

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

In the Matter of:

Michael I. Kroll,

Respondent.

Proceeding No. D2014-14

April 24, 2015

Appearances:

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Before: J. Jeremiah MAHONEY, Administrative Law Judge

INITIAL DECISION AND ORDER

On February 28, 2014, the Court received a *Complaint and Notice of Proceedings under 35 U.S.C. § 32* (“Complaint”) related to this matter. In the *Complaint*, the Director of the Office of Enrollment and Discipline (“OED Director”) for the United States Patent and Trademark Office (“USPTO”) requested the exclusion or suspension of Michael I. Kroll (“Respondent”) from practice before the USPTO in patent, trademark, and other non-patent matters. As the basis for his request, the OED Director claimed Respondent committed multiple violations of the USPTO Code of Professional Responsibility during his representation of [REDACTED] (“Client” or “Mr. [REDACTED]”).¹ Specifically, the OED Director alleged various acts and omissions committed by Respondent during his prosecution of Mr. [REDACTED]’s U.S. Patent Application No. [REDACTED] (“the [REDACTED] Application” or “Application”). Respondent filed an *Answer* on May 14, 2014.

On September 30, 2014, the OED Director filed a *Motion for Partial Summary Judgment* seeking a ruling as a matter of law as to Count 7: a violation of 37 C.F.R. § 10.77(c) for neglecting an important client matter. Respondent filed his own *Motion for Summary Judgment* on October 1, 2014, seeking judgment in his favor on every Count. Both *Motions* were denied.

¹ The USPTO Rules of Professional Conduct apply to persons who practice before the USPTO and became effective May 3, 2013. The *Complaint* alleges Respondent committed various violations of the USPTO disciplinary rules before the effective date of the Rules of Professional Conduct. The USPTO Code of Professional Responsibility, rather than the Rules of Professional Conduct, therefore applies to this proceeding.

A hearing in this matter was held October 28-29, 2014, in the District of Columbia. The Government filed a *Post-Hearing Brief* on December 12, 2014. Respondent filed his *Post-Hearing Brief* on January 12, 2015. The parties filed *Reply Briefs* on January 26, and January 27, 2015, respectively.

APPLICABLE LAW

The USPTO has the “exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it.” Kroll v. Finnerty, 242 F.3d 1359, 1364 (Fed. Cir. 2001). The Director of the USPTO may suspend or exclude a person from practice before the USPTO if the person is “shown to be incompetent or disreputable, or guilty of gross misconduct,” or if the person violates regulations established by the Office. 35 U.S.C. § 32. The OED Director has the burden of proving alleged violations by clear and convincing evidence. 37 C.F.R. § 11.49. The Respondent must prove any affirmative defense by clear and convincing evidence. Id.

FINDINGS OF FACT

Based upon the administrative record, and hearing transcript, the following findings are relevant, and material to the issues raised by the complaint in this matter.

1. Respondent is an active member of the New York State Bar and has been a patent attorney registered with the USPTO since December 6, 1973. Respondent’s USPTO registration number is 26,755.
2. Approximately 80 percent of Respondent’s work as an attorney is related to pursuing patent applications before the USPTO.
3. Respondent has successfully secured approximately 2,000 patents from the USPTO.
4. Respondent maintains multiple professional internet web sites, including www.invention.net, www.inventionsforsale.com, and www.inventioninfo.com.
5. Respondent posts his clients’ inventions on his web site in hopes of attracting potential buyers or investors.
6. Marketing inventions on his web sites is a substantial part of Respondent’s business.
7. Respondent routinely charges his clients between \$4,000 and \$5,400 to publish their inventions for sale on his web sites.
8. Respondent’s web sites are full-text searchable, allowing a visitor to search for a specific invention or inventor by name.
9. Posting an invention for sale on a web site constitutes public disclosure and attempted sale of the invention.

10. An invention may be advertised for sale on a patent attorney's website for up to one year before its corresponding patent application is filed with the USPTO without compromising its patentability, pursuant to 35 U.S.C. § 102(b).
11. An invention that is publically disclosed more than one year before its corresponding patent application is filed with the USPTO is permanently barred from patentability, pursuant to 35 U.S.C. § 102(b).
12. Respondent has been aware of the existence of 35 U.S.C. § 102(b)'s publication and on-sale bars since his entry into the patent bar in 1973.
13. Within his law office, Respondent's primary filing system consists of approximately 125 five-drawer filing cabinets, each containing manila file folders holding clients' documents.
14. The filing cabinets are organized alphabetically by the client's last name. Three of the filing cabinets are dedicated to last names beginning in "█".
15. Respondent does not group a specific client's files together. Files within a specific filing cabinet are not organized alphabetically. As a result, files from a specific "█"-named client may be located anywhere within any one of the three "█" cabinets.
16. Respondent maintains an "Applications in Process/Ready to Be Filed" cabinet in which he places client patent application files that have not yet been filed with the USPTO.
17. As described by Respondent, once a patent application is complete, Respondent or one of his employees pulls the application from the "Ready to Be Filed" cabinet and sends the application for filing with the USPTO. The application file is then returned to the "Ready to Be Filed" cabinet until confirmation is received from the USPTO — usually in the form of a postcard — acknowledging receipt of the application.
18. It is Respondent's normal procedure to file a patent application within a week of the file becoming complete.
19. Upon receipt of the postcard or other confirmation from the USPTO, Respondent or one of his employees removes the client's file from the "Ready to Be Filed" cabinet and places it in one of the alphabetical cabinet while awaiting the USPTO's determination.
20. Normal procedure is to not post any inventions on any of Respondent's websites until after the corresponding application has been filed with USPTO.
21. The client, Mr. █ learned of Respondent's patent law practice via an internet search.
22. In 2001, Respondent met with Mr. █ in Respondent's office to discuss Mr. █'s invention ideas; specifically, a compact jackhammer, a bathtub liner, and a traffic control device. They met again in 2003 to discuss the inventions further.

23. Mr. [REDACTED] eventually hired Respondent to pursue patents for all three inventions.
24. In 2004, Mr. [REDACTED] paid Respondent \$8,000 to pursue the patent for the traffic control device.
25. On or about October 15, 2005, Mr. [REDACTED] provided Respondent with the patent application documents necessary to file the patent application.
26. The traffic control device patent application was ready to be filed with the USPTO on October 15, 2005, but for reasons unknown Respondent did not file it at that time.
27. On December 3, 2005, Respondent published the traffic control device on www.invention.net and made it available for sale on the web site.
28. Contrary to his stated procedure, Respondent had not filed a patent application for the traffic control device with the USPTO prior to posting the invention for sale on the web site.
29. After posting the traffic control device to his web site, Respondent, or one of his employees, placed the file in one of the "[REDACTED]" cabinets rather than the "Ready to Be Filed" cabinet.
30. Respondent tracks the progress of client applications by noting the dates he receives communication on the files, whether from the client or from the USPTO.
31. The physical location of a specific client file in the filing cabinets is the sole indication of the status of the file as active, application filed, or complete.
32. Respondent has no system in place to alert him or his staff if an unmet deadline is approaching or has already passed. Respondent's filing system provides no means of alerting him or his staff if an application has been misfiled.
33. Relying only on his normal practice, Respondent took no action to confirm whether the traffic control device application had been filed with USPTO, either before or after posting it for sale on his web site in December 2005.
34. By chance, in early August of 2007, Respondent discovered the traffic control device application file in one of the "[REDACTED]" cabinets and, only by examination at that time, determined that it had never been filed with USPTO.
35. Respondent filed the traffic control device application on August 13, 2007, as U.S. Patent Application Number [REDACTED]. He did not check his web site to determine if the invention had already been posted online. He did not conduct any additional investigation into the invention's patentability.
36. Respondent did not inform Mr. [REDACTED] that the application was not filed until 2007.

