

**BEFORE THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE**

In the Matter of)
)
 Joseph Stecewycz,)
)
 Appellant.)
_____)

Proceeding No. D2014-15

Final Order

The United States Patent and Trademark Office (“USPTO,” “Agency,” or “Office”) instituted disciplinary proceedings against Joseph Stecewycz (“Appellant”) for violations of its disciplinary rules in connection with Appellant’s filing of patent documents before the Agency. A hearing was held before Administrative Law Judge (“ALJ”) J. Jeremiah Mahoney and, on April 27, 2015, ALJ Mahoney issued an initial decision concluding that the Appellant violated four ethics rules in connection with his misconduct of repeatedly submitting a debit card to the USPTO that was declined, allowing his client’s application to go abandoned, and not advising his client of either fact: 37 C.F.R. § 10.23(c)(3) (proscribing failing to properly or timely remit funds from a client to the Office); 37 C.F.R. § 10.23(b)(4) (proscribing engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation); 37 C.F.R. § 10.23(b)(5) (proscribing engaging in conduct that is prejudicial to the administration of justice); and 37 C.F.R. § 10.77(c) (proscribing neglect of a legal matter entrusted to the practitioner). As a sanction, the ALJ suspended Appellant from practicing before the USPTO for two years and ordered him to pay restitution to his former client.

Pursuant to 37 C.F.R. § 11.55, Appellant appealed the April 27, 2015 initial decision of the ALJ. A review of that initial decision reveals that the ALJ’s findings are substantially supported by the record. The uncontested and un rebutted evidence submitted by the Office of Enrollment

and Discipline (“OED”) Director supports the ALJ’s findings that Appellant engaged in misconduct in four ways: (1) Appellant repeatedly submitted a debit card to the USPTO that was repeatedly declined for payment, despite having received the required filing fees from his client; (2) Appellant repeatedly failed to submit proper payment of required filing fees to the USPTO and/or properly reply to Office Actions, which ultimately resulted in the abandonment of his client’s patent application; (3) Appellant failed to advise his client that filing fees had not been timely paid; and (4) Appellant failed to inform his client that his patent application had been abandoned. Further, this misconduct violated four ethics rules and thus the ALJ’s conclusions of law are appropriate. Finally, the ALJ considered all of the factors required by 37 C.F.R. § 11.54(b) before concluding that sanctions of suspension and restitution were appropriate. In sum, there is no basis on which to overturn the ALJ’s findings, legal conclusions, or the sanctions imposed.

As discussed further below, the ALJ’s decision is **AFFIRMED**, with the exception that Appellant is ordered to pay restitution in the amount of \$1010¹.

I. FINDINGS OF FACT

A. Background

1. On September 4, 1990, the USPTO registered Appellant as a patent agent. A.11, A.36. Appellant’s registration number is 34,442. *Id.*
2. On December 18, 1992, Appellant was admitted to the Massachusetts Bar. *Id.* Appellant’s Massachusetts Board of Bar Overseers number is 562090. *Id.*

¹ The AJ appears to have miscalculated the fees that Appellant’s client, Mr. Turner had to pay to revive his abandoned application. Mr. Turner had to pay a \$65 surcharge and a \$945 petition fee in addition to the original filing, search and examination fees for which he prepaid Appellant. *See* A.912. Thus, Mr. Turner had to pay an additional \$1010 to revive his abandoned application due to Appellant’s misconduct. *Id.*

3. On February 9, 1993, the USPTO registered Appellant as a patent attorney. *Id.*

B. U.S. Patent Application No. 12/891,788

4. On or about September 10, 2010, Randal S. Turner retained Appellant to review and continue the prosecution of previously-filed U.S. Patent Application No. 12/102,912. A.12, A.36.

5. Appellant recommended to Mr. Turner that he file a continuation-in-part (“CIP”) application based on U.S. Patent Application No. 12/102,912.² *Id.*

6. Mr. Turner agreed with this advice and requested that Appellant file the CIP application. *Id.*

7. Appellant agreed to file the CIP application for Mr. Turner without charging him fees for the legal services Appellant would provide. *Id.*

8. Appellant only asked Mr. Turner to pay the applicable USPTO filing fees. *Id.*

9. Mr. Turner sent a check to Appellant in the amount of \$560 for the USPTO filing fees. *Id.*, A.1046.

10. Mr. Turner also executed a Power of Attorney naming Appellant as his attorney before the USPTO and directing the USPTO to address all correspondence to Appellant with respect to the CIP application. A.12, A.36, A.250.

11. On September 27, 2010, Appellant filed U.S. Patent Application No. 12/891,788 (“the ‘788 application”), which was the CIP application of U.S. Patent Application No. 12/102,912. A.12, A.36, A.543. A.855.

² A CIP application contains essentially the same content as a previously filed application, except a CIP application contains additional or new matter not found in the previously filed application. The new matter, including any new claims, does not get the priority date from the first application but instead gets the filing date of the CIP application. A.12 n.2.

12. On September 28, 2010, Appellant authorized payment of \$462 for the filing fees associated with the '788 application via a charge to his debit card ending in 8477. A.36, A.881.

13. On September 28, 2010, the USPTO attempted to authorize a payment on Appellant's debit card ending in 8477, but the payment was declined. A.863-864, A.1247.

14. On October 14, 2010, the USPTO sent Appellant a Notice to File Missing Parts giving the applicant two months to pay the filing fees, plus a surcharge of \$65 for late submission of the filing fees to avoid abandonment. A.13, A.37, A.866.

15. The total fees owed, according to the Notice, were \$527 A.866

16. On December 14, 2010, Appellant filed a Response to the Notice to File Missing Parts, which stated that a payment of \$527 was being submitted under separate cover. A.13, A.37, A.871.

17. On December 14, 2010, Appellant authorized payment of \$527 for the filing fee plus the surcharge for late submission of filing fees via a charge to his debit card ending in 8477. A.13, A.37, A.881.

18. On December 14, 2010, the USPTO attempted to authorize a payment on Appellant's debit card ending in 8477, but the payment was declined again. A.876, A.36-37.

19. On December 23, 2010, the USPTO sent Appellant a Notice of Incomplete Reply, giving the applicant two months to pay the filing fees owed to avoid abandonment. A.878

20. On January 14, 2011, Appellant filed a Response to Notice to File Missing Parts, which stated, among other things, that multiple attempts at payment had been made. A.12, A.37, A.881.

21. In addition to the January 14 letter, Appellant again submitted his debit card ending in 8477, for payment of \$527; however, the card was again declined. A.13, A.36, A.881, A.893, A.1247.

22. On January 26, 2011, the USPTO sent Appellant another Notice of Incomplete Reply, again giving the applicant two months to pay the filing fees owed before abandonment. A.895.

23. On February 14, 2011, Appellant again submitted the same debit card for payment of \$527; however, once more the card was declined. A.13, A.36, A.895, A.901, A.1247.

24. As a result Appellant's failure to pay the filing fees associated with the filing of the '788 application, the application went abandoned. A.13, A.37, A.516.

25. On October 6, 2011, a Notice of Abandonment of the '788 application was sent to Appellant stating that the '788 application became abandoned due to a failure to properly reply to the Notice to File Missing Parts mailed on October 14, 2010. A.516.

26. Appellant did not advise Mr. Turner of the abandonment of his patent application when he received notice in 2011. A.1044. On September 17, 2012, Mr. Turner contacted Appellant about the status of his patent application, but Appellant did not at that time advise Mr. Turner that his application had become abandoned. A.463-464. On January 8, 2013, Mr. Turner again contacted Appellant about the status of his patent application and Appellant responded that he is "still following up on the status of your application. Right now, it looks like I will probably just be paying an additional fee to the Patent Office for your application, but otherwise, while your application may be behind schedule, it is still on track. This sort of problem pops up now and then." A.457. Mr. Turner only found out his application was abandoned when he contacted the USPTO in January 2013. A.209-211.

27. On February 12, 2013, Mr. Turner filed a notice with the USPTO revoking the power of attorney granted to Appellant. A.909-911.

28. On February 12, 2013, Mr. Turner also filed a Petition for Revival of his patent and paid an additional \$945 in filing fees to revive his application that Appellant caused to be abandoned and a \$65 surcharge. A.212, A.301, A. 906-908, A.912.

29. In May 2013, Appellant returned \$540 in filing fees Mr. Turner prepaid to Appellant. A.14, A.38, A.211, A. 217, A. 1049, A.1131.

30. Appellant stated that he would send Mr. Turner money to cover the additional fees paid for reviving Mr. Turner's application, A.1128-1140; however Appellant never sent Mr. Turner said fees. A.213.

C. Office of Enrollment and Discipline Investigation

31. On May 18, 2013, Mr. Turner filed a grievance with the OED against Appellant and requested his disbarment. A.425.

32. OED initiated an investigation into Mr. Turner's complaint and on July 25, 2013, an OED staff attorney sent Appellant a request for information and evidence ("RFI") which asked Appellant to provide, among other things, an accounting of funds received from Mr. Turner, including copies and complete records of all bank statements in connection with those legal services. A.1031-1036, A.1200.

