

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

In the Matter of:)
)
Robert C. Montgomery,) Proceeding No. D2018-02
)
Respondent.)
_____)

FINAL ORDER

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

The Agreement, which resolves all disciplinary action by the USPTO arising from the stipulated facts set forth below, is hereby approved. This Final Order sets forth the parties’ stipulated facts, legal conclusion, and sanctions.

Jurisdiction

1. At all times relevant, Respondent of Canonsburg, Pennsylvania, has been a registered practitioner (Registration No. 57,523), subject to the USPTO Code of Professional Responsibility set forth at 37 C.F.R. § 10.20 *et seq.* and the USPTO Rules of Professional Conduct set forth at 37 C.F.R. § 11.101 *et seq.*¹

2. The USPTO Director has jurisdiction over this matter pursuant to 35 U.S.C. §§ 2(b)(2)(D) and 32 and 37 C.F.R. §§ 11.19, 11.20, and 11.26.

Stipulated Facts

1. Respondent of Canonsburg, Pennsylvania, is a registered patent agent (Registration No. 57,523). He was registered as a patent agent on September 19, 2005.

¹ Effective May 3, 2013, the USPTO Rules of Professional Conduct apply to persons who practice before the Office. *See* 37 C.F.R. §§ 11.101 through 11.901. The USPTO Code of Professional Responsibility governs conduct occurring prior to May 3, 2013. The allegations of misconduct which are the subject of this Proposed Settlement Agreement occurred both prior to and after May 3, 2013. Therefore, both the USPTO Code of Professional Responsibility and USPTO Rules of Professional Conduct apply.

2. Respondent is the President of Montgomery Patent & Design, L.P.² (hereinafter “MP&D”). Between 2005 and April 2017, Respondent’s father, who is a non-practitioner, owned a percentage of MP&D and held himself out as MP&D’s Administrative Director.

3. The Montgomery family businesses include Montgomery IP Associates, LLC (“MIPA”),³ MP&D, Invest SAI Network, LLC (“SAI”), and Advertising-Generation LLC (“FSBI”).⁴ MIPA/SAI/FSBI and MP&D worked from a shared office environment. At all times relevant, Respondent held an ownership interest in MIPA/SAI/FSBI.

4. As described in paragraphs sixteen (16) through twenty-seven (27) below, MIPA/SAI/FSBI and MP&D maintained a business practice and pattern in how patent law and law-related services were sold to inventors.

5. MIPA/SAI/FSBI entered into business transactions with inventors to sell invention services and patent law and law-related services using template documents, namely: a Research Engagement Letter and a Professional Services Contract (the “PSC”). Only MP&D employed registered practitioners. MIPA/SAI/FSBI referred inventors only to MP&D, and 90 % of MP&D’s patent legal business came from inventors referred to it from MIPA/SAI/FSBI.

6. Inventors became clients of Respondent and MP&D after their invention made it through an initial suitability review by MIPA/SAI/FSBI. Approximately, twenty percent (20%) of inventions that were submitted for suitability review were recommended by MIPA/SAI/FSBI for a Research Report; the balance of approximately eighty percent (80%) were determined not to be suitable. If recommended for a Research Report, the inventor was contacted by a MIPA/SAI/FSBI non-practitioner commissioned salesperson and invited to fully submit their invention for a Research Report via the Research Engagement Letter. In the Research Engagement Letter, the MIPA/SAI/FSBI non-practitioner commissioned salesperson recommended that the inventor purchase certain engineering, marketing, and legal research services. The legal research included a “patent search” and an “opinion of patentability.” The inventor contracted with MIPA/SAI/FSBI for the Research Report and paid the fees to MIPA/SAI/FSBI. In turn, MIPA/SAI/FSBI paid MP&D for patent law and law-related services.

7. MP&D prepared 100% of the patent searches and opinions of patentability for MIPA/SAI/FSBI’s Research Reports. The opinions of patentability prepared by Respondent and MP&D were template documents with recommendations as to whether the inventor should pursue provisional, design, or utility applications for his or her invention. Contrary to how “opinions of patentability” were described on MIPA/SAI/FSBI’s websites, the opinions did not describe the likelihood that an inventor would receive a patent of “useful scope,” if they pursued provisional, design, or utility patent protection; instead, they merely stated what type of application was

² In 2013, Montgomery Patent & Design, LLC, became Montgomery Patent & Design LP. They are referred to collectively as MP&D in this document.

³ In 2013, Montgomery IP Associates, LLC, became Montgomery IP Associates, LP. They are referred to collectively as MIPA in this document.

⁴ Hereinafter MIPA, SAI, and FSBI are at times jointly referred to as “MIPA/SAI/FSBI.”

suitable for an invention. Respondent understood his clients' general lack of sophistication, but neither Respondent nor MP&D ever explained to inventors the likelihood that they would receive a patent of "useful scope," as described on MIPA/SAI/FSBI websites, if they pursued provisional, design, or utility patent protection.