37. In November of 2008, Mr. [REDACTED] saw a traffic control device on display at the Javits Convention Center in New York City (“the Javits device”). He then called Respondent to discuss the device’s impact on his patent application.
38. Respondent instructed Mr. [REDACTED] to take a picture of the Javits device, but Mr. [REDACTED] refused. He did offer to send Respondent a video of the device, but Respondent instructed him to only send still images.
39. Mr. [REDACTED] did not initiate any further communication with Respondent after the 2008 telephone conversation.
40. On December 28, 2009, USPTO sent Respondent an Office Action related to the [REDACTED] Application
41. Respondent informed Mr. [REDACTED] of the Office Action on February 15, 2010, and demanded a \$2,375 payment to respond to the Office Action. The payment included \$750 for a “personal interview” and \$1,625 for a “written amendment.” Mr. [REDACTED] refused Respondent’s payment demand.
42. Respondent did not respond to the Office Action.
43. On July 7, 2010, the USPTO sent Respondent a Notice of Abandonment related to the [REDACTED] Application.
44. Respondent did not inform Mr. [REDACTED] that the application had been abandoned, and did not subsequently communicate with Mr. [REDACTED].
45. After learning of the OED Director’s investigation into Respondent’s handling of Mr. [REDACTED]’s traffic control device application, Respondent refunded all of Mr. [REDACTED]’s fees associated with the invention.

OBJECTIONS TO EVIDENCE

Respondent objects to much of the evidence presented by the OED Director at the hearing. He argues that evidence relating to several of his prior patent applications for Mr. [REDACTED] and other clients is irrelevant and unduly prejudicial. Moreover, he contends that the evidence is being offered in an attempt to sanction Respondent for conduct that was not included in the initial *Complaint*. Respondent wishes to have all such evidence deemed inadmissible.

The OED Director maintains that the proffered evidence offers insight into Respondent’s standard pattern of practice, and thereby provides necessary context to explain his actions and his state of mind in the instant proceeding. For example, the Government sought to offer evidence related to Mr. [REDACTED]’s bathtub liner application to prove that Respondent believed himself authorized to file documentation with the USPTO without first consulting Mr. [REDACTED]. Another case was offered in part to show that offering inventions for sale on Respondent’s web site was part of Respondent’s normal course of practice. The OED Director asserts that, given

Respondent's familiarity with 35 U.S.C. § 102(b), he knew that posting an invention to the web site more than a year before it was filed would result in the loss of patent rights.

The Court finds that the OED Director's evidence is relevant to the instant case and is not being used for any improper purpose. The evidence either refutes aspects of Respondent's claims or provides useful context to understand Respondent's conduct. Contrary to Respondent's assertions, the OED Director has not sought any penalty for any behavior connected to a previous disciplinary proceeding or patent applications. The sanctions requested relate exclusively to those matters identified in the *Complaint*. Accordingly, Respondent's relevancy objections are **DENIED**.

The OED Director has also presented evidence that Respondent was previously disciplined by the USPTO and by the New York State Bar Association. To date, he has received two cautionary letters, two admonitions, and a public censure from the Grievance Committee for the Tenth Judicial District in New York. He was also suspended from practice by the USPTO in 2004 and 2010.² Respondent contends that any reference to his disciplinary history is improper, and any sanctions based on that history would constitute double punishment. The Government asserts that those cases prove Respondent's awareness of his responsibilities to his clients and so can be validly considered here. Additionally, the Government states that the previous discipline must be considered as an aggravating factor in the sanction stage of this proceeding.

Respondent's argument is meritless for two reasons. First, prior disciplinary history is expressly identified as an aggravating factor by the American Bar Association. See STANDARDS FOR IMPOSING LAWYER SANCTIONS (2005) § 9.22. If the Court finds that a sanction is warranted, it may consider such factors. 37 C.F.R. § 11.54(b)(4). Second, the violations alleged in the *Complaint* are based entirely on Respondent's handling of Mr. ██████'s traffic control device, not on his previous conduct. The OED Director is not seeking any sanctions based on that conduct. Nor could he, as those cases have been permanently concluded and those punishments have been meted out.³ The objection is therefore **DENIED**.

Mr. ██████ also filed a grievance with the New York State Bar regarding Respondent's handling of his traffic control device—the very matter now before this Court.. The Grievance Commission for the Tenth Judicial District issued its findings on February 26, 2015, and elected to admonish Respondent for his conduct. Respondent's counsel filed the Admonition with this Court on March 4, 2015.

² In both cases, Respondent entered into a settlement agreement, and the suspensions were stayed in their entirety. Respondent was placed on a five-year probation in lieu of suspension as part of the settlement agreement in the 2010 proceeding.

³ Respondent's counsel also argued strenuously during the hearing that the OED Director was attempting to use the current proceeding to revoke the five-year probation instituted as part of the 2010 settlement agreement. However, the Final Order in that proceeding specifically stated that the probation remained active only if the suspension was stayed. The Order further stated that the USPTO Director or his designate could lift the stay of suspension if Respondent committed additional disciplinary violations. Finally, the Order made clear that the OED Director could seek additional discipline against Respondent for the same violation that prompted lifting of the stay of suspension. Respondent's argument is thus refuted by the express terms of the settlement itself.

Respondent does not explain precisely why he provided this Court with a copy of the Admonition, but the transmittal letter by counsel does point out that the Grievance Committee elected not to recommend suspension of Respondent. Thus, it is apparent that it was proffered as mitigating evidence.⁴

The OED Director objects to the inclusion of those findings because the record for this proceeding has already closed and because the sanction determination of a different jurisdiction does not control the sanction analysis here.

The sanction levied by the New York State Bar is relevant only as evidence of the weight that New York State places on the misconduct alleged against Respondent as a member of the New York State Bar for misconduct found in a specific patent matter. As that patent matter is part of the very same matter brought by *Complaint* before this Court by the USPTO, the resolution by the New York Grievance Committee carries no weight in determining the proper sanction in this venue for Respondent's conduct as a Registered Patent Attorney. Nonetheless, as that action is relevant in the broad sense — and as it was not available until after the record closed — it will be included in the record. The OED Director's objection is **DENIED**.

DISCUSSION

The Court has considered all issues and examined all evidence contained in the record and presented at hearing. Those issues not discussed here are not addressed because the Court finds they lack materiality or importance to the decision.

The OED Director accuses Respondent of (1) neglecting the [REDACTED] Application by failing to file it for more than 20 months after receiving the completed file, (2) certifying the legal validity of the [REDACTED] Application without conducting the necessary inquiry into its patentability, and (3) filing an application that he knew was no longer patentable in an attempt to conceal his neglect and the patentability bars from Mr. [REDACTED] and the USPTO. The Government contends that these alleged actions violate 10 Disciplinary Rules and warrant a 42-month suspension.⁵ This *Decision and Order* discusses Respondent's alleged actions chronologically.

I. Respondent's Alleged Neglect of the [REDACTED] Application

The Code of Professional Responsibility states that a practitioner "shall not neglect a legal matter entrusted to the practitioner." 37 C.F.R. § 11.77(c). *Black's Law Dictionary* defines "neglect" as "The omission of proper attention to a person or thing, whether inadvertent, negligent, or willful." BLACK'S LAW DICTIONARY (8th ed. 2004).

⁴ A patent practitioner is obligated to inform the OED Director of any public censure, reprimand, probation, suspension, or disbarment in another jurisdiction. 37 C.F.R. § 11.24(a). Filing with the OED Director alone would likely have satisfied that requirement. It is possible that Respondent's counsel was concerned about maintaining candor with the Court in this matter, but nothing in the USPTO regulation requires such a disclosure to the Court.

⁵ The OED Director arrives at the 42-month total by requesting a 24-month suspension for concealing and/or failing to report the patentability bars from the USPTO and Mr. [REDACTED], a 12-month suspension for the neglect count, and a 6-month suspension for falsely certifying the [REDACTED] Application.

