

**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,

Appellant.

Proceeding No. D2015-27

Final Order

Pursuant to 37 C.F.R. § 11.55, John H. Faro (“Appellant”) has appealed the September 15, 2016 Initial Decision and Order (“Initial Decision”) of Administrative Law Judge (“ALJ”) J. Jeremiah Mahoney in this matter to the Director of the United States Patent and Trademark Office (“USPTO” or “Agency”). In that Initial Decision, the ALJ concluded that Appellant violated multiple disciplinary rules of the USPTO Code of Professional Responsibility including 37 C.F.R. §§ 10.23(a) and (b), 10.23(c)(8), 10.77(c), 10.84(a)(1) and (2), and 10.112(c)(4). (A.25-26). After considering these violations and the relevant factors set forth in 37 C.F.R. § 11.54(b), including Appellant’s significant prior disciplinary history, the ALJ ordered Appellant’s suspension from practice before the USPTO for a period of 8-months and until Appellant has passed the MPRE and been reinstated by the OED Director. (A.26-33).

In this appeal, briefs have been submitted by Appellant and the Director of the USPTO Office of Enrollment and Discipline (“OED Director”).

For the reasons set forth below, the USPTO Director affirms the ALJ’s initial decision.

I. FINDINGS OF FACT

1. Appellant has been a patent attorney registered with the USPTO since March 3, 1971. (A.43; A.1355). His USPTO registration number is 25,859. (*Id.*).

2. Appellant was admitted to the Florida State Bar on January 21, 1986. (*Id.*). He is currently an active member of that Bar. His Florida Bar number is 527,459. (*Id.*).

3. Appellant was disciplined by the Florida Bar in 1995 and 2011. (A.7390-98). The former discipline was a 10-day suspension; the latter was a public reprimand. (*Id.*). In 2013, he received reciprocal discipline by the USPTO in connection with the 2011 Florida discipline. (A.1272-83; A.7671; A.7675, A.7678-81).

4. Appellant has operated a private legal practice since 1986. (A.5907; A.7681).

U.S. Patent Application No. 09/656,519 (“the ‘519 Application”)

5. On September 20, 2002, the USPTO issued a final Office Action (“First Final Rejection”) rejecting Claims 2 through 22 of the ‘519 Application, which had been filed by EPRT Technologies, Inc. (“EPRT”) on September 7, 2000. (A.2924-30; A.595-621).

6. At EPRT’s request, and after the ‘519 application had been rejected, Appellant e-mailed EPRT co-inventor and executive Mr. David Estes¹ on November 19, 2002, to provide “constructive criticism” of the ‘519 Application as drafted by prior counsel. (A.6557-58). The e-mail proposed a path forward for ‘519 Application and included Appellant’s estimate of “20 to 25 hours of professional time” to perform the necessary services on the ‘519 application. (*Id.*).

7. Ms. Katherine Blake² replied to Appellant's November 19 e-mail on November 20, 2002, thanking him for his time and careful review of documents, indicating she would “be in touch with” Mr. Estes on how to proceed. (A.6559). Ultimately, Mr. Estes e-mailed Appellant on November 22, 2002, authorizing Appellant to begin work on the ‘519 Application. (A.6560).

¹ Mr. Estes was the former chief electrical engineer for EPRT. (A.7528). He remains a contract employee with EPRT and manages repairs and diagnostics for equipment. (*Id.*)

² Ms. Blake is a co-founder and the president of EPRT. (A.7524-25).

8. Appellant submitted a Power of Attorney and Revocation of Prior Powers on December 12, 2002. (A.2902). That Power of Attorney was signed by Ms. Blake, on behalf of EPRT. (*Id.*). Ms. Blake was the primary contact person for Appellant and possessed authority to direct Appellant to take action on the '519 Application. (A.7532).

9. Appellant did not associate his USPTO Customer Number with the '519 Application. (A.6021).

10. On January 30, 2003, USPTO issued a non-final Office Action that was responsive to a Request for Continued Examination ("RCE"), filed on January 16, 2003. (A.2897-99; A.2872-82). Appellant filed a response to that Office Action on March 14, 2003, which was rejected in another non-final Office Action, issued on June 4, 2003. (A.2848-69; A.2834-46). Both Office Actions rejected Claims 2-4 and 23-25 of the '519 Application. (A.2835; A.2873).