8. Once the patentability search and the "opinion of patentability" were completed, MP&D forwarded them to MIPA/SAI/FSBI for inclusion in a Research Report without a prior discussion of the search or opinion with the inventor. The Research Report was then forwarded to the inventor by a MIPA/SAI/FSBI non-practitioner commissioned salesperson who contacted the inventor, in writing and on the telephone, to discuss recommended licensing and patent packages being sold by MIPA/SAI/FSBI.

9. After the inventor discussed the options for patent protection (*e.g.*, provisional, design, or utility patent applications) with a MIPA/SAI/FSBI non-practitioner commissioned salesperson, and without first consulting with a registered practitioner prior to signing, the inventor decided what type of patent protection package he or she wanted to purchase and signed the PSC. The inventor contracted with MIPA/SAI/FSBI for the invention services and patent law services, and paid MIPA/SAI/FSBI directly. The PSC set out the invention services and patent law services (*e.g.*, provisional, design, or utility patent applications) sold to the inventor by MIPA/SAI/FSBI. The PSC stated MIPA/SAI/FSBI would coordinate and direct MP&D to perform patent law services (*i.e.*, consulting with the inventor; producing a specification and drawings; and preparing and filing a patent application).

10. The PSC purported to identify, define, and/or limit the scope of the legal services to be provided by MP&D, all before an inventor consulted directly with a registered practitioner. The PSC did not state that MP&D might refer patent law work to outside registered practitioners who were not in the MP&D firm. Depending on the services purchased, the PSC contained a provision where the inventor agreed to pay a royalty fee to FSBI from any commercialization earnings resulting from any efforts by FSBI.

11. On, or around, the same day MIPA forwarded the PSC to the inventor, MIPA also forwarded an MP&D Patent Engagement Letter to the inventor. The client, without directly consulting with a registered practitioner, was asked to sign the Patent Engagement Letter. The Patent Engagement Letter did not state that MP&D might refer the work to outside registered practitioners who are not in the MP&D firm, did not discuss actual or potential conflicts of interest that stem from Respondent's ownership interests in MIPA/SAI/FSBI, did not obtain informed consent to represent the inventors notwithstanding the actual or potential conflicts of interest, did not discuss the scope of legal services provided, and did not discuss what portion of the fees paid to MIPA/SAI/FSBI was allocated to legal services.

12. The patent law services provided under the PSC changed in the 2014-2015 time frame. Previously, all patent prosecution services were covered up to the issuance of a Final Office action. With the change, the cost of a design application included one non-final Office Action response and the cost of utility application included no prosecution at all. There was no discussion between the inventor and a registered practitioner before the inventor decided on the scope of legal services required.

13. Respondent's ownership of, financial interests in, and familial ties to MIPA/SAI/FSBI were not disclosed to the clients. Respondent and MP&D did not disclose that MP&D received 90% of its income from business referred from MIPA/SAI/FSBI.

14. Respondent and MP&D referred some of the legal work required by some of the clients referred to MP&D by MIPA/SAI/FSBI to other registered practitioners who were not in the MP&D firm without the inventors' consent to share their confidential client information. Respondent and MP&D paid such other registered practitioners for the legal work provided, thereby, splitting fees with the other registered practitioners without the inventors' informed consent to share the fee.

15. MIPA/SAI/FSBI did not deposit unearned legal fees paid in advance by the clients for either the Research Engagement Letter or the PSC into a client trust account.

16. Respondent did not have or use a client trust account and did not deposit unearned legal fees paid in advance for his and MP&D's patent application preparation, filing, and prosecution services to be rendered into a trust account.

Miscellaneous Factors

17. Respondent has no prior disciplinary history before the Office.

18. Respondent cooperated with OED's investigation into his conduct.

19. Respondent represents that he has expended considerable time and resources in working with Pennsylvania and private ethics counsel in a good faith effort to change the MP&D and MIPA/SAI/FSBI's business practices so that Respondent does not continue to violate the USPTO Rules of Professional Conduct.

