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

In the Matter of	)	
	)	
John H. Faro,	)	Proceeding No. D2015-27
	)	
Appellant.	)	
	)	

Final Order

The OED Director filed a disciplinary Complaint alleging that John H. Faro ("Appellant") violated the USPTO Code of Professional Responsibility during his representation of his client, EPRT. After a hearing, the Administrative Law Judge ("ALJ") issued an Initial Decision and Order on September 15, 2016, concluding that Appellant violated 37 C.F.R. § 10.23(a) and (b) via 10.23(c)(8) when he failed to timely inform Ms. Blake, or anyone at EPRT, of a Third Rejection Letter in 2005, a June 2009 Board Decision, and an August 2009 Notice of Abandonment. (A.18-20). The ALJ also concluded that Appellant violated 37 C.F.R. §§ 10.77(c), 10.84(a)(l) and (2), by neglecting the '519 Application from May 2006 until October 2011. (A.14-18; A.20-21). Finally, the ALJ found that Appellant violated 37 C.F.R. § 10.77(c) by refusing to communicate with Ms. Blake about the status of the '519 Application in 2010 and 2011 and violated 37 C.F.R. § 10.112(c)(4) by refusing to return EPRT's client file when requested. (A.14-18; A.23-24). The ALJ ordered that Appellant serve an eight (8) month suspension, with reinstatement conditioned upon successful passed of the MPRE. (A.33).

Appellant appealed the ALJ's Initial Decision to the Director of the United States Patent and Trademark Office ("USPTO"). After briefing by the parties, on August 2, 2017, the USPTO Director issued a Final Order denying the appeal and upholding the ALJ's Initial Decision.

On August 17, 2017, Appellant filed a Request for Reconsideration of Director's Final Order. The OED Director responded on September 15, 2017, and Appellant replied. For the reasons set forth below, Appellant's Request for Reconsideration is denied.

I. LEGAL STANDARD

Following a final decision of the USPTO Director, either party may make a single request for reconsideration or modification of the decision by the USPTO Director if such request is filed within twenty days from the date of entry of the decision. *See* 37 C.F.R. § 11.56(c). No request for reconsideration or modification shall be granted unless the request is based on newly discovered evidence, or an error of law or fact, and the requestor must demonstrate that any newly discovered evidence could not have been discovered any earlier by due diligence. *See Id.*

The standard of review governing requests under § 11.56(c) has not been defined beyond what appears in the regulations. However, although the Federal Rules of Civil Procedure are not applicable in administrative proceedings,[1] the courts have at times looked to them for useful guidance in judging actions taken by the USPTO.[2] Because the standard of review used by federal courts for motions to alter or amend a judgment under Rules 59(e) and 60 of the Federal Rules of Civil Procedure are most similar to requests for reconsideration filed pursuant to § 11.56(c), that standard is applied here to Appellant's request.

Federal courts have clarified that the standard of review for Rules 59(c) and 60 are narrow and limited to only circumstances involving new evidence, or to correct errors of law or fact. *See Hutchinson v. Staton*, 994 F.2d 1076, 1081 (4th Cir. 1993). Any new evidence submitted must not have been available before the issuance of the final decision. *See Boryan v.*

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[1] *See Bender v. Dudas*, No. 04-1301, 2006 WL 89831, at *23 (D.D.C. Jan. 13, 2006), *aff'd*, 490 F.3d 1361 (Fed. Cir. 2007).

[2] *See Gerritsen v. Shirai*, 979 F.2d 1524, 1532 (Fed. Cir. 1992).

United States, 884 F.2d 767, 771 (4th Cir. 1989) ("Evidence that is available to a party prior to entry of judgment, therefore, is not a basis for granting a motion for reconsideration as a matter of law.") (citing *Frederick S. Wyle P.C. v. Texaco, Inc.*, 764 F.2d 604, 609 (9th Cir. 1985)).