11. On November 12, 2003, Appellant filed an amendment to the '519 Application, which included an affidavit from Dr. Steven Kaye, whom Appellant identified as EPRT's clinical consultant. (A.2803-32). However, after additional pleadings related to the amendment, on January 8, 2004, USPTO issued a Notice of Non-Responsive Amendment ("January 2004 Notice") to Appellant. (A.2786-89).

12. The USPTO patent examiner assigned to the '519 Application, Ms. Frances Oropeza, left a voice message with Appellant on February 6, 2004, informing him that a compliant response to the January 2004 Notice was due no later than February 9, 2004. (A.2768). Ms. Oropeza then called Appellant on February 9, 2004, because she had not received a response to the January 2004 Notice. (*Id.*) After discussing the situation with Ms. Oropeza, Appellant informed her that he could not file a response until the next day and then he hung up the phone. (*Id.*). Appellant did

in fact file a response on February 9, 2004. (A.2768; A.2769-77; A.7708). However, the response was deemed non-compliant. (A.2767-68).

13. On August 12, 2004, USPTO issued a Notice of Abandonment ("First Abandonment") for the '519 Application, citing Appellant's failure to file a compliant response to the January 2004 Notice. (A.2763-65). The First Abandonment stated that Ms. Oropeza had called and left voice messages with Appellant on July 9, July 19, and July 20, 2004. (*Id.*) The third call informed Appellant that the '519 Application would be deemed abandoned if Appellant did not contact Ms. Oropeza by July 23, 2004. (*Id.*) Appellant did not return any of the messages. (*Id.*) Thus, the '519 Application was deemed abandoned. (A.2763-65).

14. Appellant filed a Petition to Revive the '519 Application on October 28, 2004. (A.2760-62). The Petition stated that the Application was unintentionally abandoned because Appellant had not received the January 2004 Notice. (*Id.*) The Petition was granted on January 18, 2005. (A.2748).

15. On April 19, 2005, USPTO issued a final Office Action ("Second Final Rejection") rejecting Claims 3, 4, and 23-25 of the '519 Application. (A.2736-46).

16. On June 20, 2005, Appellant sent Ms. Blake and Mr. Estes an e-mail with the subject "Re: Statis [sic] of Patents". The e-mail stated that "the US examiner has issued an office action (non-final rejection) and I shall set up an interview with her shortly" (emphasis in original). (A.6956).

17. Appellant filed a Notice of Appeal ("First Appeal") on June 30, 2005. (A.2726-27; A.2690-719). Appellant informed Ms. Blake and Mr. Keith Wendell³ that he had appealed the rejection of the '519 Application on July 27, 2005. (A.6957).

³ Mr. Wendell was the CEO of EPRT and an inventor on the '519 Application. (A.3074; A.5561-62).

18. On November 14, 2005, USPTO issued a final Office Action (“Third Final Rejection”) rejecting Claims 23-35 and objecting to Claims 3 and 4.⁴ (A.2678-88; A.6565). Under “Allowable Subject Matter,” the Third Final Rejection stated that “Claims 3 and 4 are objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims.” (A.2688; A.6574). The first substantive page of a USPTO Office Action defines the “Period for Reply” and informed Appellant that, in all capital letters, “a shortened statutory period for reply is set to expire 3 month(s) or thirty (30) days, whichever is longer, from the mailing date of this communication.” (A.2679; A.6565). The same section also stated that the application would become abandoned if a reply was not received within the reply period. (*Id.*).

19. On November 29, 2005, Appellant sent Ms. Blake and Mr. Estes an e-mail with the subject “Allowed subject matter.” (A.6958). The e-mail stated that the Third Final Rejection had allowed Claims 3 and 4, and that Appellant had “included Claim 23 to which each of these allowed claims make reference.” (*Id.*). The e-mail also stated that the appeal was going forward because EPRT was “entitled to broader coverage – specifically coverage as to the configuration of the wrap itself.” (*Id.*). The November 29, 2005 e-mail did not say that Claims 3 and 4 would only be allowable if rewritten, nor did it say that Claims 23-35 had been rejected. (*Id.*; A.7537). The e-mail did not mention that EPRT had three months to file a reply. (A.6055; A.6958; A.7711).