The American Bar Association Committee on Ethics and Professional Responsibility opined in 1973 that:

[N]eglect involves indifference and a consistent failure to carry out the obligations that a lawyer has assumed, or a conscious disregard for the responsibilities a lawyer owes a client. The concept of ordinary negligence is different. Neglect usually involves more than a single act or omission. Neglect cannot be found if the acts or omissions complained of were inadvertent or the result of an error of judgment made in good faith.”

AMERICAN BAR ASSOCIATION COMMITTEE ON ETHICS AND PROFESSIONAL RESPONSIBILITY INFORMAL OPINION 1273 (1973).⁶

Both definitions are insightful, though neither is authoritative. It is clear that neglect occurs when a practitioner ignores or otherwise disregards his obligations to his client. It does not occur instantaneously, however. If it did, every momentary, innocuous error by an attorney would be grounds for discipline. Notwithstanding occasional evidence to the contrary, attorneys are human beings, and thus are susceptible to human error. Perfection therefore cannot be the professional standard. An attorney may be fully committed to his duties to a client, yet still carry out those duties imperfectly. Under such circumstances, the attorney has perhaps acted *negligently*, but he has not *neglected* the client. Instead, neglect generally requires a pattern or course of conduct clearly illustrating the practitioner’s disregard for his obligations to the client. See In re Levin, 395 N.E.2d 1374, 1375 (Ill. 1979) (inaction, delay, and lack of effort expended on behalf of a client constitutes neglect.) A time element is therefore a central aspect of the violation. As a result, a single forgetful moment or honest mistake normally will not violate 37 C.F.R. § 10.77(c).⁷

The OED Director alleges that Respondent engaged in a pattern of neglectful conduct after receiving the completed patent application. Respondent has acknowledged that the [REDACTED] Application was ready to be filed in October of 2005 but was not actually filed until August of 2007. He attributes the delay to a simple filing error. He therefore contends that he cannot have violated 37 C.F.R. § 10.77(c) because an unintentional filing error is a single, honest mistake.

The misfiling of a patent application is indeed a single negligent act that does not constitute neglect, as the term is meant in 37 C.F.R. § 10.77(c). The act begins and ends when the file is misplaced. But that is not the end of the attorney’s duty to that client. An attorney has a duty to maintain awareness of his cases as they wend their way through the patent process. Accordingly, failure to discover an error may constitute neglect. Here, diligent monitoring of the

⁶ Informal Opinion 1273 discusses then-ABA Disciplinary Rule 6-101(A)(3), which is identical in wording to 37 C.F.R. § 10.77(c).

⁷ Although neglect and negligence are not interchangeable, there are scenarios where a single negligent act may constitute sanctionable neglect. For example, in Attorney Grievance Commission v. Montgomery, the attorney inadvertently failed to appear for a hearing, resulting in dismissal of his client’s case. 460 A.2d 597 (Md. 1983). The court found that he had neglected the client.

Application would have made it apparent to Respondent that there was something amiss long before Mr. [REDACTED]'s patent rights were jeopardized. Respondent believed that the [REDACTED] Application had been timely filed with the USPTO prior to December 3, 2005.⁸ He therefore was expecting a postcard from the USPTO confirming its receipt of the file. He testified that such postcards could sometimes take several weeks to arrive. The failure to receive a postcard — or any acknowledgment from the USPTO — within several months of the expected arrival date should have raised a red flag. But Respondent maintained no functional suspense system to notice the missing postcard. Had such a system been in place, it would have prompted Respondent (or a staff member) to check the status of the Application in his own files, or to contact the USPTO to inquire about the Application.

It appears that Respondent simply forgot about the traffic control device after posting it on his web site in December of 2005. His organizational system is not designed to protect against such forgetfulness. In fact, the nature of Respondent's filing system — as he describes it — ensures that forgetfulness — and thus neglect — is an ever-present threat in his legal practice.

Ordinarily, an attorney's docket management system will "tickle" the attorney, reminding him of upcoming deadlines or prompting him to check up on cases at specific times. It is this interactive aspect of a docket management system that makes the system valuable. Respondent's primary docket management system, comprised as it is of manila folders in filing cabinets, is not interactive. As Respondent testified, the system "doesn't spit out a warning, 'I'm late' or this or that." He claimed that he had a computer-based system at one point, but he "had some computer problems and certain things got flipped off the tickler system." He did not elaborate on the nature of this electronic system, what happened to it, or when the problems occurred. Regardless, he insists that if the electronic system had worked properly, it "would have told me" that the [REDACTED] Application had not been filed.

The Court disagrees. First, Respondent admitted that the filing cabinets are his main docket management system and that the electronic docketing system was merely a "backup."⁹ The electronic system, if it was in use and working, may have been a backup, of sorts, but it was not a docket management program as that term is generally understood. It was merely a "manual listing on the computer," of the sort that could be made with standard word processing or spreadsheet software. Even if Respondent or his staff regularly input relevant deadlines into the system, the system would not know when those dates had passed because it does not link to a

⁸ At the hearing, Respondent testified that the [REDACTED] Application was not filed in 2005 because it "was misplaced from ... approximately October '05, to the time I found the file, which was close to [August], '07. ... The file was misplaced for a year-and-a-half." There is reason to doubt the accuracy of the timeline. Respondent must have had access to the file in December of 2005 because the information posted to the web site is identical in almost all respects to the information found in the file. The file was therefore likely misplaced no earlier than December 3, 2005. Respondent has not explained why the Application was not filed between October and December of 2005. The OED Director asserts that this delay of less than two months is also neglectful. There is no evidence indicating what attention, if any, was paid to the [REDACTED] Application prior to it being published on the web site. The Court therefore cannot conclude that Respondent neglected the matter during that time period.

⁹ Respondent testified that the electronic system is "in case the place burns down," or is damaged by a natural disaster. He also stated that the files are now backed up by Carbonite. However, Carbonite is merely a data security and recovery tool. It is not docket management software and cannot serve the function of a docket management system. Respondent's testimony that Carbonite is his current backup system suggests that the unnamed "electronic system" he initially referred to was also a data security tool rather than a docket management system.

calendar. A system that does not know what day it is cannot know that a deadline is approaching, or that it has passed. In essence, Respondent's electronic system is simply a computerized clipboard. From the standpoint of meeting deadlines, it is no more effective than Respondent's primary physical filing system. Neither system could have prevented the mistakes that occurred here because neither system is interactive. They both require Respondent to actively check the system to ensure his filings are up to date. This puts the burden squarely on Respondent or his staff to be vigilant in monitoring the docket. As Respondent testified, he did not check his systems because he did not know he had a reason to check. He contends that the present situation was therefore unavoidable.

Unfortunately, the situation was entirely avoidable, if Respondent took reasonable and readily available precautions to establish a functional system of suspenses for his patent law practice. If respondent was not computer savvy, he could have created a manual system that worked in years past. Instead, knowing the perils of his filing system, he took the risk, exposing all of his clients to the fate that befell this client. Human error is foreseeable and inevitable, but Respondent took no steps to protect against his own errors or those of his staff. A proper docket management system — on paper cards or a computer with an interactive tickler system — would have provided the backup necessary to protect all of his clients.¹⁰

The OED Director cites In re Tachner, Proceeding No. 2012-30 (USPTO April 12, 2013) for the proposition that reliance on a deficient docketing system itself constitutes neglect of client matters. Both Tachner and the present Respondent were 40-year veterans of patent law, both utilized less-than-modern docketing practices, and neither instituted any legitimate safeguards to prevent human error. Such practices create an environment that is rife with the possibility for neglect. However, the "possibility" of neglecting a client matter is not neglect. If it were, both Tachner and Respondent would be guilty of neglecting literally all of their clients because their docket systems affect every client equally. Under this interpretation of 37 C.F.R. § 10.77(c), Respondent could devote his full time and energy to a specific client yet still be disciplined for "neglecting" that client based solely on the flaws in his docketing system. This is fundamentally at odds with the commonly understood definition of "neglect."