It is long-settled that requests for reconsideration[3] are not a vehicle to state a party's disagreement with a final judgment. *See Hutchinson*, 994 F.2d at 1082 ("mere disagreement does not support a Rule 59(e) motion"); *Arthur v. King*, 500 F.3d 1335, 1343 (11th Cir. 2007), *cert. denied*, 552 U.S. 1040 (2007) (stating that a Rule 59(e) motion cannot be used to relitigate old matters, raise argument or present evidence that could have been raised prior to the entry of judgment). A request for reconsideration should not be used to rehash "arguments previously presented" or to submit evidence that should have been previously submitted. *Wadley v. Park at Landmark, LP*, No. 1:06CV777, 2007 WL 1071960, at *2 (E.D. Va. 2007) (citing *Hutchinson*, 994 F.2d at 1081-82); *Above the Belt, Inc. v. Mel Bohannan Roofing, Inc.*, , 99 F.R.D. 99, 101 (E.D. Va. 1983) (holding improper a motion for reconsideration "to ask the Court to rethink what the Court had already thought through—rightly or wrongly"); *Durkin v. Taylor*, 444 F. Supp. 879, 889 (E.D. Va. 1977) (stating that Rule 59(e) is not intended to give "an unhappy litigant one additional chance to sway the judge"). Reconsideration "would be appropriate where, for example, the Court has patently misunderstood a party, or has made a decision outside the adversarial issues presented to the Court by the parties, or has made an error not of reasoning but of apprehension." *Above the Belt, Inc.*, 99 F.R.D. at 101; *United States v. Ali*, No. 13-3398, 2014 WL 5790996, at *3 (D. Md. Nov. 5, 2014).

While requests for reconsideration are permitted they are seldom granted. These types of motions are extraordinary remedies reserved only for extraordinary circumstances. *See Dowell v.*

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[3] Such requests refer to both motions to alter or amend a judgment (Fed. R. Civ. P. 59(e)), or motions for relief from a judgment or order (Fed. R. Civ. P. 60).

State Farm Fire & Cas. Auto. Ins. Co., 993 F.2d 46, 48 (4th Cir. 1993) (limiting relief under Rule 60(b)(6) to "extraordinary circumstances"); *Projects Mgmt. Co. v. DynCorp Int'l, LLC*, 17 F. Supp. 3d 539, 541 (E.D. Va. 2014), *aff'd*, 584 F. App'x 121 (4th Cir. 2014) (reconsideration of a judgment after its entry is an "extraordinary remedy which should be used sparingly") (quoting *Pac. Ins. Co. v. Am. Nat'l Fire Ins. Co.*, 148 F.3d 396, 403 (4th Cir. 1998)); *see also Netscape Commc'ns Corp. v. ValueClick, Inc.*, 704 F. Supp. 2d 544, 546 (E.D. Va. 2010)). Thus, the standard of review for a Request for Reconsideration under § 11.56(c) is very high and such requests should be granted sparingly and only in extraordinary circumstances. For the reasons discussed below, Appellant has not made any arguments or submitted any evidence that satisfies the standard of review.

II. DECISION

A. Appellant Has Not Identified Any Errors in Law or Fact That Would Warrant Reversal of the Final Order.

Appellant raises a number of challenges in his Request. These include challenges to the USPTO's subject-matter jurisdiction, allegations of a biased investigation, charges that the finding of neglect was improper, and complaints that the appeal filing requirements unfairly constrained him during his appeal. However, those arguments fall far short of the requirements for granting reconsideration under § 11.56(c). These arguments are discussed more fully below.

1. Appellant's Challenge to OED Subject-Matter Jurisdiction to Bring a Disciplinary Complaint Is Without Merit.

Appellant first challenges "the subject-matter jurisdiction of the OED Director to initiate a disciplinary proceeding against the Appellant". (Appeal at 1-3). He argues that the OED Director failed to comply with 37 C.F.R. § 11.22(d) (preliminary screening) and failed to afford him with due process before initiating discipline. (*Id.*) Specifically, he argues that the OED

Director failed to provide evidence of the September 2015 resolution of his state legal malpractice to the Committee on Discipline. (Appeal at 4-6). As a result, as Appellant views it, the OED Director prematurely concluded his investigation, under 37 C.F.R. § 11.22(d), and submitted an incomplete and biased report and recommendation to the Committee on Discipline. (*Id.*). Appellant claims the Committee's decision was thus unfairly influenced to find probable cause. (*Id.*).