33. Appellant did not provide the information requested by the July 25, 2013 RFI within the 30 day requested time period. A.1037, A.1201.

34. Therefore, on August 29, 2013, the OED staff attorney sent Appellant a lack of response notice requesting a response to the July RFI within 15 days. *Id.*

35. Appellant did not respond to the August 29, 2013 follow up letter. A.1038-1042, A.1201. Therefore, on September 20, 2013, the OED staff attorney sent a second lack of response notice. *Id.*

36. Appellant finally sent a response to the July RFI on September 20, 2013. A.1044-1054. In his response, Appellant failed to provide any objective evidence to support his allegations or the bank statements requested, and did not fully or completely answer the questions provided. A.1044-1054, A.1204.

37. On September 30, 2013, the OED staff attorney sent Appellant a second RFI asking Appellant to produce, among other things, “documentation showing that, at all times relevant, [he] maintained sufficient funds in the business account associated with the debit card use to pay fees in the ‘788 application.” A.1055-1060, A.1205.

38. Appellant did not provide the requested information. A.1061, A.1205. Therefore, on November 14, 2013, an OED attorney sent a lack of response notice to appellant. A.1061, A.1208.

39. On December 10, 2013, Appellant provided information related to credit card payments he had made to the USPTO both before and after the ‘788 application, but did not produce the requested bank records. A.1064, A.1208.

40. On December 17, 2013, the OED attorney sent Appellant a third RFI requesting among other things, Appellant’s bank statements showing that he had a sufficient balance in his business account during September 2010, December 2010, January 2011, and February 2011. A.1209. Appellant never responded to the third RFI. *Id.*

41. At no point during the OED investigation did Appellant provide requested financial information or produce bank statements to show that he had a sufficient balance in his business account as he alleged. A.1065, A.1070-1091, A.1209.

II. OED DISCIPLINARY PROCEEDINGS

A disciplinary Complaint was filed by the OED Director on May 13, 2014. A.10-16. The OED charged Appellant with engaging in conduct involving dishonesty and neglect of his client's patent application and fees which resulted in the abandonment of his client's patent application. *Id.* Specifically, the OED charged Appellant with violating, *inter alia*, 37 C.F.R. § 10.23(c)(3) (proscribing failing to properly or timely remit funds from a client to the Office); 37 C.F.R. § 10.23(b)(4) (proscribing engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation); 37 C.F.R. § 10.23(b)(5) (proscribing engaging in conduct that is prejudicial to the administration of justice); 37 C.F.R. § 10.77(c) (proscribing neglect of a legal matter entrusted to the practitioner); and 37 C.F.R. § 10.23(b)(6) (proscribing engaging in any other conduct that adversely reflects on the practitioner's fitness to practice before the Office.) *Id.* The OED Director asked that Appellant be suspended from practice before the Office in patent, trademark, and other non-patent matters and additional relief the Tribunal deems reasonable and warranted. A.16.

On June 11, 2014, Appellant filed an Answer to the Complaint. A.36-39. On June 18, 2014, in response to assertions made in Appellant's Answer, the OED Director requested Appellant produce within 10 days, copies of bank statements for the account Appellant used to pay Mr. Turner's patent application fees or in the alternative, relevant banking details such as bank name and account number, in order for OED to determine whether adequate funds were available in his business account as alleged. A.111. On July 10, 2014, the OED Director noted that a response

to the June 18, 2014 request had not been received and again requested Appellant's bank records or relevant banking details. A.116. On July 10, 2014, Appellant responded to the July 10, 2014 correspondence stating that he was searching archives but was unable to locate physical statements, and that he would continue searching. A.120. The OED Director responded that if Appellant did not produce requested records by July 17, 2014, a motion for discovery pursuant to 37 C.F.R. §§ 11.43 and 11.52 would be filed. A.123.

On July 16, 2014, Appellant produced two pages of bank statements from October 2010. A.127-130. The pages produced did not reflect the bank name or account number, nor any correlation to the debit card used to pay the filing fees and were otherwise incomplete. A.129-130. Therefore, on July 18, 2014, the OED Director filed a Motion for Leave to Proceed Under 35 U.S.C. § 24 for Issuance of a Witness Subpoena to the Keeper of the Records of Cambridge Savings Bank in an effort to determine whether Appellant maintained sufficient funds in his bank account at that bank during the relevant time period or whether client funds were converted to Appellant's own business or personal use absent client consent. A.131-143. On July 29, 2014, the ALJ granted the Motion. A.155-157.

On July 31, 2014, the OED Director filed a Motion for Leave to Proceed Under 37 C.F.R. § 11.52 (a) and (d) for Issuance of Written Interrogatories. A.158-168. On August 11, 2014, the ALJ granted the OED Director's motion and directed Appellant to serve his answers to the interrogatories within seven days of service. A.183-185. On August 18, 2014, the OED Director served Interrogatories on Appellant requesting identification of his bank and account numbers and the account number associated with the debit card ending in 8477. A.492. On August 20, 2014, Appellant served a Supplemental Answer to the Complaint. A.501. On September 6, 2014, Appellant issued a letter identifying Workers' Credit Union as the banking institution that

issued the debit card used to pay for Patent Office fees. A.746. But, Appellant did not timely answer the Interrogatories. *Id.* Therefore, on September 10, 2014, the OED Director filed a Motion to Compel, A.747-749, which the ALJ granted on October 8, 2014. A.773. On October 15, 2014, Appellant served Answers to the Interrogatories identifying his bank, relevant account numbers, and the account number associated with the debit card ending in 8477. A.1247.

A hearing was conducted on December 2, 2014. A.1178-1221. Appellant was not present for the hearing. *Id.* The ALJ considered documentary evidence, testimony of Appellant's client, Mr. Turner, testimony of the OED staff attorney, and Appellant's limited responses in this matter. A.1-8, A.1178-1221. After the hearing, the ALJ issued an initial decision and order on April 27, 2015. A.1-9.

III. INITIAL DECISION BY ADMINISTRATIVE LAW JUDGE

On April 27, 2015, the ALJ issued an Initial Decision and Order in Proceeding No. D2014-15. A.1-9. In that decision, the ALJ found that Appellant's actions through the course of working on a patent application constituted misconduct in four ways: (1) Appellant repeatedly submitted a debit card to the USPTO that was repeatedly declined for payment, despite having received the required filing fees from his client; (2) Appellant repeatedly failed to submit proper payment of required filing fees to the USPTO and/or properly reply to Office Actions, which ultimately resulted in the abandonment of his client's patent application; (3) Appellant failed to advise his client that filing fees had not been timely paid; and (4) Appellant failed to inform his client that his patent application had been abandoned. *Id.* The ALJ concluded that Appellant's misconduct violated the following USPTO Disciplinary rules: 37 C.F.R. § 10.23(c)(3) (proscribing failing to properly or timely remit funds from a client to the Office); 37 C.F.R. § 10.23(b)(4) (proscribing engaging in conduct involving dishonesty, fraud, deceit, or

misrepresentation); 37 C.F.R. § 10.23(b)(5) (proscribing engaging in conduct that is prejudicial to the administration of justice); and 37 C.F.R. § 10.77(c) (proscribing neglect of a legal matter entrusted to the practitioner). *Id.*

In making the specific findings and conclusions, the ALJ rejected arguments contained in Appellant's Answer –that Appellant had sufficient client funds in his account to cover the charge and doesn't know why the bank declined payment – because Appellant failed to produce records to corroborate such allegations and because substantial record evidence established the contrary. A.1-9. Finally, after weighing the factors set forth at 37 C.F.R. § 11.54(b), the ALJ ordered that Appellant be suspended from practicing before the USPTO for 2 years and ordered him pay restitution to Mr. Turner in the amount of \$405. A.6-8.

IV. DECISION

Appellant has been a registered patent agent since 1990. A.11, A.36. As such, he is subject to the disciplinary jurisdiction of the Office. 37 C.F.R. § 11.19(a). For the conduct involved in this disciplinary case, Appellant was subject to the ethical requirements set forth in both the USPTO Code of Professional Responsibility, 37 C.F.R. § 10.20 *et seq.*, and the Rules of Professional Conduct, 37 C.F.R. § 11.101 *et seq.*³

USPTO regulations permit a party to appeal an ALJ's initial decision to the USPTO Director within thirty days (30) of issuance of the initial decision. *See* 37 C.F.R. § 11.55(a); *see also* 35 U.S.C. § 2(b)(2)(D). On appeal, the USPTO Director has authority to conduct a *de novo* review of the factual record. *See* 37 C.F.R. §§ 11.55(f), 11.56(a). The USPTO Director may affirm,

³ Effective May 3, 2013, the USPTO Rules of Professional Conduct, 37 C.F.R. §§ 11.101 through 11.901, apply to persons who practice before the Office. Prior to May 3, 2013, the USPTO Code of Professional Responsibility applied to persons practicing before the Office. *See* 37 C.F.R. §§ 10.20-10.112. Here, since Appellant's alleged misconduct occurred both prior to and after May 3, 2013, both the old and the new rules are implicated.

reverse, or modify the initial decision, or remand the matter to the hearing officer for such further proceedings as the USPTO Director may deem appropriate. *See* 37 C.F.R. § 11.56(a).