Even if Respondent's electronic system could operate as a tickler system, his knowledge that it was somehow compromised only makes his failure to conduct any follow-up monitoring more egregious. At no point prior to August of 2007 did Respondent ever look for or look at the [REDACTED] Application. Even a cursory search for the physical file would have led him to realize that it was missing. Instead, the file remained untouched and forgotten in a filing cabinet. Had he not stumbled upon it purely by chance while looking for a different file, the [REDACTED] Application might have remained in limbo indefinitely. Indeed, Respondent could have jogged his own memory about the invention's existence simply by looking to his own website. The traffic control device had been posted continuously on the site since December 2005. The site is word-searchable, meaning Respondent could have accessed the invention simply by searching for "[REDACTED]." There is no evidence that Respondent conducted even this basic monitoring of the

¹⁰ In testimony, Respondent related his normal procedure was to advertise an invention on his web site only after it was filed with the USPTO. If followed, that safeguard might have prevented the failure in this case, but clearly Respondent did not examine the application filing status before posting the advertisement on the web site.

invention application. Rather, he put the [REDACTED] Application out of his mind entirely for nearly two years.¹¹

Although forgetting a client matter entirely presents a seemingly clear case of neglect, Respondent contends that he has not violated 37 C.F.R. § 10.77(c) because he was unaware that he was neglecting Mr. [REDACTED]'s application. Respondent thus suggests that the regulation contains a "knowing" element. The OED Director counters that knowledge is not a relevant consideration under the regulation.

The plain language of 37 C.F.R. § 10.77 supports the OED Director's interpretation. Section 10.77(a) prohibits a practitioner from handling a legal matter that the practitioner "knows or should know" he is not competent to handle. The practitioner's knowledge is thus a vital element of the rule and is expressly stated within the text of the regulation. By comparison, Section 10.77(b) states that a practitioner shall not "handle a legal matter without preparation adequate in the circumstances." There is no mention of knowledge. An ill-prepared practitioner violates this regulation whether he knows he is ill-prepared or not. Section 10.77(c) also lacks any reference to the practitioner's knowledge. It is a well-worn canon of statutory interpretation that the presence or absence of specific words in a statute is assumed to be intentional, particularly when the same language is present or absent elsewhere in the same statute. The Court declines to read the word "knowingly" into the regulation.

Moreover, Respondent's interpretation of Section 10.77(c) would artificially limit the reach of the Disciplinary Rule by prohibiting only one subset of neglectful conduct while tacitly condoning others. There is no reason to believe the USPTO intended such a limitation. As the present case illustrates, neglect may cause significant permanent injury to a client whether it is deliberate or inadvertent. The Court thus concludes that there is no "knowing" element in Section 10.77(c).

In sum, 37 C.F.R. § 10.77(c) prohibits a practitioner from disregarding or ignoring a client matter for an extended amount of time. The OED Director has provided clear and convincing evidence that Respondent ignored Mr. [REDACTED]'s traffic control device from December 2005 until August 2007. The Court therefore finds that Respondent neglected the matter entrusted to him.¹²

¹¹ The neglect analysis does not consider the ultimate outcome of the allegedly neglected client matter. See *Matter of Chasin*, 183 A.D.2d 366, 367-68 (NY 1992) (attorney suspended for neglecting three personal injury cases, even though the cases had not yet been resolved and clients had not yet been harmed). In this case, Respondent's neglect caused his client to permanently lose his patent rights due to the on-sale and publication bars. But the statutory bars were triggered by Respondent's decision to post the invention on his web site. His failure to act on Mr. [REDACTED]'s application for 20 months would constitute neglect even if the invention had never been published online. The outcome is relevant only for the purpose of weighing the harm caused by the neglect.

¹² The *Complaint* also contends that the charging of a \$750 fee for an in-person interview is evidence of neglect because Respondent "neglected to inform Mr. [REDACTED]" that the interview was not required. This argument stretches the concept of neglect beyond its natural limits. The Court can imagine no scenario where a patent practitioner can neglect a client matter while simultaneously actively communicating with the client about that same matter.

II. Respondent's Alleged Failure to Conduct a Reasonable Inquiry

Respondent apparently submitted the [REDACTED] Application to the USPTO within days of re-discovering it in his filing cabinet. It is the responsibility of every USPTO patent practitioner to verify that statements made in their submissions are true, accurate, and legally valid. 37 C.F.R. §§ 10.18(b), 11.18(b). By signing a document submitted to the USPTO, a practitioner certifies that he has conducted "an inquiry reasonable under the circumstances" to ascertain that "the claims and other legal contentions therein are warranted by existing law." 37 C.F.R. § 10.18(b)(2)(ii). Failure to conduct such an investigation is a violation of the Disciplinary Rules. 37 C.F.R. § 10.23(c)(15) ("conduct which constitutes a violation includes ... signing a paper filed in the Office in violation of the provisions of § 11.18"). The OED Director alleges that Respondent filed the [REDACTED] Application on August 13, 2007, without attempting to determine whether the invention was still patentable. Had he done so, he would have known that the on-sale and publication bars had long-since extinguished Mr. [REDACTED]'s right to patent his traffic control device.

According to Respondent, he reviewed the [REDACTED] Application for "the required contents of a typical application; drawings, specifications, et cetera" prior to filing it with the USPTO. He admitted, however, that he did not conduct any inquiry into the invention's continued patentability. This omission is particularly perplexing because Respondent knew the invention was almost two years old by the time he submitted the Application. Armed with that knowledge, he did not check if any intervening prior art had been published. He did not contact Mr. [REDACTED] to see if the invention had been updated, improved, sold, or assigned during the intervening period. Most importantly, he did not visit his own web site to check if he had already published the traffic control device for sale.¹³ Instead, he simply assumed that the traffic control device remained viable. An unchallenged assumption is not an inquiry. Accordingly, Respondent's certification that he undertook a reasonable inquiry is false.

III. Respondent's Alleged Concealment of His Neglect and Concealment of the Patentability Bars

Respondent has been a registered patent attorney for almost four decades. The OED Director contends (and Respondent admits) that he knew of the provisions of 35 U.S.C. § 102(b), which has been a central pillar of patent law since the 1950s. Here, the parties' views of the evidence diverge:

a. OED Director's view. The OED Director asserts Respondent knew, prior to filing the [REDACTED] Application, that it was barred by 35 U.S.C. § 102(b) and that he would be held responsible for the loss of Mr. [REDACTED]'s potential patent rights. He also knew that he would likely face significant professional consequences for his neglect due to his disciplinary history with the USPTO. To avoid these consequences, the OED Director asserts that Respondent devised a scheme to conceal his neglect from Mr. [REDACTED] and the USPTO. According to the OED Director,

¹³ Respondent's failure to realize that the invention had been posted on his web site since December 2005 further confirms the extent of his neglect of the [REDACTED] Application. The OED Director notes that Respondent updated his web sites on a semi-regular basis, and so should have seen the traffic control device on his site. However, even though he updated the web site regularly, there is no evidence that Respondent actually visited the traffic control device's unique web page after December 2005.

Respondent intended for the [REDACTED] Application to go abandoned, and intended to shift responsibility for the abandonment to Mr. [REDACTED], thereby insulating Respondent from blame.

Respondent concealed from Mr. [REDACTED] that the file had been misplaced, or that it had lain dormant in Respondent's office since 2005. He then filed the [REDACTED] Application without informing Mr. [REDACTED] or the USPTO that it was barred by operation of 35 U.S.C. § 102(b). Almost three years later, when Mr. [REDACTED] called Respondent after seeing a similar traffic control device on display at the Javits Center in New York City, Respondent did not tell Mr. [REDACTED] that his invention was no longer patentable. Rather, he asked Mr. [REDACTED] to send him photographs of the the Javits device. Mr. [REDACTED] did not do so. The OED Director alleges that Respondent "feigned interest in the photographs as part of his ongoing concealment," and notes that Respondent undertook no follow-up investigation after learning of the allegedly infringing product.