20. Respondent represents that he is remorseful for not being mindful of the ethics rules implicated by the association between his firm and the associated business

Joint Legal Conclusions

21. Respondent acknowledges that, based on the information contained in the Joint Stipulated Facts, above, Respondent's acts and omissions violated the following provisions of the USPTO Code of Professional Responsibility and the USPTO Rules of Professional Conduct:

- a. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.65 (entering into a business transaction with a client without consent after full disclosure) each time a client signed a Research Engagement Letter and a Professional Services Contract with MIPA/SAI/FSBI because Respondent did not first obtain each client's consent after full disclosure to the business transactions embodied in the Research Engagement

Letter and Professional Services Contract to which he was a party via his ownership interests in MIPA, FSBI, and SAI;

- b. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.108(a) (entering into a business transaction with a client without, *inter alia*, obtaining informed consent in writing signed by the client) each time a client signed a Research Engagement Letter and a Professional Services Contract with MIPA/SAI/FSBI because Respondent did not first obtain each client's informed consent in writing to the business transactions embodied in the Research Engagement Letter and Professional Services Contract to which he was a party via his ownership interests in MIPA, FSBI, and SAI;
- c. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.68(a)(1) (accepting compensation from one other than the client for the practitioner's services without obtaining consent after full disclosure) by accepting compensation from MIPA for patent law services to be rendered by MP&D to clients referred from MIPA/SAI/FSBI without obtaining consent after full disclosure from each such referred client;
- d. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.108(f) (accepting compensation from one other than the client for the practitioner's services without, *inter alia*, obtaining informed consent) by accepting compensation from MIPA for patent law services rendered by MP&D for clients referred from MIPA/SAI/FSBI without obtaining informed consent from each such referred client;
- e. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.102(c) (unbundling services) by not obtaining informed consent to limit the scope of the legal services provided to each client who purchased a utility patent application package from MIPA/SAI/FSBI where the scope of patent law services purchased was limited to only preparing and filing a utility patent application and not responding to Office actions;
- f. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.105(b) (limiting scope of representation) by not communicating the scope of the representation and the basis or rate of the fee and expenses for which the client would be responsible to each client who purchased a utility patent application package from MIPA/SAI/FSBI where the scope of patent law services purchased was limited to only preparing and filing a utility patent application and not responding to Office actions;
- g. Prior to May 3, 2013, Respondent violated 37 C.F.R. §§ 10.62(a) (accepting employment where practitioner's independent professional judgment will be or is likely to be adversely affected by practitioner's

financial, business, or personal interests) and 10.66(a) (declining employment or not continuing employment where practitioner's independent professional judgment will be or is likely to be adversely affected), each time he or MP&D agreed to represent a referred client from MIPA/SAI/FSBI because Respondent's independent professional judgment would be or was likely to be adversely affected by Respondent's financial, business, or personal interests in MIPA/SAI/FSBI and Respondent did not first obtain each client's consent to the representation;

- h. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.107(a)(2) (representing a client where a concurrent conflict of interest is involved) each time he or MP&D agreed to represent a referred client from MIPA/SAI/FSBI because Respondent did not first obtain each client's informed consent to the representation after full disclosure of Respondent's conflict of interest because of his personal and financial connections with MIPA/SAI/FSBI;
- i. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.104(a)(2) (reasonably consulting with the client about the means by which the client's objectives are to be accomplished) by adhering to a business practice of not consulting with each client about specific type of patent application to prepare and file and, instead, preparing and filing the specific type of application sold to the client by a MIPA/SAI/FSBI non-practitioner commissioned salesperson based on the salesperson's consultation with the client;
- j. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.104(b) (explaining a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation) by adhering to a business practice of not explaining a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the type of patent protection to be pursued and, instead, preparing and filing the specific type of application sold to the client by a MIPA/SAI/FSBI non-practitioner commissioned salesperson based on the salesperson's consultation with the client;
- k. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.68(b) (permitting a person who recommends, employs, or pays the practitioner to render legal services for another, to direct or regulate the practitioner's professional judgment in rendering such legal services) by permitting MIPA/SAI/FSBI to direct or regulate Respondent's professional judgment in representing referred clients when he adhered to a business practice of preparing and filing the specific type of application sold to the inventor by a MIPA/SAI/FSBI non-practitioner

commissioned salesperson based on the salesperson's consultation with the inventor;

- l. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.201 (exercising independent professional judgment and rendering candid advice) by not exercising independent professional judgment on behalf of referred clients and, instead, adhering to a business practice of preparing and filing the specific type of application sold to the client by a MIPA/SAI/FSBI non-practitioner commissioned salesperson based on the salesperson's consultation with the client;
- m. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.504(c) (prohibiting a person who recommends, employs, or pays the practitioner to render legal services for another to direct or regulate the practitioner's professional judgment in rendering such legal services) by permitting MIPA/SAI/FSBI to direct or regulate Respondent's professional judgment in representing referred clients by adhering to a business practice of preparing and filing the specific type of application sold to the client by a MIPA/SAI/FSBI non-practitioner commissioned salesperson based on the salesperson's consultation with the client;
- n. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.47(a) (aiding non-practitioner in the unauthorized practice of law) by aiding non-practitioner salespersons at MIPA/SAI/FSBI in the unauthorized practice of law before the Office in patent matters by providing letters recommending a particular type of patent application directly to MIPA/SAI/FSBI with knowledge that (i) that the letters would be used by such salespersons to consult with inventors about their intellectual property objectives and relied upon to sell patent law services and (ii) no registered practitioner would consult with inventors prior to MIPA/SAI/FSBI selling patent applications to the inventors;
- o. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.23(b)(5) (engaging in conduct prejudicial to the administration of justice) by aiding non-practitioner salespersons at MIPA/SAI/FSBI in the unauthorized practice of law before the Office in patent matters by providing letters recommending a particular type of patent application directly to MIPA/SAI/FSBI with knowledge that (i) that the letters would be used by such salespersons to consult with inventors about their intellectual property objectives and relied upon to sell patent law services, and (ii) no registered practitioner would consult with inventors prior to MIPA/SAI/FSBI selling patent applications to the inventors;
- p. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.505 (assisting another in practicing law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction) by aiding non-

