delivery to him of the Complaint on November 19, 2014. Memo. Att. C. As such, the PTO properly served Respondent pursuant to 37 C.F.R. § 11.35(a)(2)(i). Additionally, or alternatively, it is found that in his letter dated November 21, 2014, Respondent acquiesces to the adequacy of the service made upon him by the US Next Day Air by acknowledging it as triggering a need to timely file a response. As such, the delivery by US Next Day Air was a “method mutually agreeable to the OED Director and the respondent,” as permitted by 37 C.F.R. § 11.35(a)(3). Memo. Att. C.

Nevertheless, now, almost 90 days after he acknowledged receiving the Complaint, Respondent has yet to file a response of any sort with this Tribunal. Regarding failure to file an Answer to the Complaint, Rules 11.36(d) and 11.36(e) provide:

(d) *Failure to deny allegations in complaint.* Every allegation in the complaint that is not denied by a respondent in the answer shall be deemed to be admitted and may be considered proven. The hearing officer at any hearing need receive no further evidence with respect to that allegation.

(e) *Default judgment.* 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(d)-(e).

Additionally, Respondent has not filed any response to the PTO’s Motion for Default served upon him by certified, regular and e-mail on January 22, 2015, over three weeks ago.⁶

As such, for failing to timely file an Answer, Respondent is hereby found to be in **DEFAULT**, in accordance with 37 C.F.R. §§ 11.35(b) and 11.36(e). Respondent’s failure to file a timely Answer to the Complaint constitutes an admission of the allegations in the Complaint, as recounted below. 37 C.F.R. §§ 11.35(b), 11.36(e).

III. Findings of Fact and Conclusions of Law on Liability

⁶The Rules provide that the hearing officer determines the time period in which a response to a motion must be filed. 37 C.F.R. § 11.43. In the context of a motion for default where, as here “the respondent has not answered the complaint or otherwise appeared in the proceeding, it is not necessary to allow time for a response” to the Motion. *Bovard v. Uland*, at 2, Proceeding No. D99-03 (Aug. 3, 1999). Nevertheless, as a courtesy to Respondent, he has been given a significant time to file a response to the Motion for Default.

1. On March 24, 2000, Respondent was registered as a patent attorney (registration no. 46,170).
2. Respondent was admitted to practice law in the State of New York.
3. Respondent's acts and omissions leading to the violations cited herein were willful.

Count 1

4. On or about June 21, 2010, Respondent entered into a written attorney-client agreement with [REDACTED] ("[REDACTED]") to represent [REDACTED] as "intellectual property counsel in connection with one or more patent prosecution matters including the preparation and filing of provisional and/or nonprovisional applications(s), related to [his] new method(s) and/or devices(s)." One of [REDACTED]' inventions was a method [REDACTED]
[REDACTED]
5. On April 24, 2011, Respondent prepared and filed U.S. Provisional Patent Application No. [REDACTED] ("the [REDACTED] application") regarding a method for [REDACTED]
6. On September 15, 2011, Respondent prepared and filed U.S. Non-Provisional Patent Application No. [REDACTED] ("the [REDACTED] application") claiming priority to the [REDACTED] application,
7. On March 16, 2012, March 22, 2012, April 2, 2012, and April 5, 2012, Respondent sent an email to [REDACTED] reminding [REDACTED], among other things, that the filing deadline for an international patent application claiming priority to the [REDACTED] and [REDACTED] applications was April 23, 2012. Respondent requested information from [REDACTED] as to how he wished to proceed.
8. On April 5, 2012, [REDACTED] sent an email to Respondent inquiring as to the cost of proceeding with the international patent protection for his method invention.
9. On April 6, 2012, Respondent sent an email to [REDACTED] informing him that the costs associated with filing for international patent protection for his method invention would be \$900 for Respondent's attorney fee, and \$3,773 in filing fees to be paid to the USPTO.
10. On that same date, [REDACTED] advised Respondent to prepare and file the PCT international application claiming priority to the [REDACTED] and [REDACTED] applications.