On December 28, 2009, the USPTO sent Respondent an Office Action relating to the [REDACTED] Application. Respondent did not inform Mr. [REDACTED] about the Office Action until February 15, 2010, more than six weeks later. He told Mr. [REDACTED] that the Application would go abandoned if Mr. [REDACTED] did not pay Respondent \$2,375 by March 5, 2010. The quoted price included a \$750 fee for a "personal interview" with the USPTO patent examiner and a \$1,625 fee for a "written amendment." Respondent did not inform Mr. [REDACTED] that a personal interview is not required when responding to an Office Action. He also did not inform Mr. [REDACTED] that a Washington D.C.-area attorney, Leonard Belkin, would conduct the interview rather than Respondent himself. Both the fees and the March 5 deadline were arbitrarily selected by Respondent "to dissuade Mr. [REDACTED] from pursuing the application by providing a significant financial disadvantage." Mr. [REDACTED] refused to send any additional payment. Respondent thus never responded to the Office Action, leading to the [REDACTED] Application becoming abandoned. Respondent received the Notice of Abandonment on or about July 7, 2010, but never transmitted this information to Mr. [REDACTED].

As further evidence of Respondent's deceptive intent with regard to the [REDACTED] Application, the OED Director highlights differences between Respondent's treatment of the present case and his treatment of Mr. [REDACTED]'s bathtub liner invention ("the [REDACTED] Application"). While guiding the [REDACTED] Application through the patent process, Respondent received seven Office Actions on behalf of Mr. [REDACTED]. He did not contact Mr. [REDACTED] or communicate the nature of those Office Actions to him before responding to the Office Actions.¹⁴ At the hearing, Respondent explained that he did not feel the need to inform Mr. [REDACTED] of the [REDACTED] Application's Office Actions because Respondent had "ongoing authority" to do what was necessary to obtain the patent, including responding to Office Actions. By comparison, when Respondent received the Office Action in the [REDACTED] Application, he demanded additional fees from Mr. [REDACTED] in order to file a response, and he threatened that nonpayment would lead to the abandonment of the Application. The OED Director asserts that this sharp change of behavior illustrates Respondent's different goals with respect to the two inventions; he wanted the [REDACTED] Application to succeed and the [REDACTED] Application to fail.

¹⁴ In fact, Respondent hired either Mr. Belkin or his current counsel, Edwin Schindler, to respond to the Office Actions. He did not obtain Mr. [REDACTED]'s consent before sharing privileged attorney-client information with other attorneys.

b. Respondent's view. Respondent paints a very different picture of his actions, and the motivations underlying them. He maintains that, although he “knew about the 102(b) bar forever,” he had not realized the statute’s specific impact on the viability of the [REDACTED] Application. Specifically, it is Respondent’s contention that he had completely forgotten that he had posted the traffic control device on his web site. He therefore genuinely, if erroneously, believed when he filed the [REDACTED] Application in 2007 that it had never been published, and so it was not barred by 35 U.S.C. § 102(b). Respondent insists that he did not deliberately fail to inform Mr. [REDACTED] or the USPTO about the patentability bars and did not believe Mr. [REDACTED] had been harmed by the 20-month delay in filing. He thus had no reason to want the [REDACTED] Application to fail.

Respondent relies heavily on his 2008 phone conversation with Mr. [REDACTED] to support his position. He argues that his request for photographs of the Javits device was a first step towards potentially challenging an infringing product. He would not have taken such a step had he not believed the [REDACTED] Application was legally viable and a patent would be forthcoming. He further states that he did not learn about the applicability of the patentability bars until the OED Director contacted him regarding Mr. [REDACTED]’s grievance in 2013. In other words, Respondent asserts that he could not have intended to conceal the truth from Mr. [REDACTED] in 2007 (when he filed the [REDACTED] Application) or 2008 (when he requested photos of the Javits device) because Respondent himself did not learn the truth until 2013.

c. Discussion. There is no direct evidence proving Respondent’s knowledge that the [REDACTED] application was time-barred by 35 U.S.C. § 102(b), either before or after filing the [REDACTED] Application. Nor is there anything to directly illustrate his *mens rea* with regard to the Application. The Court must therefore derive what information it can from the circumstantial evidence, of which there is a substantial amount.¹⁵ The critical questions are whether there is clear and convincing evidence that Respondent recognized the applicability of 35 U.S.C. § 102(b) to the [REDACTED] Application and whether he acted to conceal relevant information from Mr. [REDACTED] and the USPTO.

The clear and convincing evidence standard is mandated by 37 C.F.R. § 11.49, and is the default burden of proof for attorney discipline cases in most jurisdictions. See In re Madrano, 956 F.2d 101, 102 (5th Cir. 1992); In re Palmisano, 70 F.3d 483, 486 (7th Cir. 1995) (clear and convincing standard is proper because although disbarment is costly for an attorney, permitting an incompetent or inappropriate person to practice law is costly for clients and the administration of justice). It is most often applied “where there is a clear liberty interest at stake.” Thomas v. Nicholson, 423 F.3d 1279, 1283 (Fed. Cir. 2005). The “clear and convincing” standard rests, arguably, mid-way between the “preponderance” standard used in most administrative and civil proceedings and the “beyond a reasonable doubt” standard used in criminal proceedings. Addington v. Texas, 441 U.S. 418, 424-25 (1979). To succeed under the preponderance

¹⁵ Respondent’s own testimony is of only limited value. After observing his demeanor over the course of the two-day hearing, the Court has deep doubts about his credibility. Respondent’s answers to direct, unambiguous questions were often evasive, non-responsive, or at times outright disingenuous. Much of his testimony is internally inconsistent or contradictory. For example, Respondent denies neglecting the traffic control device, but admits letting it lie fallow and forgotten in a filing cabinet for almost two years. He claims that he reviews his web sites every few weeks, while simultaneously claiming that he had no idea the traffic control device was posted online prior to filing the Application. His memory of certain events was conveniently lacking, although he could clearly recall other events from the same time period. In all, the Court found Respondent’s testimony to be self-serving and unreliable.

standard, a party must present sufficient evidence to “incline a fair and impartial mind to one side of the issue rather than the other.” BLACK’S LAW DICTIONARY (8th ed. 2004). By comparison, the clear and convincing standard requires “evidence indicating that the thing to be proved is highly probable or reasonably certain.” *Id.* The standard is met when the evidence “produces in the mind of the trier of fact a firm belief or conviction, without hesitancy, as to the truth of the allegations sought to be established.” *Jimenez v. DaimlerChrysler Corp.*, 269 F.3d 439, 450 (4th Cir. 2001). “Evidence is clear if it is certain, unambiguous, and plain to the understanding, and it is convincing if it is reasonable and persuasive enough to cause the trier of facts to believe it.” *Foster v. AlliedSignal, Inc.*, 293 F.3d 1187, 1194 (10th Cir. 2002).

After a close examination of all the evidence in the record, the Court concludes that the OED Director has not presented clear and convincing evidence of deceitful or deceptive motive. There is no question that Respondent utterly failed in his duties to Mr. [REDACTED]. After neglecting the [REDACTED] Application for 20 months, he expended almost no additional energy on the file. He failed to inform Mr. [REDACTED] about the circumstances leading to the lengthy delay; failed to conduct any investigation of the invention’s current patentability prior to filing the Application; failed to timely communicate important information to Mr. [REDACTED]; and did not even attempt to fulfill many of his legal obligations related to the claim. The relevant question is why these actions and omissions occurred. The OED Director alleges that Respondent was desperate to avoid the consequences of his own neglect, and so implemented a scheme to dupe Mr. [REDACTED] and the USPTO.¹⁶ While plausible, this narrative ignores a simpler and equally likely scenario: Respondent’s conduct was the product of systemic neglect, ineptitude, and disinterest.