Appellant appeals from the April 27, 2015 initial decision of the ALJ entering judgment in favor of the Agency, suspending Appellant from practice before the USPTO for 2 years, and ordering Appellant to pay restitution in the amount of \$405. *See* Appellant's May 27, 2015 Appeal of Initial Decision and Order; A.1-9. Having considered Appellant's appeal and the record of the proceedings before the ALJ, which includes witness testimony, admissions made by Appellant in his Answer, and other record evidence, there is substantial evidence to support the ALJ's initial decision. Therefore, the initial decision of the ALJ is **AFFIRMED**,⁴ with the exception that Appellant is ordered to pay restitution in the amount of \$1010⁵.

A. Appeal

Appellant has raised three factual arguments in his appeal brief, two of which are related to the sanctions. *See* Appellant's May 27, 2015 Appeal of Initial Decision and Order ("Appeal"). First, he alleges that the ALJ attributed statements to him that he did not make. *Id.* As discussed

⁴ The governing regulations provide that an appeal from an ALJ initial decision may be made by timely filing an appeal that includes an appellate brief that complies with 37 C.F.R. § 11.55. Here, an additional basis for denying the appeal and affirming the ALJ's decision is that Appellant failed to file an appellate brief that complied with 37 C.F.R. § 11.55. Appellant merely filed a one-page, three paragraph "Appeal of Initial Decision and Order" and it failed to comply with 37 C.F.R. § 11.55(c)(2) (requiring a clear statement of which facts and points of law are disputed) and 37 C.F.R. § 11.55(d) (requiring statement of issues on appeal and argument with citation to the factual record, as well as formatting requirements.). *See* Appellant's May 27, 2015 Appeal of Initial Decision and Order. Appellant's failure to comply with the requirements for appealing an ALJ initial decision serves as an independent basis on which the Director is permitted to, and does, reject the instant appeal. *See* 37 C.F. R. § 11.55(e) ("The USPTO Director may refuse entry of a nonconforming brief.").

⁵ The AJ appears to have miscalculated the fees that Appellant's client, Mr. Turner had to pay to revive his abandoned application. Mr. Turner had to pay a \$65 surcharge and a \$945 petition fee in addition to the original filing, search and examination fees for which he prepaid Appellant. *See* A.912. Thus, Mr. Turner had to pay an additional \$1010 to revive his abandoned application due to Appellant's misconduct. *Id.*

in section (B) below, the ALJ decision fairly and accurately reflects the substance of the substantial evidence presented at hearing. Second, Appellant alleges that it was improper for the ALJ to consider Appellant's lack of remorse as an aggravating factor. *Id.* As discussed in section (D) below, lack of remorse is considered a significant aggravating factor in determining appropriate sanctions and Appellant does not dispute that he is not remorseful; therefore, it was proper for the ALJ to consider Appellant's lack of remorse as an aggravating factor. Finally, Appellant alleges he did not charge his client, Mr. Turner, for his services and therefore it was improper to order Appellant to pay Mr. Turner restitution in the amount of \$405. *Id.* As discussed in section (E) below, this argument was not made at the hearing and therefore may not be considered here. It is appropriate to require Appellant to pay restitution. In sum, the allegations in the appeal do not come close to overcoming the substantial evidence supporting the ALJ's findings.

B. Appellant's Actions Constitute Misconduct

The ALJ concluded that the Appellant engaged in four types of misconduct: (1) Appellant repeatedly submitted a debit card to the USPTO that was repeatedly declined for payment, despite having received the required filing fees from his client; (2) Appellant repeatedly failed to submit proper payment of required filing fees to the USPTO and/or properly reply to Office Actions, which ultimately resulted in the abandonment of his client's patent application; (3) Appellant failed to advise his client that filing fees had not been timely paid; and (4) Appellant failed to inform his client that his patent application went abandoned. *See* A.1-9.

Each of these findings, as discussed further below, are substantially supported by the record.

1. Appellant improperly submitted a form of payment to USPTO that was repeatedly declined.

The ALJ found that Appellant repeatedly submitted a debit card to the USPTO that was repeatedly declined for payment, despite having received the required filing fees from his client, Mr. Turner. A.5. There is substantial evidence supporting the ALJ's finding. Appellant received prepayment of \$560 in filing fees from his client. A.12-13, A.36, A.1046.

Notwithstanding receiving this payment, Appellant subsequently made multiple, unsuccessful attempts to pay Mr. Turner's filing fees. A.12-13, A.36-37, A.878, A.881, A.893, A.895, A.901, A.1247. On September 28, 2010, Appellant authorized a payment of \$462, A.12, A.36, A.881; on December 14, 2010, Appellant authorized a payment of \$527.00, A.13, A.37, A.881; on January 14, 2011, Appellant authorized a payment of \$527.00, A.13, A.36, A.878, A.893, A.1247; and on February 14, 2011, Appellant authorized a payment of \$527, for fees related to Mr. Turner's application. A.12, A.36, A.895, A.901, A.1247. Each time, however, Appellant's debit card was declined. A.864, A.876, A.881, A.893, A.901, A.1247.

To attempt to overcome this, Appellant alleged that he "verified with the bank that payment had not been made, even though adequate funds were available in the Business Account." A.37. Although Appellant's allegations are less than clear, the ALJ appropriately construed Appellant's explanation to mean that he asserted it was the bank's fault payment was declined because he had adequate funds. A.7. However, Appellant provided no objective evidence to support his contention. In fact, Appellant refused to provide the OED staff attorney information regarding his business account when this was requested of him in multiple RFIs. A.1198-1211.

Appellant ultimately identified Workers Credit Union as the bank from which he made payments to the USPTO for Mr. Turner, but only after the OED Director filed and was granted two motions for discovery, including an order granting a motion for issuance of Subpoena to

Cambridge Savings Bank. A.155, A.183, A.746. The OED Director subpoenaed Appellant's bank records. A.1069. In response, the keeper of records for Workers Credit Union provided bank statements for the account Appellant alleged was associated with the debit card used to pay Mr. Turner's application fees; however these statements do not indicate that Appellant attempted to make payments from this account. A.1069-1091. Furthermore, the records show that on the dates that Appellant attempted to make the last three payments, he did not have sufficient funds in his account. A.1082, A.1087, A.1090. For example, when Appellant attempted to make a payment of \$527 on December 14, 2010, his account only had a balance of \$451.06. A.13, A.36, A.881, A.1082. When Appellant attempted to make a payment of \$527 on January 14, 2011, his account only had a balance of \$5.44. A.12, A.36, A.878, A.1087. When Appellant attempted to make a payment of \$527 on February 14, 2011, his account only had \$123.61. A.13, A.36, A.895, A.1090. Furthermore, the records submitted by Appellant after the OED Director threatened to file a motion for discovery also indicate that he had insufficient funds in the account he claims he made the payment from. *See* A.127-130. Based on these bank records in evidence, Appellant knowingly provided a form of payment to the USPTO that he knew or should have known would be declined on December 14, 2010, January 14, 2011 and February 14, 2011. Appellant has provided no objective evidence that would controvert this finding.

2. Appellant's failure to remit fees to the USPTO resulted in the abandonment of his client's patent application.

The ALJ also concluded that Appellant's repeated failure to submit proper payment of required filing fees to the USPTO and/or properly reply to Office Actions ultimately resulted in the abandonment of his client's patent application. A.5. Again, this finding is fully supported by substantial evidence in the record.

Pursuant to 37. C.F.R. § 1.53(f) and (g), if an application does not include the appropriate fees, the applicant will be given a period of time to pay the fees and a surcharge to avoid abandonment. As discussed above, Appellant repeatedly failed to remit fees to the USPTO, despite the fact that those fees were previously provided to him by the client, causing his client's application to go abandoned. A.14, A.37, A.516. Specifically, on October 6, 2011, a Notice of Abandonment of the '788 application was sent to Appellant stating that the '788 application became abandoned due to a failure to properly reply to the Notice to file Missing Parts mailed on October 14, 2010, which required payment of fees. A.516. Appellant also admitted that the application was abandoned for failure to pay the fees. A.37. Thus, the record unequivocally reflects that Mr. Turner's application was abandoned because Appellant failed to pay the appropriate fees. A.36, A.516.

3. Appellant failed to advise his client that filing fees had not been timely paid.

The ALJ next concluded that Appellant failed to notify Mr. Turner that the filing fees for his application had not been timely paid. A.6. There is substantial evidence supporting this finding as well.

Appellant received a Notice to File Missing Parts on October 14, 2010 and Notices of Incomplete Reply on December 23, 2010 and January 26, 2011, stating that fees had not been paid. A.13, A.36-37, A.866, A.878, A.895. Because Appellant had Mr. Turner's power of attorney and Appellant's contact information was listed for communications with the USPTO for the '788 application, the notices went directly to Appellant and not Mr. Turner. A.12, A.36, A.250. However, Appellant did not notify Mr. Turner of the Notice to File Missing Parts and Notices of Incomplete Reply. A.198-200.