Before discussing the merits of these arguments, it is noted that OED unequivocally possessed and properly exercised disciplinary jurisdiction in this case. Appellant has been a patent attorney registered with the USPTO since March 3, 1971. (A.43; A.1355). As such, he is unquestionably subject to the disciplinary authority of the Office. 37 C.F.R. § 11.19(a). To the extent that Appellant's appeal attempts to claim otherwise, such argument finds no support in law or the Agency's regulations. Further, Appellant unsuccessfully argued against subject-matter jurisdiction on appeal, rendering this argument nothing more than an attempt to reargue his appeal under the guise of reconsideration. This is an insufficient basis to grant reconsideration under § 11.56(c). *See Wadley*, 2007 WL 1071960, at *2 (citing *Hutchinson*, 994 F.2d at 1081-82).

As an additional basis for denying reconsideration, Appellant's claim that the Committee was unfairly influenced by an incomplete or prematurely concluded investigation by the OED Director is also without merit. First, Appellant already vigorously argued this point during the appeal process and the Director's Final Order concluded that there were no deficiencies associated with the OED Director's submission of the disciplinary matter to the Committee on Discipline. (Final Order, at 18-19). As stated in that Final Order, the regulations concerning the Committee on Discipline, 37 C.F.R. §§ 11.22 and 11.23, include no requirements for what the

OED Director submits to the Committee and, even if it did, the malpractice case involving Appellant was dismissed *after* the Complaint was filed on May 11, 2015 and thus after the Committee had found probable cause to issue a Complaint. (*Id.*) Appellant offers no new authorities that would dictate a different outcome or require the OED Director to engage in a different course. Consequently, this argument is nothing more than an attempt to reargue his unsuccessful appeal. Thus, reconsideration on this basis is not warranted.

2. Appellant Is Incorrect That the ALJ Improperly Admitted Ms. Chaiken's Testimony About the State Settlement Agreement.

Appellant next challenges the ALJ's decision to admit the testimony of Meredith Chaiken, counsel for EPRT in the state malpractice cases against Appellant. (Appeal at 7-8). Appellant claims that "the ALJ permitted OED counsel to elicit parole evidence of a confidential Federal Court ordered mediation, over Appellant's objection, and in violation of [Florida law], in the OED effort prove to (sic) the existence an enforceable Settlement Agreement." (Appeal at 8). He disputes the ALJ's reliance on that testimony as an aggravating circumstance in determining the appropriate disciplinary sanction. (Appeal at 9). As part of his argument, he claims that the testimony was inappropriately admitted because the agreement was "never consummated." (Appeal at 8).

The ALJ allowed Ms. Chaiken's testimony, as well as the settlement agreement itself, and concluded that the evidence supported a finding that Appellant attempted to silence Ms. Blake and other EPRT employees and that this finding was an aggravating factor in support of the discipline ordered. (A.30-32). "While negotiating the settlement agreement in the Florida malpractice lawsuit, [Appellant] inserted into the settlement agreement a section prohibiting any EPRT personnel from testifying or participating in Florida's or the PTO's disciplinary investigations against him." (A.30; A.5491). The ALJ concluded that "[t]he only purpose of this

prohibition was to hinder or derail the disciplinary investigations against him", which the ALJ concluded constituted "bad faith obstruction of the PTO disciplinary investigation" and an aggravating factor in determining the disciplinary sanction. (A.30).