11. On April 23, 2012, Respondent prepared and filed PCT Application No. [REDACTED] (the "PCT application") and sent [REDACTED] an email informing him of same. The email attached an invoice for the fees associated with the filing of the PCT application.
12. On May 4, 2012, the USPTO issued its "Notification Concerning Payment of Prescribed Fees" (the "Notification") in the PCT application. Respondent received the Notification shortly thereafter. The Notification required payment of the \$3,338 in filing fees for the PCT application within one month.
13. On or about May 7, 2012, [REDACTED] sent Respondent a check in the amount of \$3,792.95 in partial payment of the legal fees, filing fees, and expenses associated with the PCT application.
14. On May 7, 2012, the USPTO issued its "Invitation to Correct Defects in the International Application" (the "Invitation") in the PCT application. The Invitation advised that there was a defect in the filing; specifically, a failure to number the drawings sheets in consecutive Arabic numerals, which needed to be corrected and submitted within two months. Respondent received the Invitation shortly after it was issued.
15. On May 9, 2012, Respondent sent [REDACTED] an email attaching the Notification, as well as an invoice, and advising [REDACTED] that the fees associated with the filing of the PCT application were higher than initially quoted.
16. On or about May 10, 2012, Respondent received and deposited [REDACTED]' check in the amount of \$3,792.95 into Respondent's JP Morgan Chase Bank account ending in 4366.
17. On May 23, 2012, Respondent filed his reply to the Invitation. On that same date, Respondent also submitted his check number 165, drawn on another JP Morgan Chase Bank account ending in 0885, in the amount of \$2,938, for the filing fees required for the PCT application. The USPTO received Respondent's reply and check on May 29, 2012.
18. On June 5, 2012, the USPTO attempted to deposit Respondent's check number 165, but the check was returned by the bank due to insufficient funds in Respondent's account number ending in 0885.
19. On June 13, 2012, the USPTO sent Respondent an "Invitation to Pay Prescribed Fees Together with Late Payment Fee." The June 13, 2012 correspondence explained that Respondent had one month to pay the filing fees of \$3,388, plus a surcharge of \$726.50 for a late payment fee, and a \$50 charge for the returned

check fee. Respondent received the June 13, 2012 notice shortly thereafter.

20. At no time between June 13, 2012 and July 17, 2012, did Respondent respond to the June 13, 2012 correspondence referenced in paragraph 19 above, nor did he forward the amount due to the USPTO.
21. On July 17, 2012, USPTO sent Respondent a "Notification that International Application Considered to Be Withdrawn," which stated that the PCT application had been withdrawn due to a failure to pay the required fees. Respondent received the July 17, 2012 notice shortly thereafter.
22. At no time did Respondent take any further action on the PCT application on [REDACTED] behalf.
23. At no time did Respondent inform [REDACTED] that the PCT application had been withdrawn.
24. At all times relevant to this Count of the Complaint, pursuant to the PCT Applicant's Guide ¶ 6.054, the Rules Governing PCT Applications did not expressly provide for any appeal or petition from an unfavorable decision by the receiving Office during the international phase.
25. At all times relevant to this Count of the Complaint, Respondent knew or should have known of the provisions contained within PCT Applicant's Guide ¶ 6.054.
26. [REDACTED]' PCT application is now considered to be withdrawn and cannot be revived.
27. By reason of the conduct described above in Count 1, Respondent has engaged in the following misconduct subjecting him to sanction:
 - a. failure to inform a client of correspondence received from the Office when the correspondence could have a significant effect on a matter pending before the Office, is received by the practitioner on behalf of a client, and is correspondence which a reasonable practitioner would believe under the circumstance that the client should be notified, by failing to notify [REDACTED] of the July 17, 2012 withdrawal of the PCT application, in violation of 37 C.F.R. § 10.23(c)(8) of the USPTO Code of Professional Responsibility;
 - b. misappropriation of, or failure to properly or timely remit, funds received by a practitioner from a client to pay a fee which the client is required to pay to the Office, by the dishonoring of Respondent's check number 165, in violation of 37 C.F.R. § 10.23(c)(3) of the USPTO Code of Professional

Responsibility;

- c. neglect of a legal matter entrusted to the practitioner, by failing to receive or address USPTO communications that led to the withdrawal of a PCT application, in violation of 37 C.F.R. § 10.77(c) of the USPTO Code of Professional Responsibility;
- d. failure to seek the lawful objectives of a client through reasonable available means, in the prosecution of the PCT application, in violation of 37 C.F.R. § 10.84(a)(1) of the USPTO Code of Professional Responsibility;
- e. failure to carry out a contract of employment entered into with a client for professional services, in the prosecution of the PCT application, in violation of 37 C.F.R. § 10.84(a)(2) of the USPTO Code of Professional Responsibility; and
- f. prejudice or damage to a client during the course of a professional relationship, the inability to revive the PCT application, in violation of 37 C.F.R. § 10.84(a)(3) of the USPTO Code of Professional Responsibility.

Count 2

- 28. At all times after July 17, 2012, Respondent knew or should have known that the PCT application had been withdrawn as a result of his failure to pay the filing fees.
- 29. On November 25, 2012, Respondent sent an email to [REDACTED] advising him, among other things, that he had received a copy of the International Search Report and Written Opinion from the Korean International Patent Office in relation to the PCT application.
- 30. On February 18, 2013, [REDACTED] notified Respondent via email that he was terminating Respondent's services and transferring his legal matters to successor counsel. At that time, [REDACTED] requested that Respondent provide him with the PCT application filing receipt, including the application number and filing date, International Search Report and Written Opinion from the Korean International Patent Office, and all correspondence regarding all of the patent applications.
- 31. On February 24, 2013, Respondent mailed the documents requested by [REDACTED] and sent an email to [REDACTED] confirming same. Respondent did not include any of the prior correspondence received by him from the USPTO

regarding the PCT application. In addition, Respondent enclosed a copy of the front of his check number 165 reflecting his purported payment of the filing fees for the PCT application.