Appellant filed a response to both the October 14, 2010 and December 23, 2010 Notices stating that he was submitting payment in the amount of \$527. A.198-200, A.871, A.881.

However, Appellant did not inform Mr. Turner that he was submitting either response. A.198-199. Mr. Turner testified that he did not learn that the fees for his patent application had been rejected four times and were therefore left unpaid until January 22, 2013, when he contacted the USPTO himself. A.203-207, A.210. Mr. Turner testified that when he contacted the Agency, he learned for the first time that Appellant had attempted to pay Mr. Turner's application fees four times, that each time the payment did not go through, and that the application fees were still outstanding. A.454. Subsequently, Mr. Turner emailed Appellant asking "why you never informed me you never made the payment I sent you for the filing fees." A.454.

The record is thus clear that Appellant failed to advise his client that the filing fees for his application had not been paid, even though Appellant received three notices from the USPTO about it. A.36-37, A.866, A.878, A.895. Even more egregious is that Appellant failed to advise his client that the filing fees had not been paid even though his client was inquiring about the status of his application. A.445-455. For example, emails indicate that when Mr. Turner inquired about the status of his application in December 2012, Appellant replied that he would "make sure that your application is back on track" and "[d]on't worry, whatever the issue is, I will take care of it." A.458, A.1144. Mr. Turner followed up a month later and Appellant said "I am still following up on the status of your application. Right now, it looks like I will probably just be paying an additional fee to the Patent Office...." A.457, A.1143. When Mr. Turner asked why Appellant would have to pay additional fees, instead of advising Mr. Turner that Appellant failed to pay the application fees and that he therefore incurred surcharges, Appellant responded stating that "the Patent Office has fees for all sorts of actions." A.456, A.1142. Mr. Turner testified that on January 23, 2013, he learned from the USPTO that Appellant failed to pay the filing fees for his application, even though he prepaid the filing fees to Appellant. A.454.

Furthermore, in his Response to Request for Information, Appellant admitted that he did not notify Mr. Turner about the Notices he received advising him that the fees had not been paid and that the application was subject to abandonment. A.429. This admission, along with the other uncontroverted evidence in the record is substantial evidence that failed to advise Mr. Turner that his application fees had not been paid, despite numerous correspondences between them.

4. Appellant failed to inform his client that his patent application had been abandoned.

Finally, the ALJ concluded that Appellant failed to advise his client that his patent application had been abandoned. A.6. There is substantial evidence supporting the ALJ's finding.

Appellant was sent Notice of Abandonment of Mr. Turner's patent application on October 6, 2011. A.516. However, there is substantial evidence that Appellant did not inform Mr. Turner that his patent had been abandoned for over a year. A.201, A.203-207, A.210, A.454. Mr. Turner testified at the hearing that he did not learn his patent was abandoned until January 22, 2013, when he contacted the USPTO himself. A.203-207, A.210. When he contacted the Agency, Mr. Turner testified that he learned for the first time that Appellant attempted to pay Mr. Turner's application fees four times, that the payments did not go through, and that his patent application was abandoned. *Id.* Emails from him to Appellant support this contention. A.454.

In his Answer, Appellant alleged that "Mr. Turner was notified of the state of his patent application prior to the filing of a grievance with the OED [filed on May 18, 2013, A.425]. One or more telephonic conversations had been conducted with Mr. Turner explaining that his patent application would be revived by having the [Appellant] file and pay for a Petition to Revive, along with submitting payment of the filing fee to the USPTO by check...." A.37. Appellant

offered no objective evidence to support his self-serving statement. Furthermore, even assuming Appellant's allegation is true, that means Appellant did not communicate a critical update to his client for over a year. *Id.*

In his Response to Request for Information, Appellant admitted that he did not communicate the abandonment to Mr. Turner for nearly 20 months after the date of the Notice from the USPTO. A.429-430. Appellant rationalized that decision by stating that he "believed that Mr. Turner would be better served by not immediately informing him of the communication from the Patent Office" and so he did not explain the status of the application until sometime before February 9, 2013. *Id.* Finally, a review of emails from May 2012 through January 2013, reveal that Appellant did not communicate to Mr. Turner that his patent application had been abandoned when Mr. Turner reached out to inquire about the status of his application. A.441-471. This is substantial evidence that Appellant did not advise Mr. Turner that his application had gone abandoned for over a year.

Not only did Appellant fail to communicate to his client the critical fact that the application had been abandoned, Appellant affirmatively misrepresented the status of the application in communications with Mr. Turner. A.457. In a January 9, 2013 email from Appellant to Mr. Turner where Mr. Turner inquired about the status of his patent application and Appellant responded that he is "still following up on the status of your application. Right now, it looks like I will probably just be paying an additional fee to the Patent Office for your application, but otherwise, *while your application may be behind schedule, it is still on track.* This sort of problem pops up now and then." A.457 (emphasis added). Appellant intentionally failed to mention the critical fact that the application had gone abandoned and that he had to take certain steps to revive it. *Id.* Furthermore, Appellant misrepresented the status of the application by

saying that it was still on track when it had gone abandoned. The ALJ properly observed that Appellant deliberately concealed his own neglect to protect his personal interests, thereby sacrificing his client's welfare to preserve his own. A.7.

In sum, Appellant's admission, along with the other uncontroverted evidence in the record, is substantial evidence that Appellant did not communicate notice of abandonment to Mr. Turner for over a year. Furthermore, Appellant misrepresented the status of his client's patent application by actively keeping that information from Mr. Turner during communications and telling him that the application was proceeding on track. A.457. This is misconduct. *See In re Reardon*, Proceeding No. D2012-19 (USPTO June 4, 2012); *In re Goldstein*, Proceeding No. D2014-10 (USPTO Mar. 31, 2014).

C. Appellant Violated The USPTO Code of Professional Responsibility and Rules of Professional Conduct

Based on the uncontroverted facts in the record, the ALJ concluded that Appellant's misconduct violated four ethical rules of the USPTO Rules of Professional Conduct and Code of Professional Responsibility. A.7. As discussed further below, the ALJ's conclusions were appropriate.

1. 37 C.F.R. § 10.23(c)(3) – Misappropriation of, or failure to properly or timely remit, funds received by a practitioner or the practitioner's firm from a client to pay a fee which the client is required by law to pay to the Office.

37 C.F.R. § 10.23(a) prohibits practitioners from engaging in "disreputable or gross misconduct." 37 C.F.R. § 10.23(a). USPTO regulations do not define what constitutes disreputable or gross misconduct, but case law has provided guidance on what kind of conduct qualifies. "[D]isreputable conduct has generally included unprofessional conduct... understood to include any conduct violative of the ordinary standard of professional obligation and honor." *In re Lane*, Proceeding No. D2013-07, at 12 (USPTO Mar. 11, 2014) (quoting *Poole v. United*

States, CIV. A. 84-0300, 1984 WL 742 (D.D.C. June 29, 1984))⁶; *see also* 50 Fed. Reg. 5158 (Feb. 6, 1985) (Practice before the Patent and Trademark Office) (citing *Poole*). The disciplinary rules establish a standard of professional conduct “below which no practitioner can fall without being subject to disciplinary action.” *See* 37 C.F.R. § 10.20(b). Therefore, conduct that violates a disciplinary rule necessarily involves disreputable conduct and constitutes a violation of § 10.23(a). *In re Lane*, Proceeding No. D2013-07, at 12.

37 C.F.R. § 10.23(b) prohibits a practitioner from, among other things, “[e]ngag[ing] in conduct involving dishonesty, fraud, deceit, or misrepresentation.” 37 C.F.R. § 10.23(b)(4). Paragraph (c) defines some, but not all acts which constitute violations of paragraphs (a) and (b). Relevant for this appeal, “[m]isappropriation of, or failure to properly or timely remit, funds received by a practitioner or the practitioner’s firm from a client to pay a fee which the client is required by law to pay to the Office” constitutes a violation of 37 C.F.R. § 10.23(a) and (b). 37 C.F.R. § 10.23(c)(3). The ALJ concluded that Appellant violated 37 C.F.R. 10.23(c)(3) (and thus § 10.23(a) and (b)), by submitting a debit card that was repeatedly declined by his bank, despite having received the requisite filing fees from his client. A.5.

The record before the USPTO Director fully supports the conclusion that Mr. Turner had prepaid fees to Appellant, A.36 ¶ 10, and that Appellant failed to properly remit these monies to the Office. A.453-454. The record unequivocally shows that Appellant repeatedly submitted a debit card for the fees that he had been prepaid, but that the card was declined. A.453-454. Similar conduct where respondents received prepaid fees and then failed to remit them has been found to be a violation of 37 C.F.R. § 10.23(c)(3). *See, e.g., Moatz v. Rosenberg*, Proceeding No. D2006-

⁶ This decision and other cited disciplinary decisions involving practitioners are posted for public reading at the Office of Enrollment and Discipline’s Reading Room located at: <http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>

07 (USPTO Mar. 7, 2007) (finding that Respondent's analogous conduct of receiving prepaid application fees, filing a patent application without submitting prepaid fees, and not responding to Notice to File Missing Parts or Notice of Abandonment "involved misappropriation or failure to timely remit funds" in violation of 37 C.F.R. § 10.23(c)(3)). Therefore, the ALJ properly found that Appellant violated 37 C.F.R. § 10.23(c)(3) when he failed to timely or properly remit the funds received by him from Mr. Turner to pay patent application fees. A.5.