Respondent’s legal practice can perhaps most accurately be described as “haphazard.” He testified that he has a “busy practice,” and has boasted about the more than 2,000 successful patent applications he has prosecuted over the course of his career. However, a busy practice can be a mistake-prone practice. With an antiquated filing system, poor communication between Respondent and his staff,¹⁷ and an all-but-nonexistent docket management system, critical mistakes are almost inevitable. *See In re Henry Zhang*, 376 Fed.Appx. 104, 116 (May 10, 2010) (“although Zhang may not have *intended* to neglect his clients, it was Zhang’s decision to greatly increase his caseload without making adequate provision to protect his clients from the risks inherent in an overstretched practice.”) (emphasis in original). In the case at hand, the record is replete with complaints from Respondent’s clients alleging missed filing deadlines or inadequate communication, among other concerns. Exacerbating the situation is Respondent’s apparent

¹⁶ The OED Director alleges that Respondent withheld the Notice of Abandonment from Mr. [REDACTED] as part of his scheme to conceal his neglect. Although his failure to inform Mr. [REDACTED] of the abandonment is evidence of his continued neglect, it is unclear how such an action would further Respondent’s concealment plan. According to the Government’s theory, Respondent’s intention was to deceive Mr. [REDACTED] into believing he was the cause of the [REDACTED] Application’s abandonment. The Notice of Abandonment would represent the completion of that plan because Respondent could attribute the abandonment to Mr. [REDACTED]’s refusal to pay for a response to the Office Action. It would be in Respondent’s interest to transmit the Notice of Abandonment to Mr. [REDACTED] as soon as possible, thus washing his hands of the matter.

¹⁷ Respondent testified that his staff knows to file documents in a “timely” manner. He defines “timely” as “within a few days, a week, of receiving the papers to be filed.” Respondent does not consistently inform his staff when important documents have arrived. Instead, he relies on them to recognize the need for action based on the physical location of the file. Respondent also stated that staffers “report what has been done.” There is no formalized communication process between Respondent and his staff. It is because of this that Respondent cannot identify who originally misplaced the [REDACTED] Application or when.

unwillingness to recognize that his slipshod organizational system puts his clients' interests—and his own career—at risk. The present proceeding should be sufficient proof that change is needed.

The misplacement of a physical file is a minor mishap that should normally be discovered and corrected in short order. However, because Respondent lacked the necessary safeguards to trigger a search for the file, it slid out of memory. Not only was the [REDACTED] Application lost, nobody in Respondent's office ever knew that it was lost. The file was found purely by accident. Put simply, Respondent's neglect of the [REDACTED] Application was total.

Upon re-discovering the file in 2007, Respondent recognized almost immediately that it was many months overdue. The date on the first page of the Application made this fact instantly apparent. The OED Director contends that Respondent was also aware at that time that the Application was barred by 35 U.S.C. § 102(b). However, nothing in the Application itself would alert Respondent that the invention had already been posted to his web site. Publishing inventions prior to filing them is contrary to Respondent's standard protocol. He therefore would naturally assume it had not been published. For the OED Director's allegation to be true, Respondent would have had to remember, in 2007, that he had published the device in 2005. There is no reason to believe he retained this specific memory about an application he had otherwise purged from his mind entirely. Of course, Respondent could have easily perused his own site and so ascertained definitively whether the invention had been published. But, as the OED Director himself believes, Respondent never did so.¹⁸ Instead, after he found the file, Respondent hurriedly transmitted it to the USPTO, and hoped for the best. This is hardly the work of a calculated, deliberate schemer, as the OED Director attempts to portray him.

Additionally, Respondent's conduct in relation to the [REDACTED] Application is unfortunately consistent with his handling of other clients' matters. The Government has documented numerous complaints from Respondent's clients, many of which involve actions and omissions identical to those alleged here. For example, in several cases Respondent "inadvertently" failed to file necessary documents in a timely manner. He often failed to transmit Office Actions or Notices of Abandonment to clients, or failed to respond to their correspondence. After receiving Office Actions, he repeatedly demanded that clients pay additional fees in narrow timeframes or face the abandonment of their claims. In one case, Respondent took no action on a client's patent application while he waited for the client to contact him. He was similarly passive after asking Mr. [REDACTED] to send him pictures of the Javits device.

The similarities also extend to Respondent's treatment of the [REDACTED] Application. Respondent never spoke to Mr. [REDACTED] about the seven Office Actions prior to responding to them, but he did charge Mr. [REDACTED] additional fees each time. Those fees included a \$665 charge for Mr. Belkin to conduct a telephonic interview with the patent examiner.¹⁹ The letter outlining

¹⁸ The failure to conduct this search is the factual basis for the OED Director's alleged violation of 37 C.F.R. § 10.23(c)(15).

¹⁹ The OED Director perceives a malicious motive behind Respondent's demand for up-front payment in the [REDACTED] Application, given his willingness to act unilaterally when prosecuting the [REDACTED] Application. Mr. [REDACTED]'s reaction to the unexpected charges in the [REDACTED] Application hints at an alternate explanation. Respondent responded to the seven Office Actions in the [REDACTED] Application, then charged Mr. [REDACTED] for the completed work. Mr. [REDACTED] however, balked at the additional costs and refused to pay, leading to the abandonment of the application. Under the circumstances,

the charges stated that Respondent “will **not respond** and the case will become **abandoned**” if Mr. [REDACTED] did not pay the requested fees (emphases in original). This is the same language used in Respondent’s February 15, 2010 letter to Mr. [REDACTED].²⁰

If Respondent’s conduct in the present proceeding is indicative of intentional concealment or dishonesty, identical conduct in the previous cases should have drawn inferences of similar ill intent. Yet neither the OED Director nor the New York State Grievance Committee drew that conclusion in any of the previous cases. Several of the other client complaints were dismissed or resulted in nothing more severe than a cautionary warning. Notably, the OED Director never attempted to discipline Respondent for his handling of the [REDACTED] Application, although Respondent failed to communicate with Mr. [REDACTED], shared his information with unauthorized attorneys, and charged him for services that were not required. The fact that Respondent’s conduct was not considered deceptive or deceitful in those instances undermines the drawing of such inferences here. All considered, the evidence is not clear and convincing that Respondent deliberately attempted to hide the truth from Mr. [REDACTED] or the USPTO.

IV. Violations of the Disciplinary Rules

After considering all of the evidence in the record, the Court finds as follows:

Count 1 – Violation of 37 C.F.R. § 10.23(a) (proscribing engaging in disreputable or gross misconduct)

Any violation of 37 C.F.R. § 10.23(c) constitutes a violation of 37 C.F.R. § 10.23(a). Respondent has violated multiple provisions of 37 C.F.R. § 10.23(c).

Count 2 – Violation of 37 C.F.R. § 10.23(b)(4) (proscribing engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation)

Respondent’s conduct was the product of pervasive neglect caused by his negligence and indifference. The OED Director has not shown that Respondent’s actions were motivated by a desire to deceive Mr. [REDACTED] or the USPTO. The Court therefore finds that Respondent has not violated this Disciplinary Rule.

Count 3 – Violation of 37 C.F.R. § 10.23(b)(5) (proscribing engaging in conduct prejudicial to the administration of justice)

Generally, an attorney engages in conduct prejudicial to the administration of justice “when his or her conduct impacts negatively the public’s perception or efficacy of the courts or legal profession.” Attorney Grievance Comm’n v. Rand, 981 A.2d 1234, 1242 (Md. 2009).

it is no surprise that, two years later, Respondent would seek payment before responding to the [REDACTED] Application’s Office Action. There is ample evidence in the record, including Mr. [REDACTED]’s own testimony, confirming his reluctance to spend substantial financial resources pursuing his patents.

²⁰ The Court notes that, had Respondent truly wished to disentangle himself from the [REDACTED] Application as quickly as possible, he could have done so after his contentious conversation with Mr. [REDACTED] in 2008. Mr. [REDACTED] testified that he “washed his hands of” Respondent at that point. Respondent, however, apparently still considered Mr. [REDACTED] to be his client in 2010.