practitioner salespersons at MIPA/SAI/FSBI in the unauthorized practice of law before the Office in patent matters by providing letters recommending a particular type of patent application directly to MIPA/SAI/FSBI with knowledge that (i) that the letters would be used by such salespersons to consult with inventors about their intellectual property objectives and relied upon to sell patent law services and (ii) no registered practitioner would consult with inventors prior to MIPA/SAI/FSBI selling patent applications to the inventors;

- q. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.804(d) (engaging in conduct prejudicial to the administration of justice) by assisting non-practitioner salespersons at MIPA/SAI/FSBI to engage in the unauthorized practice of law before the Office in patent matters by providing letters recommending a particular type of patent application directly to MIPA/SAI/FSBI with knowledge that (i) that the letters would be used by such salespersons to consult with inventors about their intellectual property objectives and relied upon to sell patent law services and (ii) no registered practitioner would consult with inventors prior to MIPA/SAI/FSBI selling patent applications to the inventors;
- r. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.23(a) (engaging in disreputable or gross misconduct) by providing inventors with template documents advising whether the inventor should pursue a provisional, design, or utility application for his or her invention instead of opinions of patentability that offered an opinion on the likelihood that a patent of “useful scope,” as described on MIPA/SAI/FSBI websites, could be attained and doing so while knowing that MIPA/SAI/FSBI’s clients lacked sophistication and knowing that MIPA/SAI/FSBI’s Research Engagement Letters promised inventors that they would receive an opinion of patentability;
- s. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.57(b)(1) (revealing a confidence or secret of a client without consent after full disclosure) by revealing clients’ confidences and secrets about their inventions without consent after full disclosure when he referred patent legal work to non-MP&D registered practitioners;
- t. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.106(a) (revealing information relating to the representation of a client without client’s informed consent) by revealing confidential client information relating to the representation of clients (*i.e.*, their inventions) when he referred patent legal work to non-MP&D registered practitioners;
- u. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.37(a) (dividing a fee for legal services with another practitioner who is not a partner in or associate of the practitioner’s law firm or law office) by

sharing fees for patent legal service with registered practitioners who were not in the MP&D firm and to whom Respondent referred patent legal work without obtaining the consent of the clients after full disclosure;

- v. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.105(e) (dividing a fee between practitioners who are not in the same firm) by sharing fees for patent legal service with registered practitioners who were not in the MP&D firm and to whom Respondent referred patent legal work without obtaining the consent of the clients;
- w. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.112 (safekeeping property) by not depositing advanced fees received for patent law services (other than advance costs and expenses such as USPTO fees) into a client trust account;
- x. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.115 (safekeeping property) by not depositing advanced fees received for patent law services (and for other advance costs and expenses such as USPTO fees) into a client trust account;
- y. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.48 (sharing fees with non-practitioner) by sharing fees with MIPA/SAI/FSBI via the nature of his permanent and ongoing business relationship with MIPA/SAI/FSB;
- z. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.49 (forming partnership with a non-practitioner) by the nature of his permanent and ongoing business relationship with MIPA/SAI/FSBI;
- aa. Prior to May 3, 2013, Respondent violated 37 C.F.R. § 10.49 (forming partnership with a non-practitioner) during the time when Robert E. Montgomery, his father and a non-practitioner, held an ownership interest in MP&D;
- bb. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.504(a) (sharing fees with non-practitioner) by sharing fees with MIPA/SAI/FSBI by virtue of his permanent and ongoing business relationship with MIPA/SAI/FSB;
- cc. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.504(d)(1) (forming partnership with a non-practitioner) by virtue of his permanent and ongoing business relationship with MIPA/SAI/FSBI; and
- dd. On or after May 3, 2013, Respondent violated 37 C.F.R. § 11.504(d)(1) (practicing in the form of an association for profit with a non-

practitioner) when Robert E. Montgomery, a non-practitioner, held an ownership interest in MP&D.