Appellant argued in his Answer that he "verified with the bank that payment had not been made, even though adequate funds were available in the Business Account." A.37. As the ALJ noted, Appellant appears to be arguing that in essence "it is the bank's fault" that the card was declined since adequate funds were available. A.6. However, as the ALJ also noted, Appellant never produced any bank records to corroborate his assertion. A.4. Furthermore, Appellant never fully explained why the payments did not go through given that his client pre-paid the fees to him, nor did he attempt an alternative method of making payments to the USPTO. For example, Appellant could have tried to mail in a check for the payments, which he indicated in his Answer that he would have done at some non-specified point. A.37. Regardless of why Appellant did not timely or properly remit the funds Mr. Turner prepaid him for his patent fees, there is substantial evidence that Appellant failed to timely or properly remit to the USPTO the funds Mr. Turner had given him, which is a violation of 37 C.F.R. § 10.23(c)(3). *See, Moatz v. Rosenberg*, Proceeding No. D2006-07. Therefore, the ALJ properly found that Appellant violated 37 C.F.R. § 10.23(c)(3).

2. 37 C.F.R. § 10.23(b)(4) – Conduct involving dishonesty, fraud, deceit, or misrepresentation.

A practitioner shall not "[e]ngage in conduct involving dishonesty, fraud, deceit, or misrepresentation." 37 C.F.R. § 10.23(b)(4). The ALJ concluded that Appellant violated this

provision by repeatedly presenting a form of payment to the USPTO that could not be processed.

A.5. USPTO's regulations do not define "deceit," "dishonesty," or "misrepresentation," so the Court has, in the past, looked to their common dictionary definitions as useful guidance. *See In re Kelber*, No. D2006-13, at 33 (USPTO Sept. 23, 2008). "Deceit" is defined as "dishonest behavior" or "behavior that is meant to fool or trick someone." Merriam-Webster, <http://www.merriam-webster.com/dictionary/deceit> (last visited Jan. 4, 2016). Dishonest conduct is "characterized by lack of truth, honesty, or trustworthiness." Merriam-Webster, <http://www.merriam-webster.com/dictionary/dishonest> (last visited January 4, 2016); *see also In re Shorter*, 570 A.2d 760, 767-768 (D.C. 1990) (dishonesty "encompasses conduct evincing a lack of honesty, probity or integrity in principle; [a] lack of fairness and straightforwardness.").⁷ For example, depositing checks drawn on insufficient funds has been found to constitute dishonest behavior. *See In re King*, Proceeding No. D2015-29 (USPTO May 26, 2016) (authorizing payments to the USPTO drawn on accounts containing insufficient funds and thus resulting in the payments being dishonored violates §10.23(b)(4) which proscribes engaging in conduct involving dishonesty, fraud, deceit or misrepresentation); *In re Diaz*, Proceeding No. D2008-10 (USPTO Mar. 13, 2009) (presenting checks drawn on a bank account with insufficient funds is a violation of §10.23(b)(4) which proscribes engaging in conduct involving dishonesty, fraud, deceit or misrepresentation).

Here, there is unrefuted evidence that Appellant repeatedly presented a debit card which was repeatedly declined. A.36-37, A.864, A.876, A.881, A.893, A.901, A.1247. Appellant

⁷ The *Shorter* case considered whether an attorney's conduct constituted "dishonesty" under Disciplinary Rule 1-102(A)(4) of the ABA's Model Code of Professional Responsibility, which was adopted by the District Court of Columbia Court of Appeals. Though the USPTO declined to adopt the ABA Model Code, § 10.23(b)(4) is modeled after DR I-102(A)(4). *See* 50 Fed. Reg. at 5170 (tbl. 2).

alleges that he “verified with the bank that payment had not been made, even though adequate funds were available in the Business Account.” A.37. The ALJ properly noted that the bank records admitted into evidence established the contrary. A.4, A.36, A.878, A.881, A.895, A.1082, A.1087, A.1090. The records from the bank account from which Appellant alleges he made payments for Mr. Turner’s application fees reflect that Appellant had insufficient funds for the last three payments he made to the USPTO. A.36, A.878, A.881, A.895, A.1082, A.1087, A.1090. In one case, the balance in Appellant’s bank account was as low as \$5.44 at a time that Appellant attempted to make a payment of \$527 to the USPTO. A.1087, A.1247, A.881. Mr. Turner paid Appellant \$560 for patent fees in advance and those funds should have been maintained for that reason. A.12, A.36, A.1046. It was therefore reasonable for the ALJ to conclude that Appellant knew or should have known that he had insufficient funds in his account when he attempted to make the last three payments to the USPTO. A.6.

Furthermore, after the debit card was declined the first time, Appellant had a duty to correct the issue before presenting the same card again. However, there is no evidence in the record that Appellant attempted to correct this issue. Instead he presented the card for payment three more times and each time it was declined. A.36-37, A.876, A.881, A.893, A.901, A.1247. After it was declined the first time for insufficient funds, Appellant should have known that his debit card would be declined again when he presented it three more times while he continued to have insufficient funds in the relevant bank account. In sum, based on the foregoing, the ALJ’s conclusion that Appellant’s conduct involved deceit in violation of 37 C.F.R. § 10.23(b)(4) was proper. A.5. *See In re King*, Proceeding No. D2015-29 (authorizing payments to the USPTO drawn on accounts containing insufficient funds and thus resulting in the payments being dishonored violates §10.23(b)(4) which proscribes engaging in conduct involving dishonesty,

fraud, deceit or misrepresentation); *In re Diaz*, Proceeding No. D2008-10 (presenting checks drawn on a bank account with insufficient funds is a violation of §10.23(b)(4)); *In re Kang*, Proceeding No. D2012-21 (USPTO Nov. 26, 2012) (same).

Appellant also violated 37 C.F.R. § 10.23(b) when he misrepresented the status of his client's patent application. A.441-471. "A misrepresentation is '[t]he act of making a false or misleading assertion about something, usu[ally] with the intent to deceive,' and includes 'not just written or spoken words but also any other conduct that amounts to a false assertion.'" *In re Lane*, Proceeding No. D2013-07, at 14 (quoting *Black's Law Dictionary* 1091 (9th ed. 2009)). Therefore, "[c]oncealment or even non-disclosure may have the effect of a misrepresentation." *Id.* Appellate made misrepresentations to his client both through failure to disclose and from affirmatively making false statements. First, Appellant misrepresented the status of Mr. Turner's application through non-disclosure when he failed to inform Mr. Turner of the non-payments and abandonment of the application immediately after learning of those facts. A.36-37, A.429-430, A.441-471, A.866, A. 878, A. 895. Second, Appellant affirmatively misrepresented the status of Mr. Turner's application when he told him that that his application was still on track when in fact it had gone abandoned. A.457, A.516. Furthermore, obliging Mr. Turner to find out these facts two years later after calling the patent office because he couldn't get a response from Appellant was unprofessional, dishonorable, dishonest and constitutes misconduct. Accordingly, the ALJ properly found that Appellant violated 37 C.F.R. § 10.23(b)(4).

3. 37 C.F.R. § 10.23(b)(5) –Conduct that is Prejudicial to the Administration of Justice.

It is professional misconduct for a practitioner to "[e]ngage in conduct that is prejudicial to the administration of justice." 37 C.F.R. § 10.23(b)(5); 37 C.F.R. § 11.804(d). Generally, an attorney engages in such conduct "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). An attorney’s inaction can be prejudicial to the administration of justice. *See, e.g., In re Ivey*, Proceeding No. D2013-22 (ALJ March 7, 2014), at 10 (finding that respondent violated §10.23(b), which proscribes conduct that is prejudicial to the administration of justice, by failing to inform his clients of Notices to File Missing Parts, non-final Office actions, and Notices of Abandonment).

The ALJ concluded that Appellant “[e]ngaged in conduct that is prejudicial to the administration of justice” in violation of 37 C.F.R. § 10.23(b)(5) by repeatedly failing to timely submit proper payment of required filing fees to the USPTO, which ultimately resulted in Mr. Turner’s patent application going abandoned. A.5. The evidence conclusively shows that it was Appellant’s failure to remit fees which Mr. Turner had provided to Appellant that caused Mr. Turner’s patent application to become abandoned, and therefore the ALJ properly found that Appellant’s misconduct violated 37 C.F.R. § 10.23(b)(5). Appellant also engaged in conduct that is prejudicial to the administration of justice by failing to inform his client of Notices to File Missing Parts and Notice of Abandonment. *See In re Ivey*, Proceeding No. D2013-22, at 10 (finding that respondent violated §10.23(b), which proscribes conduct that is prejudicial to the administration of justice, by failing to inform his clients of Notices to File Missing Parts, non-final Office actions, and Notices of Abandonment).