20. There is no indication that anyone at EPRT received a copy of the Third Final Rejection. Appellant never re-wrote claims 3 and 4. (A.7711; A.7809).

⁴ The November 14, 2005 Office Action was noted as responsive to Respondent’s August 25, 2005 Appeal Brief and accompanying Declaration. (A.2679; A.2690-719).

21. On January 14, 2006, Appellant e-mailed Ms. Blake and informed her that USPTO had withdrawn two of the system/method claims but “persisted in rejection of electrode claim.” (A.6961).

22. Appellant appealed the Third Final Rejection (“Second Appeal”) to the Board of Patent Appeals and Interferences (“Board”) on February 2, 2006. (A.2643-44).

23. On May 31, 2006, Appellant sent an e-mail to Ms. Blake, Mr. Estes, and Dr. Cleve Laird, EPRT’s FDA compliance coordinator. (A.4552; A.6962). The e-mail stated that “only Claim 25, directed to the structure of the electrode wrap, remains rejected as unpatentable over the prior art.” (A. 4552; A.6962). He was also “cautiously optimistic” and expressed his view that EPRT had a “better than even chance of prevailing” on Claim 25. (*Id.*).

24. The USPTO patent examiner answered the Second Appeal on August 31, 2006. (A.2575-602). Ms. Oropeza stated that Claims 3 and 4 were rejected because they had not been rewritten in independent form, as USPTO had suggested in the Third Final Rejection. (*Id.*). She also reiterated that Claim 25 had been rejected. (*Id.*).

25. Between 2006 and 2009, Appellant and various EPRT personnel, including Ms. Blake and Mr. Estes, exchanged several e-mails discussing various patent and trademark matters, including the ‘519 Application. (A.6961-76).

26. In January 2008, Appellant moved from his office on 44 West Flagler Street (“44 W. Flagler”) to an office at 28 West Flagler Street (“28 W. Flagler”). (A.3382; A.7698). He properly informed USPTO of his new address. (A.2480; A.7699). However, Appellant had no physical presence at the 28 W. Flagler office. (A.3382; A.6062; A.7698). Rather, that office served primarily as a mailing address, and provided conference room access when needed. (A.3382;

A.7698). Any documents addressed to Appellant at 28 W. Flagler were set aside for him by an on-site receptionist, who would inform him when mail was received. (A.7699).

27. On June 1, 2009, the Board issued its Decision on Appeal ("Board Decision"), in which it affirmed the Third Final Rejection's conclusions as to Claims 3, 4, and 23- 25. (A.2458-77). The Board Decision was mailed to Appellant at the 28 W. Flagler address on June 1, 2009. (A.2477; A.7716). The first page of the Board Decision included a footnote announcing the two-month period to file an appeal or initiate a civil case. (A.2459). The Board Decision's final page stated "no time period for taking any subsequent action in connection with this appeal may be extended." (A.2476).

28. Appellant did not file any further appeal within the two-month window. (A.3104; A.7717). He also did not inform EPRT of Board Decision within the two-month window. (*Id.*). Appellant claims he never received the decision. (A.6079-80).

29. On August 14, 2009, USPTO issued a Notice of Abandonment regarding the '519 Application because all claims had been rejected, the application had not been amended and because no appeal was filed within the two-month window. (A.2456-57; A.3350). The Notice of Abandonment was mailed to Appellant's 28 W. Flagler address on August 17, 2009. (A.2456; A.3349; A.7725). The Notice of Abandonment stated that a message had been left on Appellant's answering machine on August 6, 2009 and there is no credible fact establishing that Appellant returned the call. (A.2457; A.3350; A.7727-28; A.7940).

30. Appellant claims he did not receive the Notice of Abandonment. (A.6080; A.7729). As a result, he did not attempt to revive the '519 Application and did not inform EPRT that it had been abandoned.

31. In 2010 and 2011, Ms. Blake contacted Appellant several times to determine the status of the '519 Application. (A.4661-62; A.6594; A.6981- 95; A.7543-53).