Agreed Upon Sanction

22. Respondent agrees and it is hereby ORDERED that:
- a. Respondent be suspended from practice before the Office in patent matters for forty-eight (48) months commencing on the date the Final Order is signed;
 - b. Respondent shall be eligible to file a petition for reinstatement pursuant to 37 C.F.R. § 11.60(b) twenty-one (21) months after the date of the Final Order; the OED Director shall proceed with the review of such petition; and notwithstanding any part of this subparagraph, no such petition shall be granted prior to 24 months after the date of the Final Order is signed;
 - c. Respondent shall remain suspended from the practice of patent law before the USPTO until the OED Director grants a petition requesting Respondent's reinstatement pursuant to 37 C.F.R. § 11.60;
 - d. As a condition of reinstatement, Respondent shall, at his own expense, (1) take the Multi-State Professional Responsibility Examination ("MPRE"); (2) attain a score of 85 or better; and (3) provide a declaration to the OED Director with accompanying corroborating document(s) verifying his compliance with this subparagraph;
 - e. As a condition of reinstatement, Respondent shall, at own his expense, audit a legal ethics class at an ABA accredited law school and provide a declaration to the OED Director with accompanying corroborating document(s) verifying his compliance with this subparagraph;
 - f. Respondent shall serve a twenty-four (24) month probationary period commencing on the date of his reinstatement to practice before the USPTO;
 - g. (1) If the OED Director is of the good faith opinion that Respondent during Respondent's probationary period, failed to comply with any provision of the Agreement, this Final Order, or any provision of the USPTO Rules of Professional Conduct, the OED Director shall:
 - (A) issue to Respondent an Order to Show Cause why the USPTO Director should not enter an order immediately suspending Respondent for up to an additional twenty-four (24) months for the violations set forth in paragraph twenty-one (21), above;

(B) send the Order to Show Cause to Respondent at the last address of record Respondent provided to OED; and

(C) grant Respondent thirty days to respond to the Order to Show Cause; and

(2) in the event that after the thirty (30) day period for response and consideration of the response, if any, received from Respondent, the OED Director continues to be of the opinion that Respondent, during Respondent's probationary period, failed to comply with any provision of the Agreement, this Final Order, or any provision of the USPTO Rules of professional Conduct, the OED Director shall:

(A) deliver to the USPTO Director: (i) the Order to Show Cause; (ii) Respondent's response to the Order to Show Cause, if any; and (iii) argument and evidence causing the OED Director to be of the opinion that Respondent, during Respondent's probationary period, failed to comply with any provision of the Agreement, Final Order, or any provision of the USPTO Rules of Professional Conduct; and

(B) request that the USPTO Director enter an order immediately suspending Respondent for up to an additional twenty-four months for the violation set forth in paragraph twenty-eight (21) above;

- h. In the event the USPTO Director suspends Respondent pursuant to subparagraph (g)(2)(B), above, and Respondent seeks a review of the suspension, any such review of the suspension shall not operate to postpone or otherwise hold in abeyance the suspension;
- i. During the twenty-four (24) month probationary period, Respondent shall, at his own expense, (i) submit to the OED Director every six (6) months copies of the records required to be kept under 37 C.F.R. § 11.115(f) and (ii) certify that his and MP&D's client trust account(s) are in full compliance with the USPTO Rules of Professional Conduct;
- j. Respondent shall comply with 37 C.F.R. § 11.58;
- k. As a condition of reinstatement, Respondent shall submit no sooner than twenty-three (23) months and three (3) weeks after the date of the Final Order, a supplemental affidavit to the OED Director attesting to Respondent's full compliance with § 11.58 since the date of the Final Order;
- l. The OED Director shall comply with 37 C.F.R. § 11.59;

- m. The OED Director shall electronically publish the Final Order at OED's electronic FOIA Reading Room, which is publicly accessible at: <http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>;
- n. The OED Director shall publish a notice in the *Official Gazette* that is materially consistent with the following:

Notice of Suspension and Probation

This notice concerns Robert C. Montgomery of Canonsburg, Pennsylvania, a registered patent agent (Registration Number 57,523), who practices before the United States Patent and Trademark Office ("USPTO" or "Office") in patent matters. The USPTO has suspended Mr. Montgomery from practice before the Office in patent matters for 48 months, with the possibility of reinstatement to practice before the Office in patent matters in 24 months. If reinstated to practice before the Office, Mr. Montgomery will serve a 24-month probationary period commencing on the date of such reinstatement. As a registered agent, Mr. Montgomery is permitted, when not suspended, to practice only in patent matters, he is not permitted to practice in trademark or other non-patent matters before the Office. As a condition of being reinstated, Mr. Montgomery must verify that (a) he has taken and passed with a score of 85 or higher the Multi-State Professional Responsibility Examination, and (b) he has audited a legal ethics class taught by an ABA accredited law school. During his probation, Mr. Montgomery also must submit to the OED Director every six months copies of the records required to be kept under 37 C.F.R. § 11.115(f) and (ii) certify that his and MP&D's client trust account(s) are in full compliance with the USPTO Rules of Professional Conduct.