During the hearing, Appellant only made two (2) objections to Ms. Chaiken's testimony about the offending settlement provision. The first objection concerned Ms. Chaiken's testimony as to who requested the inclusion of the clause regarding EPRT cooperation with the disciplinary investigations, and that objection was sustained. (A.7647-48). Appellant also objected when Ms. Chaiken testified about her concerns with that provision, but that objection was overruled. (A.7652-53). Appellant made no further objections during Ms. Chaiken's testimony concerning the settlement agreement or its terms. (A.7643-67). Further, the document containing the draft settlement agreement was introduced as evidence without any objection by Appellant. (A.5489, A.8002-05).

The ALJ concluded that there was sufficient evidence, which included the admissible portions Ms. Chaiken's testimony and the settlement agreement, to conclude that Appellant sought and advocated for the settlement agreement term prohibiting any EPRT personnel from testifying or participating in Florida's or the USPTO's disciplinary investigations against him. (A.30). Further, the evidence supported that it was only when Ms. Chaiken expressed concerns about that provision that modification was ultimately included that permitted testimony upon subpoena. (A.30; A.7653-54). This modification was accomplished after Ms. Chaiken, because of her concerns over the proposed settlement term, consulted with the Florida Bar and engaged in legal research to determine whether such a clause was permissible under the law. (A.7654). Consequently, the ALJ concluded that Appellant's attempt to hinder or deter pending disciplinary matters was "bad faith obstruction" of the USPTO disciplinary investigation. (A.30).

There is no basis to overturn these findings or to second-guess the ALJ's decision to admit Ms. Chaiken's testimony. First, Appellant only raised two, discreet objections to Ms. Chaiken's testimony, of which one was over-ruled. (A.7647-48; A.765-53). The bulk of Ms. Chaiken's testimony was heard without objection. Appellant also did not object to introduction of the settlement agreement itself. (A.8002-05). As the OED Director notes in his brief, when a party fails to object to the admission of evidence at the time it is introduced, such objections are waived. *See MicroStrategy Inc. v. Bus. Objects, S.A.*, 331 F. Supp. 2d. 396, 420 (E.D. Va. 2004). Consequently, Appellant's objections to admission of Ms. Chaiken's testimony are waived.

Further, even without the small portion of Ms. Chaiken's testimony for which an objection was sustained, there is substantial evidence in the record to support the conclusion that Appellant advocated for the provision that aimed to interfere with the USPTO disciplinary investigation. This includes Ms. Chaiken's testimony, which the ALJ allowed, about her concerns with the provision, her consultation with the Florida Bar, and the revised language, as stated above. (A.5491; A.7651-54). Finding no error of law or fact with the ALJ's decision to allow Ms. Chaiken's testimony, reconsideration on this basis is denied.

3. <u>There Is No Support for Appellant's Argument That the ALJ's Finding of Neglect Was Legally nor Factually Unsupported</u>.

Appellant further claims that the Final Order was incorrect in finding that Appellant neglected the '519 Application. (Appeal at 13-16). In support of this argument, Appellant claims that the finding was based on a "hindsight test relative to the sufficiency of Appellant's 'monitoring practice,'" which included criticisms for relying on an executive suite where he had no physical presence as a correspondence address and failing to associate his Customer Number with the '519 application. (*Id.*). He argues, as he did during the disciplinary hearing, that no USPTO rule or authority requires such actions. (*Id.*). Further, he identified several "context

factors" that he believes "in practice" determine the frequency and attorney attention to be accorded a given client matter, and he asserts that the ALJ failed to consider these context factors. (Appeal at 15). Finally, he restates arguments made during the disciplinary hearing including that there was adversity created by EPRT when opposing counsel threatened a malpractice suit, that he never actually received the documents related to the '519 Application, and he generally disputes that his practices rose to the level of neglect. (Reply at 5-6). As discussed below, these arguments do not provide a basis for granting Appellant's request for reconsideration.