32. In July 30, 2010, in response to several attempts to contact him, Appellant e-mailed Ms. Blake and stated that he had "attempted to determine the status of the patent [applications] and have yet to hear back from my inquiries." (A.3786; A.3847; A.6982).

33. In March 2011, Ms. Blake contacted Appellant by phone to discuss the '519 Application. (A.6840-41). However, Appellant unilaterally ended the call and did not answer the phone when Ms. Blake immediately attempted to call him back. (*Id.*)

34. In 2011, Ms. Blake sent Appellant seven "increasingly urgent e-mails" about the '519 Application. (A.8). The e-mails were sent on April 1, April 4, April 6, April 22, July 15, July 20, and October 5. (A.8; A.6265-67; A.6991; A.6993-95). The subject line of the e-mails were, in order: "phone calls," "Trying to reach you," "Need to reach you," "Have you received my messages," "US Patent status?" "Status of US patents?" and "check has not been cleared." (*Id.*). Each e-mail stated that Ms. Blake had made repeated attempts to reach Appellant by phone or to otherwise get in contact with him. (*Id.*). The October 5, 2011 e-mail asked Appellant if he had moved. (A.8; A.6263). Three of the e-mails noted that Ms. Blake needed to speak with Appellant "asap." (A.8; A.6263; A.6991; A.6995).

35. In Ms. Blake's April 22 e-mail, she stated that she "did not ever receive correspondence stating the patent had been denied as final. It was still under review per our last discussion." (A.8; A.6991).

36. Appellant never replied to Ms. Blake's e-mails, text messages, or phone calls. (A.8; A.7547-50; A.7958).

37. After continued attempts to reach Appellant, EPRT hired the Farahmand Law Firm to pursue possible legal action against Appellant. (A.4664; A.7551-52).

38. On October 21, 2011, attorney Roger Farahmand sent Appellant a letter requesting the status of the '519 Application. (A.4664; A.7162, A.3151). In response, Appellant faxed a copy of the Board Decision to Mr. Farahmand on October 28, 2011. (A.3150; A.4666-67; A.7552). He did not include a copy of the Notice of Abandonment. EPRT was not aware of the June 1, 2009 Board Decision or abandonment at any time prior to October 28, 2011. (A.4666-67; A.7553).

39. Appellant had never been instructed by Ms. Blake to abandon, or to take no further action regarding, the '519 Application. (A.7553-54). The first time Ms. Blake learned about the abandonment was after receiving Appellant's fax in response to Mr. Farahmand's letter. (A.7553).

40. On October 31, 2011, Mr. Farahmand sent Appellant a letter requesting a complete copy of the '519 Application file. (A.6273; A.7553). However, Appellant did not send the file to Mr. Farahmand or anyone at EPRT. (A.7556). EPRT finally obtained the file via submitting a subpoena duces tecum to Appellant's ex-wife. (A.7631-33).

41. Appellant did not file a notice of withdrawal as attorney of record in the '519 Application and did not revoke the Power of Attorney filed in 2003. (A.5980; A.7735). However, notwithstanding that, Appellant viewed his power of attorney with EPRT as nullified by operation of law as a result of the "adverse relationship" he believed existed at the time Mr. Farahmand was retained. (A.5973-74; A.5977-78; A.5990; A.7736; A.7738; A.7745). Finally, on February 14, 2013, EPRT revoked Appellant's Power of Attorney in favor of Mr. Robert Babayi, a newly retained patent attorney. (A.1948; A.2454). The Power of Attorney was signed by Ms. Blake. (A.2454).

42. Between November 22, 2002 and February 13, 2013, EPRT paid Appellant a sum of between \$35,000 and \$45,000 to prosecute the '519 Application. (A.9; A.7567).

Appellant's Docketing System

43. Prior to 2011, Appellant used a "manual docketing system" that consisted of a tickler file, a desk calendar, and a day book. (A.9; A.5935-36; A.7687; A.7690). Appellant placed any document with an outstanding due date in the tickler file, and noted the date and the necessary action in the calendar and day book. (A.9; A.5935; A.7688). Appellant's then-wife was primarily in charge of maintaining the tickler file. (A.5938; A.7689).