Furthermore, issuing checks on accounts with insufficient funds and failing to substitute the check with satisfactory payment is also prejudicial to the administration of justice. *See In re Kang*, Proceeding No. D2012-21, at 7 (finding violation of 10.23(b)(5) where respondent “failed to make good on the returned checks and electronic funds transfer payments he submitted to the USPTO in connection with patent applications it was administratively processing for him at his

request, even after receiving notice of the returned payments, and failing to pay the fees associated with those returned payments.”).

Appellant further engaged in conduct that is prejudicial to the administration of justice in violation of 37 C.F.R. § 10.23(b)(5) by not cooperating with the OED investigation. Appellant failed to provide timely responses to OED’s RFIs, provided evasive answers to the RFIs, and did not provide the requested information to the OED during the investigation. A.111, A.116, A.1031, A.1037, A.1055, A.1061, A.1064, A.1201, A.1204, A.1208-1209. An attorney’s failure to cooperate with an investigation can be prejudicial to the administration of justice. *See Attorney Grievance Comm’n v. Rose*, 892 A.2d 469, 475 (2006) (an attorney’s failure to among other things, respond “promptly, completely and truthfully respond to Bar Counsel’s requests for information, to keep his client advised of the status of the representation and to diligently represent the complainant constitutes conduct which tends to bring the legal profession into disrepute and is therefore prejudicial to the administration of justice.” (quoting the hearing judge’s findings of facts and conclusions of law)).

The record evidence shows Appellant did not cooperate with the OED staff attorney during the OED investigation. Appellant did little more than file an Answer to the complaint, and was not fully responsive to discovery requests properly propounded by OED. A.36, A.111, A.116, A.1031, A.1037, A.1055, A.1061, A.1064, A.1201, A.1204, A.1208-1209, A.1236-1237. Appellant was asked repeatedly by the OED in RFIs for account information and copies of his bank statement. A.111, A.116, A.1031, A.1037, A.1055, A.1061, A.1064, A.1201, A.1204, A.1208-1209. OED issued specific discovery requests directed at reviewing the account in which Appellant claims he maintained Mr. Turner’s fees and that he claims to have used to attempt to pay Mr. Turner’s patent fees. *Id.* The OED staff attorney tried calling Appellant multiple times

and left him messages, urged Appellant that it was important that he cooperate, provided him ample opportunity to respond via multiple letters, and narrowed the scope of the request, all in an effort to get Appellant's cooperation. A.1236-1237. Appellant's failure to respond to OED's questions and cooperate in any meaningful way hindered OED's investigation. For example, Appellant refused to provide the name and account information for his bank. A.111, A.116, A.1031, A.1037, A.1055, A.1061, A.1064, A.1201, A.1204, A.1208-1209. Therefore, OED wasted resources seeking leave to issue a subpoena to Cambridge Savings Bank, and the ALJ wasted resources granting the motion, because Appellant later identified another bank as being associated with the debit card used to make the payments at issue. A.53, A.746. Appellant identified the bank where the business account was held during the time period in question *only after* the OED Director filed a Motion for Leave to Proceed under 37 C.F.R. § 11.52(a) and (d) and for Issuance of Written Interrogatories during discovery. A.158-168, A.1247-1248. Courts have held that the failure to respond to opposing counsel's repeated requests for compliance over a period of several months demonstrates a "lack of civility, good manners and common courtesy," which "tarnishes the image of what the bar stands for." *Attorney Grievance Comm'n v. Link*, 844 A.2d 1197, 1210 (2004) (citing *In re McAlevy*, 354 A.2d 289, 291 (1976)).

Thus, the substantial evidence demonstrates that Appellant engaged in conduct that was prejudicial not only to the OED's investigation but also to the OED Director's discovery efforts, and the underlying proceeding. *See Bender v. Dudas*, 490 F.3d 1361, 1368 (Fed. Cir. 2007) (affirming finding that providing the USPTO with evasive responses to RFIs constitutes conduct that is prejudicial to the administration of justice in violation of 37 C.F.R. § 10.23(b)(5)).

4. 37 C.F.R. § 10.77(c) – Neglect of a legal matter entrusted to a practitioner.

The ALJ concluded that Appellant “neglect[ed] a legal matter entrusted to the practitioner” in violation of 37 C.F.R. § 10.77(c) by failing to properly reply to the October 14, 2010 Notice to File Missing Parts (and subsequent notices), failing to remit the patent application fees that were prepaid to him (which resulted in Mr. Turner’s application being abandoned), failing to advise Mr. Turner that the filing fees had not been timely paid, and failing to advise Mr. Turner that his patent application had been abandoned. A.6.

Canon 6 provides that practitioner should represent a client competently. 37 C.F.R. § 10.76. In addition, 37 C.F.R. § 10.77 mandates, in part, that “[a] practitioner shall not [n]eglect a legal matter entrusted to the practitioner.” 37 C.F.R. § 10.77(c). The regulations do not define “neglect,” but a practitioner’s failure to inform clients about office actions has been found to constitute neglect, *see Bender*, 490 F.3d at 1368, as has a practitioner’s failure to pay fees as required to keep an application from going abandoned. *See In re Barndt*, 1992 WL 524318, at 10 (Comm’r Patent & Trademarks Sept. 10, 1992). Neglect may be based on a single incident of neglect. *See, e.g., In re Oberding*, Proceeding No. D2016-06 (USPTO Feb. 12, 2016).

Appellant’s neglect is demonstrated by his failure to timely remit payment of fees, timely respond, or respond at all to correspondences from the USPTO, particularly the Office Actions and Notices of Abandonment, and by his failure to give notice of the same to his client. *See Moatz*, Proceeding No. D2006-07 (finding that respondent violated § 10.77(c) when he did not submit prepaid filing fees and failed to respond to a Notice to File Missing Parts causing a client’s application to go abandoned); *In re Kang*, Proceeding No. D2012-21, at 7 (respondent violated § 10.77(c) when “he allowed his clients’ patent applications to become abandoned due

to his failure to pay the necessary patent fees.”). Therefore the ALJ properly found that Appellant neglected a legal matter entrusted to him in violation of 37 C.F.R. § 10.77. *Id.*

As discussed above, Appellant was given power of attorney and appointed to prosecute Mr. Turner’s patent application. A.36, A.205, A.250. Thus all correspondences regarding Mr. Turner’s patent application went to Appellant and not Mr. Turner. *Id.*; *see, e.g.*, A.36-37, A.866, A.871, A.878, A.895. Appellant had a duty to continue prosecution of the application and reply to communications or “office actions” from the Agency. *See* 37 C.F.R. § 1.111. The October 14, 2010, December 23, 2010, and January 26, 2011 Notices from the USPTO were critical correspondences about which Appellant was obligated to inform his client. A.13, A.36-37, A.866, A.878, A.895. They were significant in that they alerted Appellant that his client’s application was incomplete, that timely steps were necessary to prevent abandonment, that his client’s application had ultimately been abandoned, and that timely steps would be necessary for retrieval of the then abandoned application. *Id.*

The record reflects that Appellant received a Notice to File Missing Parts on October 14, 2010 and Notices of Incomplete Reply on December 23, 2010 and January 26, 2011, all of which informed him that required fees had not been paid. A.13, A.36-37, A.866, A.871, A.878, A.895. Appellant should have appreciated the need to make timely fee payments given the fact that he has been a registered patent attorney before the office for over 20 years. A.11, A.36. Furthermore, the Notices informed Appellant of the need to remit payment or face abandonment. A.866, A.878, A.895. Appellant’s failure in paying the required fees is even more glaring given that Mr. Turner prepaid these fees to Appellant when he retained Appellant. A.12, A.36. There was no excuse for Appellant’s neglect. Appellant’s failure to remit the fees that his client previously gave him in response to multiple Notices from the USPTO, fell far short of minimum

standards for a practitioner. As an experienced patent practitioner, Appellant “knew or should have known that adverse consequences to his clients’ patent applications and related financial investments may result where payment is not made or the Office’s other requirements were not satisfied, including abandonment.” *In re Shippey*, Proceeding No. D2011-27, at 11-12 (ALJ Oct. 14, 2011)⁸; *In re Diaz*, Proceeding No. D2008-10 (presenting checks drawn on a bank account with insufficient funds as a violation of 10.77(c)); *see also Moatz*, Proceeding No. D2006-07 (finding that respondent violated § 10.77(c) when he did not submit prepaid filing fees and failed to respond to a Notice to File Missing Parts causing a client’s application to go abandoned). In neglecting to pay the required fees, Appellant failed to timely prosecute the application after the Notice of Missing Parts, thus neglecting a legal matter entrusted to him.