Respondent is the President of Montgomery Patent & Design, L.P. (hereinafter "MP&D"). Between 2005 and April 2017, Respondent's father, who is a non-practitioner, owned a percentage of MP&D and held himself out as MP&D's Administrative Director. The Montgomery family businesses include Montgomery IP Associates, LLC ("MIPA"), MP&D, Invest SAI Network, LLC ("SAI"), and Advertising-Generation LLC ("FSBI"). MIPA/SAI/FSBI and MP&D worked from a shared office environment. At all times relevant, Respondent held an ownership interest in MIPA/SAI/FSBI.

MIPA/SAI/FSBI and MP&D maintained a business practice and pattern in selling patent law related services to inventors.

MIPA/SAI/FSBI entered into business transactions with inventors to sell invention services and patent law and law related services using template documents, namely: a Research Engagement Letter and a Professional Services Contract (the "PSC"). Only MP&D employed registered practitioners. MIPA/SAI/FSBI referred inventors only to MP&D, and 90 % of MP&D's patent legal business came from inventors referred to it from MIPA/SAI/FSBI.

Inventors became clients of Respondent and MP&D after the inventors' invention made it through an initial suitability review by MIPA/SAI/FSBI. Approximately, twenty percent (20%) of inventions that were submitted for suitability review were recommended by MIPA/SAI/FSBI for a Research Report, and eight-percent (80%) were rejected for suitability for a Research Report. If recommended for a Research Report, the inventor was contacted by a MIPA/SAI/FSBI non-practitioner commissioned salesperson and invited to fully submit their invention for a Research Report via the Research Engagement Letter. In the Research Engagement Letter, the MIPA/SAI/FSBI non-practitioner commissioned salesperson recommended that the inventor purchase certain engineering, marketing, and legal research services. The legal research included a "patent search" and an "opinion of patentability." The inventor contracted with MIPA/SAI/FSBI for the Research Report and paid the fees to MIPA/SAI/FSBI. In turn, MIPA/SAI/FSBI paid MP&D for patent law and patent law-related services.

MP&D prepared 100% of the patent searches and opinions of patentability for MIPA/SAI/FSBI's Research Reports. The opinions of patentability prepared by Respondent and MP&D were template documents with recommendations as to whether the inventor should pursue provisional, design, or utility applications for his or her invention. Contrary to how "opinions of patentability" were described on MIPA/SAI/FSBI's website, the opinions did not describe the likelihood that an inventor would receive a patent of "useful scope," as described on MIPA/SAI/FSBI websites, if they pursued provisional, design, or utility patent protection; instead, they merely stated what type of application was suitable for an invention. Respondent understood the general lack of sophistication of his clients, but neither Respondent nor MP&D ever explained to inventors the likelihood that the inventor would receive a patent of "useful scope," as described on MIPA/SAI/FSBI websites, if they pursued provisional, design, or utility patent protection.

Once the patentability search and the “opinion of patentability” were completed, MP&D forwarded them to MIPA/SAI/FSBI for inclusion in a Research Report without a prior discussion of the search or opinion with the inventor. The Research Report was then forwarded to the inventor by a MIPA/SAI/FSBI non-practitioner commissioned salesperson who contacted the inventor, in writing and on the telephone, to discuss recommended licensing and patent packages being sold by MIPA/SAI/FSBI.

After the inventor discussed the options for patent protection (*e.g.*, provisional, design, or utility patent applications) with a MIPA/SAI/FSBI non-practitioner commissioned salesperson, the inventor decided what type of patent protection package he or she wanted to purchase and signed the PSC without consulting with a registered practitioner, prior to signing. The inventor contracted with MIPA/SAI/FSBI for the invention services and patent law and patent law-related services, and paid MIPA/SAI/FSBI directly. The PSC set out the invention services and patent law services (*e.g.*, provisional, design, or utility patent applications) sold to the inventor by MIPA/SAI/FSBI. The PSC stated it would coordinate and direct MP&D to perform patent law and patent law-related services (*i.e.*, consulting with the inventor; producing a specification and drawings; and preparing and filing a patent application).

The PSC purported to identify, define, and/or limit the scope of the legal services to be provided by MP&D, all before an inventor consulted directly with a registered practitioner. The PSC did not state that MP&D might refer patent law work to outside registered practitioners who were not in the MP&D firm. Depending on the services purchased, the PSC would contain a provision where the inventor agreed to pay a royalty fee to FSBI from any commercialization earnings resulting from any efforts by FSBI.