44. Appellant assessed the status of the cases in his docket twice a year; during the winter holiday season and before going on summer vacation. (A.9; A.5948; A.7692). Additionally, if Appellant was going to meet with a client, he would check their file beforehand to ensure all deadlines were up to date. (A.9; A.7692). He followed the same procedure if a client contacted him requesting an update, even if a meeting was not upcoming. (A.9; A.5948; A.7692-93).

EPRT's Malpractice Lawsuit Against Appellant

45. On December 5, 2012, EPRT and Thrisoint PTY, Ltd., ("Thrisoint"), EPRT's assignee of the '519 Application, sued Appellant in U.S. District Court for the Northern District of Texas for legal malpractice, breach of fiduciary duty, fraud, and breach of contract. (A.10; A.2453; A.3506; A.7188-89). The Texas case was ultimately dismissed on jurisdictional grounds. (A.10; A.7627).

46. Subsequently, on October 25, 2013, EPRT and Thrisoint filed a substantially identical lawsuit against Appellant in the U.S. District Court for the Southern District of Florida. (A.10; A.3630; A.7178-79). Though EPRT was dismissed from the Florida case due to lack of standing, the case was permitted to continue with Thrisoint as the sole plaintiff. (A.10).

47. On September 1, 2015, the case was settled and dismissed with prejudice. (A.10; A.1368-69; A.1379-83). The court retained jurisdiction for 60 days to enforce the terms of the settlement agreement. (A.10; A.1379-83). In the settlement agreement, Appellant agreed to pay EPRT \$7,040 and to submit a letter stating that he had intentionally abandoned the '519 Application. (A.5490-93, A.7644-47). An admission of intentional abandonment by Appellant would allow EPRT to revive the Application. (A.10; A.7560).

48. The settlement agreement also prohibited any EPRT representative, including Ms. Blake, from voluntarily participating in the then-pending disciplinary proceedings against Appellant by the Florida Bar and the USPTO. (A.10; A.5490-93, A.7644-47). The agreement did note that participation could be compelled via subpoena. (A.10)

49. As of the time the hearing was conducted, Appellant had not complied with the terms of the agreement, and the agreement was the subject of ongoing state court proceedings. (A.7659-60). To date, EPRT has spent approximately \$170,000 litigating Appellant's handling of the '519 Application. (A.10; A.7567-68).

II. OED DISCIPLINARY PROCEEDING

The OED Director filed a Complaint and Notice of Proceedings under 35 U.S.C. § 32 ("Complaint") with the ALJ on May 11, 2015, alleging that Appellant committed multiple violations of the USPTO Code of Professional Responsibility during his representation of EPRT. (A.42-54). Specifically, the OED Director alleged various acts and omissions committed by Appellant during his prosecution of the '519 Application including, but not limited to, failing to notify his client of the receipt of office correspondence, failing to adequately monitor the status of the matter, neglecting the file, and failing to return client property following the termination of the representation. (*Id.*). Based on those alleged violations, the OED Director requested that

Appellant be suspended from practice before the USPTO in patent, trademark, and other non-patent matters. (A.52).

A hearing in this matter was held May 10-11, 2016, in Miami, Florida. Testimony was taken from EPRT President and CEO Katherine Blake (A.7522-622), attorney Meredith Chaiken (A.7622-A.68), and Appellant (A.7668-8002). The parties filed their respective Post-Hearing Briefs and an Initial Decision and Order was issued by the ALJ.

III. INITIAL DECISION BY ADMINISTRATIVE LAW JUDGE

On September 15, 2016, the ALJ issued the Initial Decision in this matter. (A.1-A.34). In that Initial Decision, the ALJ determined that the OED Director clearly and convincingly established that Appellant violated 6 of USPTO's disciplinary rules. (A.25-26). Specifically, the ALJ concluded that Appellant violated 37 C.F.R. § 10.23(a) and (b) via 10.23(c)(8) by failing to timely inform Ms. Blake or anyone at EPRT of the Third Rejection Letter in 2005, the June 2009 Board Decision, and the August 2009 Notice of Abandonment. (A.25). The ALJ rejected Appellant's excuse of not having received the Board Decision and Notice of Abandonment on the basis that his non-receipt of the documents was an error of his own making and does not absolve him of his responsibilities to his client. (*Id.*).