32. At no time in either his email or letter of February 24, 2013, did Respondent advise [REDACTED] that the PCT application had been deemed withdrawn. At no time did he inform [REDACTED] that Respondent's check number 165 had been returned by his bank due to insufficient funds in his account.
33. Following [REDACTED]' and his successor counsel's review of the documents provided by Respondent, and their subsequent contact with the USPTO, on March 12, 2013, [REDACTED] sent Respondent an email advising Respondent that he had learned that the PCT application had been "abandoned because of non-payment of fees." [REDACTED] requested that Respondent "deal with this issue promptly and reply to [him] immediately."
34. On March 13, 2013, Respondent sent [REDACTED] an email stating the following:
[REDACTED],
I will check into this and get back to you, but as an initial point I wanted to let you know that the PCT Receiving Office at the USPTO received the funds for the filing fees for your application and I received no notification of any abandonment. I will keep you apprised of the status of my inquiry.
Regards, Dave.
35. Respondent knew or should have known that his statement that the USPTO received the funds for the filings fees and that he did not receive any notification of any abandonment was false and misleading because as of June 13, 2012, Respondent knew his check number 165 for filing fees had been dishonored by his bank, and as of July 17, 2012, Respondent knew the PCT application had been withdrawn.
36. On March 15, 2013, [REDACTED] sent a further email to Respondent requesting that Respondent "give [him] a clear explanation of what has happened, and please keep [him] informed of [his] progress in clarifying and resolving the issue." Respondent received [REDACTED]' March 15, 2013 email shortly thereafter.
37. Respondent did not respond to [REDACTED]' March 15, 2013 email.
38. On March 19, 2013, [REDACTED] sent Respondent another email stating that he expected "a reply today regarding the status of the PCT application." [REDACTED] also requested a "detailed explanation of any adverse issues." [REDACTED] advised Respondent that if Respondent did not respond with the requested information, he would be forced to pursue alternative actions.

39. On March 20, 2013, Respondent sent [REDACTED] an email stating the following:
- [REDACTED],
This will confirm that I have spoken with the receiving office at the US Patent Office and am assembling the documentation to submit to them to demonstrate the timely filing of the appropriate documents and fees. I expect to have everything to submit to the PTO this afternoon, and will keep you apprised of the filings.
Regards, Dave.
40. Respondent knew or should have known that his statement that he had timely filed the appropriate fees with the USPTO was false and misleading because as of June 13, 2012, Respondent knew his check for filing fees had been dishonored by his bank, and as of July 17, 2012, Respondent knew the PCT application had been deemed withdrawn as a result of his failure to remit the filing fees.
41. On March 23, 2013, [REDACTED] sent Respondent an email advising him, among other things, that he wanted to see documentation or proof of payment of the filing fees including a copy of a cancelled check with clear markings showing that the USPTO received and deposited Respondent's check. Respondent received [REDACTED]' March 23, 2013 email shortly after it was sent.
42. At no time did Respondent respond to [REDACTED]' March 23, 2013 email, nor did he provide [REDACTED] with a copy of a cancelled check reflecting payment of the filing fees for the PCT application.
43. By reason of the conduct described above in Count 2, Respondent has engaged in conduct involving dishonesty, fraud, deceit, or misrepresentation by misrepresenting the status of the PCT application to [REDACTED] and failing to provide the client with an accounting despite the client's repeated requests for proof of services rendered, in violation of 37 C.F.R. § 10.23(b)(4) of the USPTO Code of Professional Responsibility.

Count 3

44. On or about September 8, 2012, Respondent entered into a written attorney-client agreement with [REDACTED] ("Mr. [REDACTED]") to represent Mr. [REDACTED] and his company, [REDACTED] as "intellectual property counsel in connection with one or more patent prosecution matters including the preparation and filing of provisional and/or nonprovisional [sic] application(s), related to [his] new method(s) and/or devices(s)." One of these inventions was a [REDACTED]
[REDACTED]

████ (the "████").

45. On October 12, 2012, Respondent prepared and filed U.S. Non-Provisional Patent Application No. █████ ("the █████ application") for the █████.
46. Mr. █████, and his co-inventor, █████ ("Mr. █████") also executed a Power of Attorney naming Respondent as their attorney before the USPTO and directing the USPTO to address all correspondence to Respondent with respect to the █████ application.
47. On February 22, 2013, Respondent, on behalf of Messrs. █████ and █████, submitted a preliminary amendment, petition for a one-month extension of time, and check number 211, drawn on Respondent's JP Morgan Chase Bank account ending in 0885, in the amount of \$970, in payment of the required filing fees in the █████ application.
48. On March 1, 2013, the USPTO attempted to deposit Respondent's check number 211, but the check was returned due to insufficient funds in the JP Morgan Chase Bank account ending in 0885.
49. On March 11, 2013, the USPTO sent Respondent a "Notice of Incomplete Reply" advising Respondent that his check number 211 had been returned for insufficient funds, and requiring payment of the filing fees, and a \$50 returned check fee, totaling \$945 within two months. Respondent received the USPTO's March 11, 2013 notice shortly thereafter.
50. At no time between March 11, 2013 and July 16, 2013 did Respondent reply to the March 11, 2013 USPTO correspondence or remit the required filing and returned check fees.
51. On July 16, 2013, the USPTO sent Respondent a "Notice of Abandonment" for the █████ application. The USPTO issued the notice because Respondent did not reply to the March 11, 2013 USPTO correspondence, nor did he submit the required filing fees, Respondent received the USPTO's July 16, 2013 correspondence shortly thereafter.
52. At no time did Respondent advise Messrs. █████ or █████ that the █████ application had been abandoned.
53. On September 18, 2013, the Office of Enrollment and Discipline sent Respondent a Request for Information and Evidence ("RFI") requesting information about, among other things, the circumstances surrounding the return of his check number 211 in connection with the █████ application.