On, or around, the same day MIPA forwarded the PSC to the inventor MIPA also forwarded an MP&D Patent Engagement Letter to the inventor. The client, without consulting with a registered practitioner, was asked to sign the Patent Engagement Letter. The Patent Engagement Letter did not state that MP&D might refer the work to other registered practitioners who are not in the MP&D firm, did not discuss conflicts of interest that stem from Respondent’s ownership interests in MIPA/SAI/FSBI, did not obtain informed consent to represent the inventors notwithstanding the actual or potential conflicts of interest, did

not discuss the scope of legal services provided, and did not discuss what portion of the fees paid to MIPA/SAI/FSBI was allocated to legal services.

The patent law services provided under the PSC changed in the 2014-2015 time frame. Previously, all patent prosecution services were covered up to the issuance of a Final Office Action. With the change, the cost of a design application included one non-final Office action response and the cost of a utility application included no prosecution at all. There was no discussion between the inventor and a registered practitioner before the inventor decided on the scope of legal services required.

Respondent's ownership of, financial interests in, and familial ties to MIPA/SAI/FSBI were not disclosed to the clients. Respondent and MP&D did not disclose that MP&D received 90% of its income from business referred from MIPA/SAI/FSBI.

Respondent and MP&D referred some of the legal work required by some of the clients referred to MP&D by MIPA/SAI/FSBI to registered practitioners who were not in the MP&D firm without the consent of the inventors to share confidential client information. Respondent and MP&D paid the outside registered practitioners for the legal work provided, thereby, splitting fees with the outside registered practitioners without the informed consent of the inventors to share the fee.

MIPA/SAI/FSBI did not deposit unearned legal fees paid in advance by the clients for either the Research Engagement Letter or the PSC into a client trust account. Respondent did not have or use a client trust account and did not deposit unearned legal fees paid in advance for his and MP&D's patent application preparation, filing, and prosecution services to be rendered into a trust account.

Prior to May 3, 2013, Mr. Montgomery violated 37 C.F.R. § 10.23(a) prohibiting a practitioner from engaging in disreputable or gross misconduct; § 10.23(b)(5) prohibiting a practitioner from engaging in conduct prejudicial to the administration of justice; § 10.37(a) prohibiting a practitioner from dividing fees for legal services with another practitioner who is not in the same firm; § 10.47(a) prohibiting a practitioner from aiding a non-practitioner in the unauthorized practice of law before the Office; § 10.48 prohibiting a practitioner from

sharing legal fees with a non-practitioner; § 10.49 prohibiting a practitioner from forming a partnership with a non-practitioner if any of the activities of the partnership consist of the practice of patent, trademark, or other law before the Office; § 10.57(b)(1) prohibiting a practitioner from knowingly revealing clients' confidences and secrets; § 10.62(a) prohibiting a practitioner from accepting employment if the exercise of the practitioner's professional judgment on behalf of the client will be or reasonably may be affected by the practitioner's own financial or business interests, without the consent of the client after full disclosure; § 10.65 prohibiting business transactions with a client if the practitioner and the client have differing interests and if the client expects the practitioner to exercise professional judgment, without the client's consent after full disclosure; § 10.66(a) requiring a practitioner to decline representation if the exercise of the practitioner's independent professional judgment on behalf of a client will be adversely affected by the acceptance of the employment, without consent of the client after full disclosure; § 10.68(a)(1) prohibiting a practitioner from accepting compensation from someone other than the client for the practitioner's legal services without the consent of the client after full disclosure; § 10.68(b) prohibiting a practitioner from allowing a person who employs or pays the practitioner to render legal services for another to direct or regulate the practitioner's professional judgment in rendering such legal services; and § 10.112 requiring a practitioner to deposit advance fees for patent law services (other than advanced costs and expenses such as USPTO fees) into a client trust account.

On or after May 3, 2013, Mr. Montgomery violated 37 C.F.R. § 11.102(c) allowing a practitioner to limit the scope of the representation only if the limitation is reasonable and the client gives informed consent; § 11.104(a)(2) requiring a practitioner to reasonably consult with a client about the means by which the client's objectives are to be accomplished; § 11.104(b) requiring a practitioner to explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation; § 11.105(b) requiring that the scope of the representation and the basis or rate of the fee and expenses for which the client will be responsible shall be communicated to the client, preferably in writing, before or within a reasonable time after commencing the representation, requiring that any changes in the basis or rate of the fee or expenses and also be communicated to the client; § 11.105(e) allowing the division of a fee between practitioners