Appellant also fell short of his duty to his client by neglecting to notify Mr. Turner that the fees had not been paid, of any of the notices from the USPTO, or that his patent application had been abandoned. *See* sections (B)(3) and (B)(4) *supra*. Appellant does not address these issues in his appeal, and indeed there is no justification for his failure to notify his client that the application fees had not been paid, let alone the fact that the application had been abandoned. Because the Notices were mailed to Appellant, he was under a duty to report them to his client. A.13, A.36-37, A.866, A.878, A.895. Prompt notification of the fact that the fees had not been paid, of any one of the three notices Appellant received on October 14, 2010, December 23, 2010 and January 26, 2011, or of the notice of abandonment would have given Mr. Turner the choice as to how best to proceed and would have allowed him to avoid paying late filing surcharges. *Id.*

⁸ Even though the respondent in the cited case was an agent and not an attorney, all USPTO practitioners are expected to meet the same standards of professional conduct and mandatory Disciplinary Rules. 37. C.F.R. § 10.20; 35 U.S.C. § 32. *In re Shippey*, Proceeding No. D2011-27, at 12 n.5. Also, although this case is regarding disbarment, the principles and standards applied in attorney disbarment cases are similar to those applied in USPTO disciplinary proceedings. *Id.*

Appellant deprived Mr. Turner of such choices when he neglected to advise him of the notifications from the USPTO.

Because substantial evidence supports the ALJ's determination that Appellant neglected a legal matter entrusted to him by failing to properly reply to Notices from the Office, remit fees that were prepaid to him, advise Mr. Turner that the filing fees were not paid, of the three notices stating that fees were unpaid, that his patent was abandoned, or of the notice of abandonment, there is ample support for the ALJ's decision that Appellant violated 37 C.F.R. § 10.77(c).

D. The Penalty of Suspension is Appropriate

The ALJ's initial decision concluded that Appellant violated four professional conduct standards, and that Appellant's suspension from practice before the office for two years and paying restitution was an appropriate sanction. A.8. As discussed below, the ALJ properly considered and applied the four factors relevant to an exclusion or suspension under 37 C.F.R. § 11.54(b). Restitution is also appropriate, but should be ordered in the amount of \$1010⁹.

Any "person, agent or attorney ... who does not comply with the regulations" may be suspended or excluded from practicing before the USPTO "after notice and opportunity for a hearing." 35 U.S.C. § 32. The presiding officer in a UPTO disciplinary hearing is required to consider four factors, "if they are applicable," when determining an appropriate penalty: "(1) Whether the practitioner has violated a duty owed to a client, the public, the legal system, or the profession; (2) Whether the practitioner acted intentionally, knowingly, or negligently; (3) The

⁹ The AJ appears to have miscalculated the fees that Appellant's client, Mr. Turner had to pay to revive his abandoned application. Mr. Turner had to pay a \$65 surcharge and a \$945 petition fee in addition to the original filing, search and examination fees for which he prepaid Appellant. See A.912. Thus, Mr. Turner had to pay an additional \$1010 to revive his abandoned application due to Appellant's misconduct. *Id.*

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)-(4).

The ALJ properly considered and applied the four factors relevant to an exclusion or suspension under 37 C.F.R. § 11.54(b). A.6-7. As to the first factor, the ALJ properly found that Appellant's actions violated duties owed to a client, to the legal system, and to the profession. A.6. The ALJ correctly determined that Appellant breached his obligation to competently prosecute his client's application by failing to timely remit fees, neglecting the client's application resulting in abandonment, and misrepresenting the status of the application to his client when he knew it had been abandoned. A.6. Attorneys who practice before the USPTO have a duty to represent their clients competently and zealously, and to maintain "the integrity and competence of the legal profession." 37 C.F.R. §§ 10.21, 10.76, 10.83.

Appellant failed to represent his client competently and zealously by not keeping Mr. Turner informed of the status of his application, failing to act timely regarding Mr. Turner's application, allowing his application to become abandoned, and failing to inform Mr. Turner of the notice of failure to pay or notice of abandonment, thus preventing him from the ability to take action to prevent abandonment. *See In re Shippey*, Proceeding No. D2011-27 (same). The ALJ was also correct that Appellant failed to provide relevant information requested by the OED during the investigation of the underlying matter and falsely claimed that he had sufficient funds in his account to pay the required fees by implying it was his bank's fault that the payments were declined. A.7. Appellant also violated his duty to practice with candor and truthfulness by reporting to Mr. Turner misleading information about the status of his application. *Id.*

After not participating in the hearing and presenting evidence to the contrary, Appellant now argues that the ALJ has incorrectly attributed the statement "that it was the bank's fault" to

Appellant when he never made that statement. *See Appeal*. As an initial matter, Appellant did not raise this argument during the hearing. A.1177-1227. Arguments not raised until the first time on appeal will not be considered. *First Va. Banks, Inc., v. BP Exploration & Oil, Inc.*, 206 F.3d 404, 407 n.1 (4th Cir. 2000). Furthermore, the ALJ inferred that Appellant was arguing it was the bank's fault when he alleged that he had "verified with the bank that payment had not been made, even though adequate funds were available in the Business Account." A.6, A.37. The ALJ also inferred that by failing to provide supporting evidence during the investigation, that the Appellant's excuse was false. A.7. The ALJ's inferences were reasonable.

The ALJ has the duty to weigh the evidence, resolve material conflicts, make independent findings of fact and determine the case accordingly. *Richardson v. Perales*, 402 U.S. 389, 399-400 (1971). Where conflicting evidence would allow reasonable minds to differ as to whether an attorney committed an ethical violation, the responsibility for that decision falls on the ALJ. *Binion on Behalf of Binion v. Chater*, 108 F.3d 780, 782 (7th Cir.1997). As it is the ALJ's duty to make inferences and the inferences he made when considering that Appellant breached the duties he owed to his client, to the legal system, and to the profession were reasonable, they are affirmed.

As to the second factor, the ALJ properly found that Appellant acted knowingly and intentionally in all respects of his misconduct including when he authorized payments to the USPTO that didn't go through, when he chose not to notify his client about the declined payments or the notices regarding missing payments, when he chose not to notify his client about the abandonment, and when he intentionally misled his client about the status of his application by stating that the application was still pending. A.6-7. Each of these findings is reasonable in light of the substantial evidence supporting them and was appropriately considered by the ALJ as

a factor. Appellant's conduct "involved intentionally failing to carry out a contract of employment entered into with a client for services and intentional prejudice or damage to [his] client during the course of the professional relationship, justifying suspension or exclusion." *Moatz*, Proceeding No. D2006-07, at 9. This factor has been found to support a maximum sanction under similar circumstances. *See In re Ivey*, Proceeding No. D2013-22, at 11.

Third, the ALJ properly concluded that Appellant's misconduct caused actual injury because the client's application went abandoned. A.7. Mr. Turner suffered financial harm as a result of Appellant's acts and omissions as well. A.212, A.301. Mr. Turner had to pay an *additional* \$945 to revive his abandoned application due to Appellant's negligence, and he did not timely or completely receive restitution. A.37, A.212-213, A.301, A.906-908, A.912; *see also In re Shippey*, Proceeding No. D2011-27 (increased fees considered actual damage and restitution ordered).

Finally, the ALJ identified both aggravating and mitigating factors in the case, all of which were considered by the ALJ. A.7. The ALJ identified as a potential mitigating factor Appellant's explanation that he "verified with the bank that payment had not been made, even though adequate funds were available in the business account," which the ALJ interpreted as essentially arguing that it was the bank's fault that Appellant's payments were not made. The ALJ ultimately rejected this argument. *Id.* The ALJ noted aggravating factors of Appellant's lack of cooperation in the disciplinary process and Appellant's lack of remorse. *Id.*

As the ALJ correctly noted, courts routinely recognize that an attorney's failure to cooperate in a disciplinary proceeding is a significant aggravating factor demonstrating lack of professional responsibility. A.7. Here, the ALJ properly found that Appellant's failure to comply with the disciplinary investigation was an aggravating factor. *Id.* As the ALJ noted, Appellant failed to

produce the requested bank records during the investigatory and prosecution phases of the matter. *Id.*; A.111, A.116, A.1031, A.1037, A.1055, A.1061, A.1064, A.1201, A.1204, A.1208-1209. The ALJ found, however, that Appellant misidentified the bank from which he claimed to have made payment of the fees and failed to produce the requested bank records during the investigatory and prosecution phases on the matter. A.7. In fact, OED initially identified the wrong bank due to Appellant's lack of cooperation. A.53, A.1204.

In the Appeal, Appellant correctly points out that he did not specifically identify Cambridge Saving Bank as his bank, rather that the OED Director misidentified the bank. *See* Appeal. As an initial matter, Appellant did not raise this argument during the hearing. A.1177-1227. And as discussed above, arguments not raised until the first time on appeal will not be considered. *First Va. Banks, Inc.*, 206 F.3d at 407 n.1. Regardless of whether Appellant misidentified his bank, there is substantial evidence that he failed to cooperate with the investigation. A.111, A.116, A.1031, A.1037, A.1055, A.1061, A.1064, A.1201, A.1204-1205, A.1208-1211.