Here, Respondent neglected his duties to Mr. [REDACTED], and then failed to investigate whether the traffic control device remained patentable. As a result, he filed an application that was doomed from the beginning. This conduct reflects poorly on Respondent himself, but it does not implicate the legal profession as a whole. The evidence does not establish that Respondent knowingly concealed his neglect from his client or the USPTO, or that he attempted to impede the OED Director's investigation. The Court thus finds that Respondent did not violate this Disciplinary Rule.

Count 4 – Violation of 37 C.F.R. §§ 10.23(a) and 10.23(b) via 37 C.F.R. §§ 10.23(c)(2)(ii) (proscribing knowingly giving false or misleading information or knowingly participating in a material way in giving false or misleading information, to the USPTO or any employee of the USPTO)

The OED Director contends that Respondent violated this provision by filing an application that was barred by operation of 35 U.S.C. § 102(b), and failing to inform the USPTO of the patentability bar. Both allegations are factually correct, and Respondent freely admits his awareness of that statute. However, the Government has not shown by clear and convincing evidence that Respondent knew the statute applied to (and barred) the [REDACTED] Application. The OED Director therefore has not proven that Respondent knowingly gave false or misleading information. Accordingly, Respondent has not violated this Disciplinary Rule.

Count 5 - Violation of 37 C.F.R. §§ 10.23(a) and 10.23(b) via 37 C.F.R. §§ 10.23(c)(10) (proscribing knowingly violating or causing to be violated the requirements of 37 C.F.R. §§ 1.56 or 1.555)

Respondent did not know that 35 U.S.C. § 102(b) applied to the [REDACTED] Application. He therefore did not knowingly violate this Disciplinary Rule.

Count 6 - Violation of 37 C.F.R. §§ 10.23(a) and 10.23(b) via 37 C.F.R. §§ 10.23(c)(15) (proscribing signing a paper filed with the USPTO in violation of the provisions of 37 C.F.R. § 10.18)

Respondent signed the [REDACTED] Application, certifying that he had conducted an inquiry reasonable under the circumstances in relation to the Application. He had not conducted such an inquiry. Accordingly, he has violated 37 C.F.R. § 10.23(c)(15).

Count 7 – Violation of 37 C.F.R. § 10.77(c) (proscribing neglecting a legal matter entrusted to the practitioner)

The [REDACTED] Application was ready to be filed with the USPTO on October 15, 2005. Respondent did not file it at that time, but did post the invention on www.invention.net in December 2005. He then misplaced the file, forgot about it, and took no additional action until August 13, 2007. Respondent's filing and docketing systems are incapable of adequately monitoring his caseload and directly contributed to the 20-month delay in filing the Application. The OED Director has shown by clear and convincing evidence that Respondent neglected the [REDACTED] Application from December 2005 until August 2007. He has therefore violated 37 C.F.R. § 10.77(c).

Count 8 – Violation of 37 C.F.R. § 10.85(a)(2) (proscribing knowingly advancing a claim or defense that is unwarranted under existing law)

Respondent did not know that 35 U.S.C. § 102(b) applied to the [REDACTED] Application because he did not conduct any investigation into the patentability of the invention prior to filing it. He therefore did not violate this Disciplinary Rule.

Count 9 – Violation of 37 C.F.R. § 10.85(a)(3) (proscribing concealing or knowingly failing to disclose information that the practitioner is required by law to reveal)

The OED Director contends that Respondent was required to disclose to the USPTO that the traffic control device was not patentable by operation of 35 U.S.C. § 102(b). Respondent could not conceal that which he did not know. Accordingly, he has not violated this Disciplinary Rule.

Count 10 – Violation of 37 C.F.R. § 10.23(b)(6) (proscribing engaging in other conduct that adversely reflects on the practitioner’s fitness to practice before the USPTO)

This Court has routinely interpreted 37 C.F.R. § 10.23(b)(6) as a “catch all” provision regulating conduct that does not fall under the subsections immediately preceding it.²¹ As a result, if the alleged conduct is found to violate any provision of § 10.23(b)(1) through (b)(5), it cannot also violate § 10.23(b)(6). In re Lane, No. D2013-07, at 16 (USPTO Mar. 11, 2014); In re Kelber, No. 2006-13 at 59 (USPTO Sept. 23, 2008). The OED Director has not alleged any conduct that would fall within the purview of 37 C.F.R. § 10.23(b)(6). Respondent has therefore not violated this provision.

Affirmative Defenses

An affirmative defense is one that would defeat a plaintiff’s case even if all the allegations in the claim are true. BLACK’S LAW DICTIONARY (8th ed. 2004). Another respected authority, *Moore’s Federal Practice*, states that, “[a]t common law, an affirmative defense should give color to the opposing party’s claim, i.e., *admit an apparent right* in the opposite party and rely on some *new matter* by which that right is defeated.” 2A J. Moore, MOORE’S FEDERAL PRACTICE, ¶ 8:27(2), at 1843 (2d ed. 1974) (emphases added).

Respondent’s *Answer* raised five purported affirmative defenses. Of the five, only one — failure to state a claim upon which relief can be granted — can actually be considered an affirmative defense. The other four defenses merely refute aspects of the OED Director’s case.

²¹ 37 C.F.R. § 10.23(b) reads in its entirety:

(b) A practitioner shall not:

- (1) Violate a Disciplinary Rule.
- (2) Circumvent a Disciplinary Rule through actions of another.
- (3) Engage in illegal conduct involving moral turpitude.
- (4) Engage in conduct involving dishonesty, fraud, deceit, or misrepresentation.
- (5) Engage in conduct that is prejudicial to the administration of justice.
- (6) Engage in any other conduct that adversely reflects on the practitioner’s fitness to practice before the Office.

As these are not proper defenses, the Court rejects the second, third, fourth, and fifth affirmative defenses.

To raise an affirmative defense in a USPTO attorney discipline proceeding, a respondent must “state affirmatively in the answer special matters of defense.” 37 C.F.R. § 11.36(c). The statement must (1) specify the defense; (2) explain the defense’s nexus to the alleged misconduct; and (3) explain the reason it provides a defense. *Id.* Affirmative defenses must be proven by clear and convincing evidence.

Here, Respondent offers nothing beyond a generic statement that the OED Director has failed to state a claim. He did not elaborate on this contention in any filing or during the hearing. He does not explain why the OED Director’s allegations, if proven true, would not warrant the imposition of sanctions. Respondent has therefore offered no substance to support his affirmative defense. Accordingly, his first — and only — affirmative defense is rejected.

Sanctions

The Court often looks to the ABA’s Standards for Imposing Lawyer Sanctions (“ABA Standards”) for guidance when determining the proper length and severity of a sanction, or when determining whether aggravating or mitigating factors exist. *See In re Chae*, Proceeding No. D2013-01, at 4 (USPTO Oct. 21, 2013).

The OED Director requests that the Court sanction Respondent by entering an order excluding Respondent from practice before the Office. Before sanctioning a practitioner, the Court must consider the following four factors:

- (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).

1. Respondent Violated His Duties to His Client, Mr. [REDACTED]

Respondent was hired to guide Mr. [REDACTED]’s traffic control device through the patent application process. Instead, he neglected Mr. [REDACTED]’s application and caused Mr. [REDACTED] to permanently lose all patent rights to his traffic control device. Respondent also failed to communicate with Mr. [REDACTED] about the consequences of Respondent’s neglect, failed to inform him in a timely manner about important USPTO correspondence, and failed to take any steps to protect Mr. [REDACTED]’s rights.

Respondent’s duties to the public, the legal system, and the legal profession are less directly implicated by his conduct. Any improper behavior by a member of the legal community

undermines public faith in the sanctity of the legal system. However, Respondent's primary duty is to his client, not the population at large. His wholesale abdication of his responsibility to Mr. [REDACTED] is more than sufficient to warrant a significant sanction in this instance.