54. On October 21, 2013, Respondent filed a Petition to Revive the [REDACTED] application. The USPTO denied Respondent's Petition on November 21, 2013.
55. On December 2, 2013, Respondent filed a Renewed Petition to Revive the [REDACTED] application. The USPTO denied Respondent's Renewed Petition on December 12, 2013.
56. On January 10, 2014, Respondent filed a Second Renewed Petition to Revive the [REDACTED] application. The USPTO granted the Second Renewed Petition on January 27, 2014.
57. By reason of the conduct described above in Count 3 that occurred prior to May 3, 2013, Respondent has engaged in the following misconduct:
- a. failure to inform a client of correspondence received from the Office when the correspondence could have a significant effect on a matter pending before the Office, is received by the practitioner on behalf of a client, and is correspondence which a reasonable practitioner would believe under the circumstances that the client should be notified, by failing to notify Messrs. [REDACTED] and [REDACTED] of the July 16, 2013 notice of abandonment of the [REDACTED] application, in violation of 37 C.F.R. § 10.23(c)(8) of the USPTO Code of Professional Responsibility;
 - b. neglect of a legal matter entrusted to the practitioner, by failing to receive or address USPTO communications that led to the abandonment of the [REDACTED] application, in violation of 37 C.F.R. § 10.77(c) of the USPTO Code of Professional Responsibility;
 - c. failure to seek the lawful objectives of a client through reasonable available means, in the prosecution of the [REDACTED] application, in violation of 37 C.F.R. § 10.84(a)(1) of the USPTO Code of Professional Responsibility; and
 - d. failure to carry out a contract of employment entered into with a client for professional services, in the prosecution of the [REDACTED] application, in violation of 37 C.F.R. § 10.84(a)(2) of the USPTO Code of Professional Responsibility.
58. By reason of the conduct described above in Count 3 that occurred after May 3, 2013, Respondent has engaged in the following misconduct:
- a. failure to act with reasonable diligence and promptness in representing a client, by failing to reply to USPTO correspondence or submit the required fees, in violation of 37 C.F.R. § 11.103 of the USPTO Rules of

Professional Conduct;

- b. failure to promptly inform the client of any decision or circumstance with respect to which the client's informed consent is required by the USPTO Rules of Professional Conduct, by failing to notify Messrs. [REDACTED] and [REDACTED] of the notice of abandonment, in violation of 37 C.F.R. § 11.104(a)(1) of the USPTO Rules of Professional Conduct;
- c. failure to reasonably consult with the client about the means by which the client's objectives are to be accomplished, by failing to notify Messrs. [REDACTED] and [REDACTED] of the notice of abandonment, in violation of 37 C.F.R. § 11.104(a)(2) of the USPTO Rules of Professional Conduct; and
- d. failure to keep the client reasonably informed about the status of a matter, by failing to notify Messrs. [REDACTED] and [REDACTED] of the notice of abandonment, in violation of 37 C.F.R. § 11.104(a)(3) of the USPTO Rules of Professional Conduct.

Count 4

- 59. On February 11, 2013, Respondent prepared and filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") for the design of the [REDACTED].
- 60. On March 14, 2013, the USPTO sent Respondent a "Notice of Missing Parts" advising Respondent that he had two months to submit \$330 in filing fees required for the filing of the [REDACTED] application to avoid abandonment of the application. Respondent received the March 14, 2013 notice shortly thereafter.
- 61. On June 17, 2013, Respondent, on behalf of Messrs. [REDACTED] and [REDACTED], submitted to the USPTO a transmittal letter, declaration and power of attorney, and a check in the amount of \$395 in the [REDACTED] application.
- 62. On June 24, 2013, the USPTO mailed Respondent a "Notice to File Missing Parts" advising Respondent that he had two months to submit additional filing fees for the [REDACTED] application to avoid abandonment of the application. Respondent received the USPTO's June 24, 2013 notice shortly thereafter.
- 63. At no time prior to March 10, 2014 did Respondent reply to the USPTO's June 24, 2013 notice or submit the required additional filing fees.
- 64. On March 10, 2014, the USPTO sent Respondent a "Notice of Abandonment" for the [REDACTED] application. The USPTO issued the Notice because Respondent did not reply to the June 24, 2013 USPTO correspondence nor did he submit the required

additional filing fees. Respondent received the USPTO's March 10, 2014 correspondence shortly thereafter.