Appellant did not produce any of the requested bank records at any time during the investigatory and prosecution phases of the matter, refused to supply the bank name during the investigatory phase, and only produced the bank name during the prosecution phase of this matter after numerous requests. *Id.*; A.746. Appellant avoided every opportunity to supply the OED Director and the ALJ with the requested information and refused to fully cooperate until Appellant was ordered to provide the information in deciding the OED Director's Motion to Compel. *Id.*; A.773. Appellant now attempts to quibble about who misidentified his bank; at most, the notation was a minor misstatement by the ALJ and has no bearing on the ultimate finding that the Appellant failed to comply with the disciplinary investigation. There is substantial evidence in the record that Appellant failed to comply with the disciplinary

investigation, excluding the allegation that he misidentified his bank, therefore the ALJ's finding that Appellant's lack of cooperation was an aggravating factor is still amply supported by the record. Thus, any error in the ALJ's statement that Appellant misidentified his bank is harmless.

The ALJ also considered Appellant's lack of remorse in deciding his discipline. A.7. Appellant does not argue in his Appeal that he is not remorseful, rather he argues that it was improper for the ALJ to consider his lack of remorse because he helped Mr. Thomas. *See* Appeal. Appellant's fails to cite any authority to support this argument, and in fact the weight of authority establishes the opposite – that lack of remorse may be properly considered as an aggravating factor. *See, e.g.*, 37 C.F.R. § 11.54(b)(4). Considering the existence of any aggravating factors such as lack of remorse, is the fourth factor in the analysis set forth in 37 C.F.R. § 11.54(b)(4). USPTO regulations do not list aggravating factors. However, the American Bar Association's Standards for imposing Lawyer Sanctions (2005) (hereinafter "Standards") have been relied on by the USPTO Director when determining the appropriate sanction to be imposed in a USPTO disciplinary proceeding. *See, e.g., In re Hormann*, Proceeding No. D2008-04 (USPTO July 8, 2009). Section 9.22 of the Standards discusses aggravating factors that warrant a more severe sanction being imposed. A failure to acknowledge the wrongful nature of one's misconduct is an aggravating factor recognized by the Standards. *Id.*; Standards § 9.22(g). Furthermore, courts have routinely held that a respondent's failure to acknowledge the wrongful nature of his misconduct or show any remorse for his conduct is a weighty factor in aggravation. *See, e.g., Weber v. State Bar*, 764 P.2d 701 (Cal. 1988); *In re Disciplinary Action against Kalla*, 811 N.W.2d 576 (Minn. 2012), and *Dayton Bar Ass'n. v. Hunt*, 987 N.E.2d 662 (Ohio 2013). Finally, Appellant has not cited any support for his

proposition that it was inappropriate for the ALJ to consider his lack of remorse as an aggravating factor. *See* Appeal. For these reasons Appellant's argument fails.

Appropriately considering the four factors noted above, the ALJ properly concluded that Appellant's suspension from practice before the Office for two years was an appropriate sanction for Appellant's misconduct. A.7; *see, e.g., In re Barndt*, 1992 WL 524318, at *10 (Appellant's failure to pay required fees constitutes professional misconduct which justifies suspension.); *Moatz*, Proceeding No. D2006-07 (finding that respondent's misconduct of not submitting prepaid filing fees, failing to respond to a Notice to File Missing Parts and causing a client's application to go abandoned constitutes "neglecting a legal matter entrusted to a practitioner, justifying suspension or exclusion pursuant to 37 C.F.R. 10.77(b) and 10.77(c)"); *In re Kang*, Proceeding No. D2012-21, at 9 ("issuing bad checks is . . . a serious ethical violation . . . [particularly when] Respondent never made good on the outstanding returned checks." (alterations in original) (quoting *In re Robinson*, Proceeding No. D2009-48 (ALJ July 1, 2010)). Any one of Appellant's violations alone could have justified suspension, *Id.*, thus the multiple instances of violations of the Disciplinary rules here serves to underscore the appropriateness of the sanction. The purpose of attorney disciplinary proceedings is to protect the public and the justice system from lawyers who are derelict in their professional duties. *In re Robinson*, Proceeding No. D2009-48 (citing Standards § 1.1). A two-year suspension will be sufficiently severe to maintain the integrity of the profession, protect the public, and deter Appellant and possibly other patent practitioners from engaging in similar misconduct.

As the ALJ's sanction was made after considering all of the required factors, and is fully supported by the uncontroverted evidence of record, the sanction of suspension is upheld.

E. Penalty of Restitution is Appropriate

The ALJ's decision also orders Appellant to pay his client, Mr. Turner, restitution in the amount of \$405.00. A.7. Appellant argues, for the first time, that he did not charge Mr. Turner legal fees for the time incurred in prosecuting his application. *See* Appeal; A.1177-1227. First, as noted above, arguments not raised until the first time on appeal will not be considered. *First Va. Banks, Inc.*, 206 F.3d at 407 n.1. Second, the regulations permit a hearing officer to "impose any conditions deemed appropriate under the circumstances." 37 C.F.R. § 11.54(a)(2) (emphasis added). Although it is unclear whether a hearing officer may impose a condition of reinstatement, what is clear is that when the USPTO *Director* imposes discipline, the practitioner may be required to make restitution either to persons financially injured by the practitioner's conduct or to an appropriate client's security trust fund, or both, as a condition of probation or of reinstatement. 37 C.F.R. § 11.20(b).

Mr. Turner was financially injured by having to pay an *additional* \$945 to revive his patent application and a \$65 surcharge due to Appellant's misconduct. A.212, A.301, A. 906-908, A.912. Appellant already refunded Mr. Turner \$540. A.1049. However, Mr. Turner was required to pay an additional \$945 to revive his patent abandoned and a \$65 surcharge for a total of an additional \$1010 due to Appellant's negligence. A.212, A. 906-908, A.912. Therefore, it is appropriate to require Appellant to pay \$1010 in restitution to Mr. Turner as a condition of restatement. *See In re Burkhart*, Proceeding No. D2011-04 (USPTO Jan. 10, 2012) (final order requiring Respondent to pay restitution to reimburse client for increased expenses incurred due to Respondent's misconduct); *In re Shippey*, Proceeding No. D2011-27 (noting although there was no cited authority for the proposition that a hearing officer could impose restitution as a

condition of probation or reinstatement, the regulations clearly allow the Director to impose restitution as such a condition).

ORDER

Having considered Appellant's appeal under 37 C.F.R. § 11.55 from the April 27, 2015 initial decision of the ALJ suspending Appellant from the practice before the office for two years and ordering Appellant to pay restitution to Mr. Turner; it is **ORDERED** that the initial decision of the ALJ is **AFFIRMED**, with the exception that Appellant is only ordered to pay restitution in the amount of \$1010.

It is further:

ORDERED that the OED Director give notice pursuant to 37 C.F.R. § 11.59 of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in the state(s) where Appellant is admitted to practice, to courts where Appellant is known to be admitted, and to the public;

ORDERED that the USPTO dissociate Appellant's name from any Customer Numbers and the public key infrastructure ("PKI") certificate associated with those Customer Numbers;

ORDERED that Appellant shall not apply for a USPTO Customer Number, shall not obtain a USPTO Customer Number, nor shall he have his name added to a USPTO Customer Number, unless and until he is reinstated to practice before the USPTO;

ORDERED that Appellant pay restitution to Mr. Turner in the amount of \$1010 before he is reinstated to practice before the USPTO; and

ORDERED that Appellant shall comply with the provisions of 37 C.F.R. § 11.58 governing the duties of disciplined practitioner.

RECONSIDERATION AND APPEAL RIGHTS

Any request for reconsideration of this decision must be filed within twenty (20) days from the date of entry of this decision pursuant to 37 C.F.R. § 11.56(c). Any request for reconsideration mailed to the USPTO must be addressed to:

Sarah Harris
General Counsel
United States Patent and Trademark Office
Mail Stop OED
P.O. Box 1450
Alexandria, VA 22313-1450

A copy of the request must also be served on the attorney for the Director of Enrollment and Discipline:

Elizabeth Ullmer Mendel
Tracy L. Kepler
Counsel for the Director of Office of Enrollment and Discipline
Mail Stop OED
P.O. Box 1450
Alexandria, VA 22313-1450

Any request hand-delivered to the USPTO must be hand-delivered to the Office of the General Counsel, in which case the service copy for the attorney for the Director shall be hand-delivered to the Office of Enrollment and Discipline.

If a request for reconsideration is not filed, and Appellant desires further review, Appellant is notified that he is entitled to seek judicial review on the record in the U.S. District Court for the Eastern District of Virginia under 35 U.S.C. § 32 “within 30 after the date of the order recording the Director’s action.” E.D. VA. Local Civil Rule 83.5.

IT IS SO ORDERED.

5/05/16
Date



Sarah Harris
General Counsel
United States Patent and Trademark Office

on behalf of
Michelle Lee
Under Secretary of Commerce for
Intellectual Property and Director of
the United States Patent
and Trademark Office

cc:
Joseph Stecewycz,
Appellant

Elizabeth Ullmer Mendel
Tracy L. Kepler
Associate Solicitors
Counsel for the Director of Office of Enrollment and Discipline

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing FINAL ORDER was sent to the following parties on this 9th day of May, 2016, in the manner indicated:



Chieko Clarke, Associate Counsel
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Via First Class Mail and E-Mail:

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