As already stated, the standard for granting reconsideration is a high one. Reconsideration is not proper where the arguments are nothing more than a statement of a party's disagreement with a final judgment or amount to only relitigation of old matters. *See Hutchinson*, 994 F.2d at 1082; *Arthur*, 500 F.3d at 1343; *Wadley*, 2007 WL 1071960, at *2; *Above the Belt, Inc.*, 99 F.R.D. at 101; *Durkin*, 444 F. Supp. at 889. Appellant's arguments do not satisfy this standard. Rather, his arguments are an attempt to relitigate the issues and objections made during the disciplinary hearing and on appeal. In fact, every single one of his arguments was addressed by the USPTO Director in the Final Order, including his "deliberate abandonment" theory (Final Order at 26-27, 31); his arguments that negligence did not result from his use of an "executive suite" (*Id.* at 29); his claims that he never received documents so he could not have neglected them (*Id.* at 27, 30); his arguments about the adequacy of his case monitoring system, including his lack of tickler system (*Id.* at 27, 35-36); his dispute over whether he called examiner back (*Id.* at 35); his failure to use a customer number (*Id.* at 24, 27, 29, 35); and his argument that EPRT suffered no economic harm (*Id.* at 36-37).[4]

[4] His arguments that the ALJ's reliance on prior disciplinary history was inappropriate (Reply at 8) also fails for this reason.

Lastly, Appellant's reliance on "context factors" to negate the neglect finding does not support a grant of reconsideration here. Appellant cites no authority to support his implication that the Director or the ALJ was required to consider these factors.

In sum, Appellant cites no error of law or fact that warrants reconsideration here. On the issue of neglect, both the ALJ's decision and the USPTO Director's Final Order specifically addressed all of the arguments raised in his request. Appellant cannot relitigate those matters under a veil of reconsideration.

4. Appellant's Argument that His Failure to Comply with the Appellate Filing Requirements Was Improper Is Without Merit.

Lastly, Appellant claims that he was "unfairly constrained" by the filing requirements set forth in 37 C.F.R. § 11.55(b)-(d). (Reply at 8-9). However, this claim was not made in his original Request for Reconsideration but, rather, responds to the OED Director's arguments that he failed to challenge this basis for the Director's Final Order in his Reply brief. Thus, not having affirmatively raised this claim, it is waived. *See Sapuppo v. Allstate Floridian Ins. Co.*, 739 F.3d 678, 680 (11th Cir. 2014 (when an appellant fails to challenge properly on of the grounds on which a decision is based, any challenge is deemed abandoned.)

Additionally, however, Appellant offers no support for his claim that the filing requirements unfairly constrained his ability to pursue his appeal. The filing requirements applied equally to Appellant and the OED Director and, as discussed in the November 2016 Order of the USPTO Director denying Appellant's request for a waiver of the page limit requirements for appeal briefs, there is nothing unique or exceptional about a party finding it cumbersome or difficult to comply with known filing requirements. *See* Order dated November 2, 2016 (citing *Fetrow-Fix v. Harrah Entm't, Inc.*, No. 2:10-cv-0560, 2011 WL 2313650, at *3

(D. Nev. June 9, 2011)). Thus, the parties were expected to comply with the filing requirements set forth in the USPTO regulations.

Despite having been provided multiple opportunities to file a compliant brief, Appellant failed to do so and that failure was an independent basis for rejecting his appeal. (Final Order at 15-17). Appellant's arguments on reconsideration are nothing more than an attempt to excuse those failures and rehash his attempts to circumvent the filing rules. That is an insufficient basis to grant reconsideration.

B. Appellant Has Not Offered Any "New Evidence."

1. Petition to Revive.

Appellant also raises several arguments wherein he alleges the existence of new evidence as support for granting Reconsideration here. First, he claims that information about EPRT's successful Petition to Revive the '519 Application that had gone abandoned due to his own neglect was omitted from the disciplinary record. (Appeal at 10-12). He claims that this evidence mitigates the sanction imposed on him by the ALJ. (*Id.*). With this argument, Appellant alleges that the OED Director had a duty to discover and disclose the "new" evidence to Appellant as "exculpatory" evidence. (Appeal at 12).