65. At no time did Respondent advise Messrs. [REDACTED] or [REDACTED] that the [REDACTED] application had been abandoned.
66. On June 20, 2014, Respondent filed a Petition to Revive the [REDACTED] application.
67. The Petition to Revive the [REDACTED] application was dismissed on September 22, 2014 because the Petition was unsigned.
68. By reason of the conduct described above in Count 4, Respondent has engaged in the following misconduct:
 - a. failure to act with reasonable diligence and promptness in representing a client, by failing to reply to USPTO correspondence or submit the required fee, in violation of 37 C.F.R. § 11.103 of the USPTO Rules of Professional Conduct;
 - b. failure to promptly inform the client of any decision or circumstance with respect to which the client's informed consent is required by the USPTO Rules of Professional Conduct, by failing to notify Messrs. [REDACTED] and [REDACTED] of the notice of abandonment, in violation of 37 C.F.R. § 11.104(a)(1) of the USPTO Rules of Professional Conduct;
 - c. failure to reasonably consult with the client about the means by which the client's objectives are to be accomplished, by failing to notify Messrs. [REDACTED] and [REDACTED] of the notice of abandonment, in violation of 37 C.F.R. § 11.104(a)(2) of the USPTO Rules of Professional Conduct; and
 - d. failure to keep the client reasonably informed about the status of a matter, by failing to notify Messrs. [REDACTED] and [REDACTED] of the notice of abandonment, in violation of 37 C.F.R. § 11.104(a)(3) of the USPTO Rules of Professional Conduct.

Count 5

69. On September 18, 2013, OED sent Respondent a Request for Information ("RFI") requesting information about his representation of [REDACTED] and the circumstances surrounding the return of his check numbers 165 and 211. Among the OED's specific requests were the following:
 3. Please explain whether you maintained separate client account funds for

matters relating to PCT Application Number [REDACTED] and U.S. Patent Application No. [REDACTED].

4. If your response to Question #3 is in the affirmative, please provide copies of all deposit slips and deposited items (front and back) into the account related to [REDACTED] from the month of April 2012 to the present.
5. If your response to Question #3 is in the affirmative, please provide copies of all deposit slips and deposited items (front and back) into the account related to Patent Application No. [REDACTED] from the month of October 2012 through the present.
70. On or about October 24, 2013, Respondent responded to OED's September 18, 2013 request. In his response, Respondent stated that the account on which check numbers 165 and 211 were drawn, the JP Morgan Chase Bank account ending in 0885, was an "account utilized for business account funds relating to, among other things, funds for matters relating to [REDACTED] and [REDACTED]." Respondent also stated that "[c]opies of the requested information [the records requested by paragraphs 4 and 5 as referenced above] are being obtained and will be provided shortly under separate cover."
71. At no time prior to January 24, 2014 did Respondent provide the information requested by paragraphs 4 and 5 of the OED's September 18, 2013 letter.
72. On January 24, 2014, OED sent Respondent a second RFI again requesting the information requested in its September 18, 2013 letter regarding the bank records. In the second RFI, OED asked, among other things, that Respondent identify the nature of the bank account in question, JP Morgan Chase Bank account ending in 0885, and provide copies of his account statements.
73. On March 24, 2014, Respondent sent OED his response to the January 24, 2014 letter. Respondent advised OED that "[a]round the time of the issuance or presentment of the checks in question, as part of an ongoing personal tax dispute with the Internal Revenue Service ("IRS"), funds were levied or claimed from this account without notice...."
74. In his March 24, 2014 letter, Respondent further identified the account in question, JP Morgan Chase Bank account ending in 0885 as "an operating/checking account," and that as of September 20, 2013, he had opened an IOLA ("Interest on Lawyer Account Fund") account.
75. With regard to the request to produce certain bank records, Respondent only provided copies of the front and back of three checks issued by [REDACTED] and deposited into an account other than JP Morgan Chase Bank account ending in

0885.

76. At no time prior to May 8, 2014 did Respondent provide the requested bank statements.
77. On May 8, 2014, OED sent Respondent a third RFI again requesting the information requested in its September 18, 2013 and January 24, 2014 RFIs regarding the bank records. In its third RFI, OED asked for, among other things, information regarding Respondent's "personal tax dispute" as referenced in his March 24, 2014 response to OED. Specifically, OED asked for the production of any communication from the IRS to Respondent regarding any debt or action taken on his accounts and federal and state tax transcripts for the years 2006 to the present.
78. The third RFI specifically advised Respondent that:

...the USPTO Rules of Professional Conduct impose an obligation to cooperate with OED in an investigation of any matter before it, and proscribe knowingly failing to respond to a request from OED. See 37 C.F.R. § 11.801(b). In addition, if you do not respond to this request for information or any OED request, the Committee on Discipline may draw an adverse inference in making a determination under 37 C.F.R. § 11.23. See *Baxter v. Palmigiano*, 425 U.S. 308 (1976).
79. On May 27, 2014, Respondent sent a letter to counsel for OED requesting an additional 30 days within which to provide a response, or on or before July 7, 2014.
80. On June 18, 2014, OED granted Respondent's request for an extension of time within which to respond. Respondent's response to the third RFI was due on July 7, 2014.
81. On June 27, 2014, Respondent sent an email to OED requesting an additional month to respond to the third RFI.
82. On July 8, 2014, OED granted Respondent's request for an extension of time within which to respond. Respondent's response to the third RFI was due on August 6, 2014.
83. As of the date of the filing of the Complaint, Respondent did not respond to the third RFI, produce any of the requested bank records, or produce any of the requested tax documents.
84. By reason of the conduct described above in Count 5 that occurred after May 3,

2013, Respondent has engaged in the following misconduct: failure to cooperate with OED in an investigation of any matter before it, and failing to respond to a lawful demand for information from a disciplinary authority, by failing to respond to OED's written requests of September 18, 2013, January 24, 2014 and May 8, 2014, in violation of 37 C.F.R. § 11.801(b) of the USPTO Rules of Professional Conduct.

IV. Sanction

Respondent is found to have violated numerous provisions of PTO's Rules of Conduct, specifically 37 C.F.R. §§ 10.23(b)(4), 10.23(c)(8), 10.23(c)(3), 10.77(c), 10.84(a)(1)-(3), 11.104(a)(1)-(3), 11.103, and 11.801(b). The violations involve with regard to client matters *inter alia*, engaging in acts of neglect, misappropriation, dishonesty, and failure to inform; and in regard to the OED, failure to respond and otherwise cooperate in an investigation. In the Complaint, the Director requests an order "excluding *or suspending* Respondent from practice before the USPTO in patent, trademark, and other non-patent matters," and "such additional relief as this Tribunal deems reasonable and warranted." Complaint at 21 (emphasis added). In the Motion and Memorandum filed, the Director narrows the requested relief to an order "that Respondent be excluded from practice before the Office in patent, trademark, and other non-patent matters" and "awarding all other reasonable relief that the Tribunal deems appropriate and within its authority to enter." Motion at 1; Memo. at 1, 9, 20.

Under the Procedural Rules, in determining the appropriate sanction or penalty to be imposed, this Tribunal must consider:

- (1) Whether the practitioner has violated a duty owed to a client, to the public, to the legal system, 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.

37 C.F.R. § 11.54(b) (2014).

Regarding the first penalty consideration, the Director argues that Respondent violated duties to his clients and the legal profession. Memo. at 11-12. In the USPTO context, "[t]he practitioner-client relationship is a fiduciary relationship," Complainant contends, citing *Bender*, Proceeding No. D2000-01 at 20 (USPTO Sept. 30, 2003), and *Carter v. ALK Holdings, Inc.*, 605 F.3d 1319, 1325 (Fed. Cir. 2010). *Id.* In the present case, Respondent agreed to represent [REDACTED] and Messrs. [REDACTED] and [REDACTED] concerning their patent applications to PTO. However,

the Director asserts that Respondent breached his fiduciary duty to [REDACTED] by taking and converting [REDACTED] money, neglecting his PCT application, and misrepresenting the status of his failure to pay PTO the filing fees. *Id.* Similarly, Respondent violated his duty to Messrs. [REDACTED] and [REDACTED] by neglecting their patent applications and not paying their filing fees. *Id.* Respondent also failed to cooperate and provide information to PTO during investigation of these matters. *Id.* The Director quotes the lawyer disbarment opinion of *Brost*, 850 N.W.2d 699, 705 (Minn. 2014), for the propositions that a lawyer's failure to cooperate in a disciplinary investigation "weakens the public's perception of the legal profession's ability to self-regulate" and "harm[s] the legal profession by undermining the integrity of the attorney disciplinary system." Memo. at 12.⁷

As to the second penalty consideration, PTO asserts that Respondent's misconduct here was intentional and supports the requested sanction of exclusion. Memo. at 12-14. PTO alleges that Respondent violated applicable rules by failing to keep separate accounts, commingling his clients' money with his own, and using his clients' money for his own purposes. Memo. at 12. Respondent failed to inform his clients about the declined payments for patent fees, the notices to submit fees, and the notices of abandonment of the patent applications. *Id.* Further, when queried by [REDACTED], Respondent gave false information about the dishonored check. Memo. at 12-13. Respondent also chose to disregard information requests from PTO. Memo. at 13. A lawyer's deliberate dishonesty with his clients warrants the most severe sanctions, the Director asserts. Memo. at 13-14, citing *Cincinnati Bar Association v. Deaton*, 806 N.E.2d 503, 509 (Ohio 2004) (lawyer disbarred for intentional misrepresentations to multiple clients). Complainant cites several prior PTO disciplinary cases imposing exclusion or suspension on practitioners for dishonesty to their clients. *Goldstein*, Proceeding No. D2014-10 (USPTO March 31, 2014); *Gaudio*, Proceeding No. D2012-12 (USPTO Dec. 12, 2012); *Shippey*, Proceeding No. D2011-27 (USPTO Oct. 14, 2011); *Hormann*, D2008-04 (USPTO July 8, 2009). In addition, the Director provides examples of cases in which states have imposed lengthy suspensions on attorneys who were found to have concealed facts from, or made misrepresentations to, their clients. *Alperin*, 66 A.D.3d 309, 885 N.Y.S.2d 261 (N.Y.A.D. 2009); *Curran*, 152 A.D.2d 111, 547 N.Y.S.2d 795 (4th Dept. 1989); *Iowa Supreme Court Bd. Of Professional Ethics & Conduct v. Stein*, 603 N.W.2d 574 (Iowa 1999); *Witteman*, 737 P.2d 1268 (Wash. 1987); *Morse*, 58 So.2d 1120 (Fla. 1991).