2. Respondent Acted Negligently

Respondent's neglect of the [REDACTED] Application was directly related to his negligent office management and docketing systems. His failure to conduct an inquiry into the patentability of the traffic control device before filing the [REDACTED] Application is also evidence of his haphazard office practices. As discussed at length above, the OED Director has not proven by clear and convincing evidence that Respondent knew that 35 U.S.C. § 102(b) barred the patentability of the traffic control device. He therefore also has not proven that Respondent intended to cause the abandonment of the [REDACTED] Application or conceal his neglect. Respondent's negligence—and the neglect that was born of it—warrants some sanction. The fact that the harm was unintentional suggests that a less punitive sanction is appropriate.

3. The Extent of Injury Respondent Caused Mr. [REDACTED] is Speculative

After learning of Mr. [REDACTED]'s grievance, Respondent returned Mr. [REDACTED]'s \$8,000 fee.²² Mr. [REDACTED] has therefore not suffered any actual monetary injury due to Respondent's conduct. That conduct has, however, permanently deprived Mr. [REDACTED] of his opportunity to obtain a patent on his traffic control device. Assigning a dollar value to this injury would be a futile exercise. It is not at all clear that the device would have been patentable or profitable even had Respondent carried out his legal obligations in a competent manner. The invention could have been an industry-altering phenomenon or faded quickly into obscurity. Regardless, Respondent's neglect deprived Mr. [REDACTED] of his opportunity to protect and exploit his invention. This mandates a sanction of moderate severity.

4. Aggravating and Mitigating Factors Exist in This Case.

A review of the record reveals both aggravating and mitigating factors. The primary aggravating factor is Respondent's extensive disciplinary history, both before the USPTO and the New York State Bar. The instant proceeding is his third before the OED Director. The previous two resulted in three- and five-year suspensions, with the entirety of those suspensions stayed. The more recent USPTO disciplinary case involved Respondent's neglect of important client matters; the same behavior that is at the heart of the present proceeding. He also received Warning Letters from the OED Director in 2006, 2011, and 2014. Each of these letters emphasized Respondent's obligation to communicate with his clients and not neglect their legal matters.

In 1999 and 2002, Respondent received Letters of Caution by the New York State Grievance Committee, with the latter letter warning him to devote proper attention to client

²² Respondent's evidence suggests Mr. [REDACTED] paid only \$7,000 for the prosecution of the [REDACTED] Application. Mr. [REDACTED], however, claimed to have paid Respondent \$16,000, half of which was to go to the traffic control device. Respondent therefore returned \$8,000, stating that he "assumed a payment of \$1000 is missing from the file." The inability to correctly document monies owed and paid further illustrates the inadequacy of Respondent's office management.

matters and to improve his communication with his clients. In 2006, Respondent was publicly censured by the New York State Bar. In 2015, the state admonished Respondent for his handling of Mr. ██████'s traffic control device. Suspension is a common sanction when a previously disciplined attorney continues to neglect client matters. See Matter of Hershberg, 235 A.D. 2d 1, 3 (NY 1997); Chasin, 183 A.D. 2d 366, 367-68.

Respondent has been the target of no less than seven disciplinary investigations or proceedings in the past 16 years. His conduct in many of those cases is identical to his conduct here. This strongly indicates that Respondent has not yet recognized the need to change his wayward practices.²³ His recalcitrance in the face of numerous warnings and suspensions thus warrants a sterner sanction. Respondent must live up to the professional standards expected of a USPTO patent practitioner if he wishes to remain one.

Specifically, a more onerous sanction appears necessary to impress upon Respondent the need to revamp his docket management and filing systems. Mr. ██████ would not have lost his potential patent rights but for two critical failures in Respondent's system: (1) the erroneous publication of the traffic control device prior to filing its application with the USPTO, and (2) the inability to discover and report that the ██████ Application had been misplaced. Both failures were the result of human error, but both could have been prevented or quickly rectified had proper safeguards been in place. Rather than acknowledge the root cause underlying many of his disciplinary proceedings, Respondent has often dismissed these human errors as "inadvertent oversights." Such oversights generally do not occur in a vacuum. They are the foreseeable consequence of a system that assumes accuracy rather than confirms it, and that operates without any procedural safety net to disclose human error and avoid its consequences.

The OED Director also asks the Court to consider Respondent's 40 years of patent experience as an aggravating factor, on the theory that his experience has made him aware of the obligations owed to his clients. Respondent knew about the statutory bar of 35 U.S.C. § 102(b) "forever," but gave it no thought to its possible implications when he filed "found" the ██████ Application. He also knew that he was required to transmit USPTO correspondence to Mr. ██████ in a timely manner, but he made no attempt to do so. In fact, he never transmitted the Notice of Abandonment at all.

On the other hand, Respondent's experience is also a valid mitigating factor. The Court cannot overlook the fact that Respondent has successfully shepherded some 2,000 inventions through the patent process over his four decades as a USPTO practitioner. To the Court's knowledge, fewer than 15 of his clients have filed complaints, and fewer than half of the complaints led to any public discipline. Given the full breadth of Respondent's legal career, the Court cannot state with confidence that his misconduct here is representative of his practice as a whole. As a result, Respondent's experience does not influence the sanction in either direction.

Additionally, the Court notes that Respondent returned Mr. ██████'s money after learning of the OED investigation against him, as he has done when faced with similar misconduct in the

²³ Based upon his testimony at the hearing, the systemic failures that led to the present situation have not been meaningfully addressed. As a result, there is nothing to prevent a recurrence of this scenario. Indeed, it is entirely possible that other patent applications lay forgotten in Respondent's filing cabinets to this day.

past. His actions and omissions were not done with any intent to enrich himself at the expense of his client. However, the return of Mr. [REDACTED]'s fees was perhaps not entirely altruistic. Upon learning of the OED investigation, Respondent knew he would likely face yet another disciplinary proceeding. Based on his experience with such proceedings, he also knew a swift refund could pacify the OED Director and minimize any adverse action. Had Respondent truly felt remorse for his misconduct, he could have returned Mr. [REDACTED]'s fees, in part or in whole, in 2007, after realizing that he had neglected the [REDACTED] Application for nearly two years. His motivation for refunding Mr. [REDACTED]'s fees is thus ambiguous, and so does not aggravate or mitigate the sanction determination.

CONCLUSION

Respondent was hired to help Mr. [REDACTED] obtain a patent for his traffic control device. Respondent published the invention on his web site without filing for a patent, and then forgot the matter for 20 months. In so doing, Respondent failed in his primary responsibility as a patent attorney. Respondent neglected Mr. [REDACTED]'s patent application from December 2005 until August 2007. Then, by happenstance, Respondent found the [REDACTED] Application and proceeded to file the patent application without conducting the required investigation into its legal validity. Respondent also failed in his duty to timely communicate important USPTO correspondence to Mr. [REDACTED]. Thus, Respondent violated Counts 1, 6, and 7 of the *Complaint*.

ORDER

In his breakdown of sanctions sought for each of the allegations, the OED Director seeks for those sustained here: one year suspension for Respondent's neglect and six months for failing to conduct the necessary inquiry. Given Respondent's disciplinary history and apparent unwillingness to conform his conduct to protect his clients and to adhere to the rules he agreed to follow as a registered patent attorney, the Court is not convinced that an 18-month suspension will be sufficient to deter a recurrence of Respondent's unethical behavior. Accordingly, based on the foregoing findings and conclusions as well as the factors identified in 37 C.F.R. § 11.54(b), the Court concludes that an appropriate sanction for Respondent's multiple violations of the Disciplinary Rules in this matter is a suspension for two (2) years.²⁴

So ORDERED,



J. Jeremiah Mahoney
Administrative Law Judge

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

²⁴ Respondent is directed to 37 C.F.R. § 11.58, which sets forth Respondent's duties while suspended. Respondent shall remain suspended from the practice of patent, trademark, and non-patent law before the USPTO until the OED Director grants a petition reinstating Respondent pursuant to 37 C.F.R. § 11.60(c).

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing **INITIAL DECISION AND ORDER**, issued by J. Jeremiah Mahoney, Administrative Law Judge, in D2014-14, were sent to the following parties on this 24th day of April, 2015, in the manner indicated:


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