who are not in the same firm only if: (1) The division is in proportion to the services performed by each practitioner or each practitioner assumes joint responsibility for the representation; (2) The client agrees to the arrangement, including the share each practitioner will receive, and the agreement is confirmed in writing; and (3) The total fee is reasonable; § 11.106(a) prohibiting the revelation of confidential client information without the consent of the client; § 11.107(a)(2) prohibiting the representation of a client if there is a significant risk that the representation of the client will be materially limited by the personal interest of the practitioner; § 11.108(a) prohibiting a practitioner from entering into a business transaction with a client or knowingly acquiring an ownership, possessory, security or other pecuniary interest adverse to the client; § 11.108(f) prohibiting a practitioner from accepting compensation for representing a client from one other than the client unless: (1) The client gives informed consent; (2) There is no interference with the practitioner's independence of professional judgment or with the client practitioner relationship; and (3) Information relating to representation of a client is protected as required by § 11.106; § 11.115 requiring a practitioner to deposit advanced fees for patent law services (and for other advanced costs and expenses such as USPTO fees) into a client trust account; § 11.201 requiring a practitioner to exercise independent professional judgment on behalf of the client and render candid advice; § 11.504(a) prohibiting a practitioner from sharing legal fees with a non-practitioner; § 11.504(c) prohibiting a practitioner from permitting a person who recommends, employs, or pays the practitioner to render legal services for another to direct or regulate the practitioner's professional judgment in rendering such legal services; § 11.504(d)(1) prohibiting a practitioner from practicing with or forming a professional corporation or association authorized to practice law for a profit, if a non-practitioner owns any interest therein; § 11.505 prohibiting a practitioner from practicing law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction, or assist another in doing so; and § 11.804(d) prohibiting a practitioner from engaging in conduct that is prejudicial to the administration of justice.

In reaching the proposed settlement, the OED Director favorably considered the fact that Respondent cooperated with OED's investigation into his conduct.

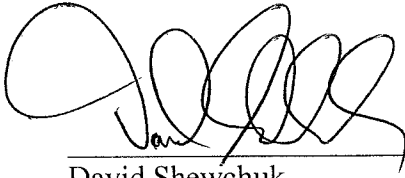
Practitioners are encouraged to read the Final Orders published by the OED Director in *In re Mikhailova*, Proceeding No.

D2017-18 (USPTO June 16, 2017); *In re Virga*, Proceeding No. D2017-14 (USPTO Mar. 16, 2017); *In re Gray*, Proceeding No. D2017-02 (USPTO Feb. 22, 2017); *In re Harrington*, Proceeding No. D2012-14 (USPTO Apr. 18, 2012); *In re Mackenzie*, Proceeding No. D2010-27 (USPTO Oct. 12, 2011); *In re Campbell*, Proceeding No. D2009-39 (USPTO Feb. 18, 2011); *In re Oh*, Proceeding No. D2010-19 (USPTO Jan. 18, 2011); *In re Galasso*, Proceeding No. 2009-17 (USPTO Aug. 20, 2010); *In re Gibney*, Proceeding No. D2009-33 (USPTO Mar. 4, 2010); *In re Schoonover*, Proceeding No. D2008-24 (USPTO July 14, 2009); *In re Kaardal*, Proceeding No. D2003-08 (USPTO Feb. 24, 2004); *In re Bender*, Proceeding No. D2000-01 (USPTO Sept. 30, 2003); and *In re Colitz*, Proceeding No. D1999-04 (USPTO Jan. 2, 2003), which contain facts similar to those presented in Mr. Montgomery's case and which contain additional guidance to registered practitioners who accept referrals from non-practitioner third parties, such as a company that aims to assist inventors in protecting and/or marketing their inventions. *Cf. In re Meyer*, Proceeding No. D2010-41 (USPTO Sept. 7, 2011) (referral of trademark applicants).

This action is the result of a settlement agreement between Mr. Montgomery and the OED Director pursuant to the provisions of 35 U.S.C. §§ 2(b)(2)(D) and 32 and 37 C.F.R. §§ 11.19, 11.20, and 11.26. Disciplinary decisions involving practitioners are posted for public reading at the OED Reading Room, available at: <http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>;

- o. Nothing in this Final Order shall prevent the Office from considering the record of this disciplinary proceeding, including the Final Order: (1) when addressing any further complaint or evidence of the same or similar misconduct concerning Respondent brought to the attention of the Office; (2) in any future disciplinary proceeding against Respondent (i) as an aggravating factor to be taken into consideration in determining any discipline to be imposed, and/or (ii) to rebut any statement or representation by or on Respondent's behalf; and (3) in connection with any request for reconsideration submitted by Respondent pursuant to 37 C.F.R. § 11.60; and
- p. Respondent shall fully comply with 37 C.F.R. § 11.60 upon any request for reinstatement to practice before the Office;

SIGNATURE PAGE ONLY FOLLOWS.



David Shewchuk
Deputy General Counsel for General Law
United States Patent and Trademark Office

1/10/13

Date

on behalf of

Joseph Matal
Performing The Functions and Duties of the Under
Secretary of Commerce for Intellectual Property and
Director Of The United States Patent And Trademark
Office

cc:
OED Director, USPTO

Michael E. McCabe, Jr.
McCabe Law LLC
6701 Democracy Blvd. -- Suite 300
Bethesda, Maryland 20817

and via email to: [REDACTED]