With respect to the injuries caused by Respondent, Complainant states:

Because Respondent failed to pay the filing fees and properly prosecute his client's patent applications, his clients' applications were either withdrawn or abandoned. Thus, [REDACTED] and Messrs. [REDACTED] and [REDACTED] have potentially lost valuable intellectual property rights.

Memo. at 14-15.

⁷The Court in *Brost* also characterized this as an example of the attorney's misconduct causing harm to the public. *Id.*

Prior PTO disciplinary decisions have referenced the American Bar Association's Standards for Imposing Lawyer Sanctions ("ABA Standards"), which provides a list of aggravating and mitigation factors to consider in determining attorney disciplinary sanctions. Memo. at 15, citing *Hormann, supra*, and *Robinson*, Proceeding D2009-28 (USPTO May 26, 2010). The Director avers that four aggravating factors apply in this case. Memo. at 15. The first two aggravating factors concern Respondent's pattern of misconduct and his multiple offenses, in that he committed similar offenses regarding two separate clients. *Id.* Specifically, Respondent "submitted checks for filing fees that were dishonored, repeatedly ignored requests from the USPTO, [and] did not tell his clients about the status of the applications or that they had gone abandoned." *Id.* The Director quotes a statement in the *Shippey* decision that "abandonment of a case or client after being paid for legal services is a significant ethical violation for which attorneys have been disbarred." Memo. at 16. *Shippey, supra*, at 12 (practitioner excluded by default). The Director also cites two state cases imposing serious sanctions based on similar aggravating factors: *People v. Shock*, 970 P.2d 966 (Colo. 1999) (three year suspension); *Cyrus*, 241 P.3d 890 (Alaska 2010) (five year suspension). Memo. at 16.

PTO argues that Respondent's "bad faith obstruction of the disciplinary process" is a third aggravating factor. *Id.* The Director alleges that Respondent repeatedly and intentionally chose not to respond to repeated requests from PTO for production of his bank records and evidence regarding his handling of the filing fee moneys he received from his clients, because Respondent "knew that the records would definitively prove that he did not have sufficient funds in his bank account to cover the filing fees." *Id.* PTO points to several state court cases holding that an attorney's failure to cooperate in his own disciplinary proceeding indicates that he is unfit to practice law. Memo. at 17, citing *Brown*, 910 P.2d 631 (Ariz. 1996), *People v. Reeves*, 766 P.2d 1192 (Colo. 1988), *Lea*, 966 A.2d 881 (D.C. 2009); *Houdek*, 113 Ill.2d 323, 497 N.E.2d 1169 (1986), and *Brody*, 65 Ill.2d 152, 357 N.E.2d 498 (Ill. 1976).

The fourth aggravating factor, a "weighty" one according to PTO, is Respondent's failure "to acknowledge the wrongful nature of his misconduct or show any remorse." Memo. at 17. In support of that proposition, the Director cites the cases of *Weber v. State Bar*, 764 P.2d 701 (Cal. 1988); *Kalla*, 811 N.W.2d 576 (Minn. 2012); and *Dayton Bar Ass'n. v. Hunt*, 987 N.E.2d 662 (Ohio 2013).

PTO does acknowledge that "Respondent has not been disciplined during the nearly 15 years since his March 24, 2000 registration." Memo. at 17. Although this could be considered a mitigating factor under the ABA Standards, Complainant does not believe that Respondent's misconduct in this case warrants any sanction less than exclusion. *Id.*

For all the misconduct committed by Respondent in this case, the Director requests that Respondent be excluded from further practice before the PTO. The Director has cited several cases in which PTO practitioners were excluded for similar misconduct as presented here: *Shippey, supra*; *Chandler*, Proceeding D2011-31 (USPTO Dec. 6, 2011); *Riley, II*, Proceeding

No. D2013-04 (USPTO July 9, 2013); *Muhammad*, Proceeding No. D2013-21 (Jan. 28, 2014).