Appellant's claim here has no merit. First, as stated above, any evidence submitted now to be properly considered "new" the evidence must not have been available before the issuance of the Final Order. *See Boryan*, 884 F.2d at 771. The Petition to Revive was filed on December 7, 2015 (Request, Ex. 5) and was granted on May 2, 2016 (Request, Ex. 6), before the disciplinary hearing held on May 10-11, 2016 (A.7493; A.7869) and before Appellant's January 2017 appeal brief was submitted. He could have used this information at the hearing or in his appeal briefs in this disciplinary matter but he did not. Rather, he raised it only in a separate

Motion filed on January 13, 2017 wherein he sought to reopen the record and admit evidence of the Petition to Revive. He argued this issue extensively but unsuccessfully. Further, he was informed at that time that he should have raised these arguments earlier in the disciplinary process. As a result, these documents and Appellant's arguments have been raised and considered. Consequently, the Petition to Revive is not new evidence under § 11.56(c).[5]

Finally, it is noted as a matter of law that Appellant offers no legal support for his argument that the OED Director possessed some obligation to disclose either information about the Petition to Revive or any purported exculpatory evidence. He has cited no authority that the Model Rules referenced in his briefing materials have any binding authority here – they do not. Further, as he recognizes at page 2 of his Reply, in *Polidi v. Lee*, No. 15-cv-1030, slip op. at 4-5 (E.D. Va. Nov. 24, 2015), the Eastern District of Virginia has specifically disavowed such a duty.

2. <u>Malpractice Court Documents.</u>

Next, Appellant argues that court documents associated with the state malpractice proceedings constitute newly discovered evidence and mitigate the economic harms suffered by his former client, EPRT. (Appeal at 16-17). These "new" documents appear to include the order of dismissal, evidence that the state court judge struck EPRT's damages expert report, and Appellant's own testimony in the disciplinary hearing that the EPRT product that was the subject of the '519 Application had "evolved." (Appeal at 17-18).

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[5] It is also noted that the USPTO Director, in a January 27, 2017 Order, addressed the substantive effect of EPRT's successful Petition to Revive on the disciplinary matter. (See Order, dated Jan. 27, 2017, p. 3). The Director, in that Order, concluded that EPRT's ability to obtain a patent was not new evidence and does not in and of itself negate or nullify the ALJ's disciplinary findings and conclusions. (*Id.*) "Rather, the proffered new evidence concerns a different period of time when the client was represented by someone else, who managed to then successfully revived (sic) and prosecute the client's abandoned application." (*Id.*)

Appellant is again incorrect that these documents are new evidence for purposes of 37 C.F.R. § 11.56(c). The hearing in this disciplinary matter was held on May 10-11, 2016. (A.7493; A.7869). The documents cited by Appellant were court document in the state malpractice matter and were served upon him, as a party to the matter, in July, 2015 (A.6766-69) and September, 2015 (A.6530), or were known to him before the May, 2016 hearing. Thus, as he cannot show and has not shown that this evidence "could not have been discovered any earlier by due diligence", he is unable to make the requisite showing necessary for granting reconsideration here.

C. CONCLUSION

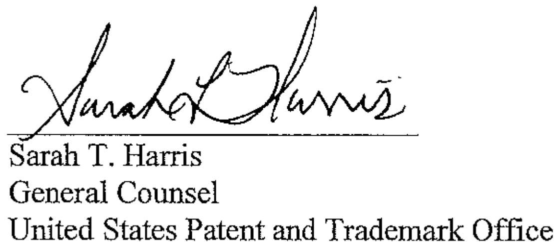
Having considered Appellant's Request for Reconsideration of Director's Final Order Dated August 2, 2017 from the September 15, 2016 Initial Decision of the ALJ, the OED Director's Response and Appellant's Reply brief, it is **ORDERED** Appellant's Request is **DENIED**.

IT IS SO ORDERED.

APPEAL RIGHTS

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 thirty (30) days after the date of the order recording the Director's action." *See* E.D.Va. Local Civil Rule 83.5.

2/9/2018
Date



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