The purpose of attorney disciplinary proceedings is to protect the public and the justice system from lawyers who are derelict in their professional duties. *Robinson*, Proceeding No. D2009-28 (ALJ, May 26, 2010) (citing *Standards for Imposing Lawyer Sanctions* § 1.1 (1992)). “Abandonment of a case or client after being paid for legal services is a significant” violation of these ethical duties. *Shippey, supra*, at 12. For such violations, attorneys have been disbarred, see *People v. Elliott*, 39 P.3d 551 (Colo. O.P.D.J. 2000); *Lyles*, 494 S.E.2d 338 (Ga. 1998), or excluded from practice before the PTO, see *Shippy*, Proceeding No. D2011-27 (USPTO, Oct. 14, 2011); *Golden*, Proceeding No. D07-09 (USPTO, Apr. 21, 2008) (Initial Decision on Default).

Here, Respondent took on performing work for [REDACTED], accepted a check from him in the amount of \$3792.95 in partial payment of legal fees, filing fees and expenses related to the PCT application, and then failed to pay the requisite funds for filing the application with the PTO, ignored correspondence from the PTO related thereto, allowed the application to be withdrawn with no possibility of revival as a result, and failed to advise his client of the status of the application. Worse yet, upon his client’s inquiry, Respondent blatantly misrepresented the status of the application and failed to cooperate with the OED’s investigation into the matter. Similarly, Respondent took on performing work for Messrs. [REDACTED] and [REDACTED], then failed to diligently pursue the objectives of his clients by not submitting the required filing fees or replying to correspondence from the PTO in a timely manner. Again, Respondent magnified these errors by failing to notify his clients of the status of their patent applications and not cooperating with the OED’s investigation. Respondent’s refusal to cooperate with the OED, and back up the claims made to it, suggest a lack of remorse and an unwillingness to be forthright and take responsibility for his actions.

Although Complainant noted that Respondent had not previously been the subject of PTO discipline, the serious misconduct demonstrated in this case outweighs that potentially mitigating factor. See, e.g., *Shippey, supra*, at 11 (11 years of practice without discipline found not to be mitigating factor where Respondent did not allege such and repeated intentional misconduct supported exclusion); *Muhammad, supra*, at 5 (lack of prior discipline did not mitigate against exclusion, due to Respondent’s brazen misconduct and unwillingness to defend against disciplinary action, and Court’s concern that “leniency would only serve to embolden Respondent”). It is further noted that Respondent chose not to participate in this disciplinary proceeding, not to acknowledge his wrongdoing herein, and not to offer any evidence in mitigation.

After considering the factors enumerated in 37 C.F.R. Section 11.54(b), Respondent’s pattern of abandoning and deceiving multiple clients concerning matters they entrusted to his professional care, and refusing to cooperate with PTO’s investigation, warrants the penalty of exclusion. See *Lyles*, 494 S.E.2d at 339 (pattern of neglecting client matters constituted grounds for disbarment). Therefore, the Director’s request for an order excluding Respondent from the practice of patent, trademark, and other non-patent law before the PTO is **GRANTED**.

Although the Motion itself requests only exclusion, the Complaint and Memorandum

both include a general request for such additional relief as this Tribunal deems appropriate. Complaint at 21; Mem. at 20. However, the Director does not specify what additional relief might be appropriate here, and in the undersigned's view the factual allegations in the record are not precise enough to warrant an additional remedy. Therefore, the Director's request for additional relief is **DENIED**.

ORDER

After careful and deliberate consideration of the above facts and conclusions, as well as the factors identified in 37 C.F.R. Section 11.54(b),

IT IS HEREBY ORDERED that Respondent, **DAVID M. HILL**, PTO Registration No. 46,170, be **EXCLUDED** from the practice of patent, trademark, and other non-patent law before the U.S. Patent and Trademark Office.

Respondent's attention is directed to 37 C.F.R. § 11.58 regarding the duties of excluded practitioners, and 37 C.F.R. § 11.60 concerning any future petition for reinstatement.

The facts and circumstances of this proceeding shall be fully published in the U.S. Patent and Trademark Office's official publication.

SO ORDERED.



Susan L. Biro
Chief Administrative Law Judge
U.S. Environmental Protection Agency⁸

Dated: February 19, 2015
Washington, D.C.

Pursuant to 37 C.F.R. § 11.55, any appeal by the Respondent from this Initial Decision, issued pursuant to 35 U.S.C. § 32 and 37 C.F.R. § 11.54, must be filed with the U.S. Patent and Trademark Office at the address provided in 37 C.F.R. § 1.1(a)(3)(ii) within 30 days after the date of this Initial Decision. Such appeal must include exceptions to the Administrative Law Judge's Decision and supporting reasons therefor. Failure to file

⁸ The Administrative Law Judges of the Environmental Protection Agency are authorized to hear cases pending before the United States Department of Commerce, Patent and Trademark Office, pursuant to an Interagency Agreement effective for a period beginning May 15, 2014.

such an appeal in accordance with 37 C.F.R. § 11.55 will be deemed both an acceptance by Respondent of the Initial Decision and that party's waiver of rights to further administrative and judicial review.

In the Matter of David M. Hill, Respondent
Proceeding No. D2014-41

CERTIFICATE OF SERVICE

I hereby certify that a true copy of **Initial Decision On Default**, dated February 19, 2015 was sent this day in the following manner to the addressees listed below:



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Dated: February 19, 2015
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