Next, the ALJ concluded that, with regard to Count 1 of the disciplinary complaint, Appellant violated 37 C.F.R. §§ 10.77(c), 10.84(a)(1) and (2), by neglecting the '519 Application from May 2006 until October 2011. (A.25). The ALJ cited Appellant's failure to properly monitor the progress of the Second Appeal, and so he was unaware of the Board Decision or the Notice of Abandonment until it was too late to prevent the abandonment; his failure to contact the examiner in 2009 despite knowing she had attempted to communicate with him by phone prior to the abandonment; his failure to take steps to confirm the status of the '519 Application in

2010 and 2011 despite Ms. Blake's frequent requests for update; his failure to properly monitor the appeal rendered it impossible for him to accomplish the task for which he had been hired; and his deliberate abandonment of his EPRT representation after his exchange with Mr. Farahmand. (*Id.*).

With regard to Count 2 of the complaint, 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.23-26). EPRT was entitled to receive the file because no retaining lien existed at the time the request was made. (A.26). The ALJ noted that Appellant's failure to maintain possession of the file was an error of his own making and does not absolve him of his responsibility to return the file. (*Id.*).

After making these findings, and considering the factors under 37 C.F.R. § 11.54(b), including his prior disciplinary history, the ALJ concluded that an eight (8) month suspension, with reinstatement conditioned upon successful passage of the MPRE, was the appropriate sanction. (A.26-33).

IV. DECISION

Appellant has been a registered patent attorney since March 3, 1971. (A.43; A.1355). His USPTO registration number is 25,859. (*Id.*). As such, he is subject to the disciplinary authority 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 the USPTO Code of Professional Responsibility, 37 C.F.R. § 10.20 *et seq.*⁵

⁵ 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 prior to May 3, 2013, the Code of Professional Responsibility applies.

USPTO regulations permit a party to appeal an ALJ's initial decision to the USPTO Director within thirty (30) days 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 and may affirm, 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. §§ 11.55(f), 11.56(a).

Here, Appellant appeals from the September 15, 2016 Initial Decision of the ALJ entering judgment in favor of the Agency and suspending Appellant from the practice of patent, trademark, and other non-patent matters before the Office for eight (8) months. In his appeal, Appellant challenges several of the ALJ's Findings of Fact. (Appeal at 1-5). He also makes a variety of initial challenges to the ALJ's Decision, including disputing OED's subject-matter jurisdiction to initiate and prosecute the disciplinary action, raising a statute of limitations defense, and challenging the ALJ's rulings on various motions such as the exclusion of "sworn, non-opinion deposition testimony." (Appeal, at 5-6, 7, 19, 23). Finally, he challenges the substantive findings of misconduct based on neglect, failing to inform EPRT about USPTO correspondence, failing to seek EPRT's lawful objectives, and failing to return EPRT's client file. (Appeal at 22-27). Lastly, Appellant challenges the sanction on the basis of lack of intent, his argument that EPRT suffered no harm as a direct result of his representation, and due to remoteness of prior discipline. (Appeal at 7-8, 27-30).

The Director, having considered Appellant's appeal brief, the OED Director's response brief, Appellant's reply brief, as well as the record of the proceedings before the ALJ, finds that there

is ample factual and legal support for the ALJ's Initial Decision. Consequently, the Initial Decision of the ALJ is **AFFIRMED**.

A. **Initial Appeal Issues**

1. **Appellant's Appeal Amended Brief and Reply Fail to Comply with the USPTO Filing Rules.**

The regulations at 37 C.F.R. §11.55 set forth the mandatory filing requirements for appeal filings submitted to the Director. These requirements include directing all appeal briefs to comply with the substantive requirements found in FRAP Rules 28(a)(2), (3), and (5) through (10) and 32(a)(4) through (6). *See* 37 C.F.R. §11.55(c) and (d). These rules require that appeal briefs, among other things, contain "appellant's contentions and the reasons for them, with citations to the authorities and parts of the record on which the appellant relies," and for each issue, "a concise statement of the applicable standard of review." FRAP 28(a)(8)(A)-(B). Appellant's Appeal Brief filed on January 3, 2017 was his second attempt to file an appeal brief that complied with the USPTO's requirements under 37 C.F.R. § 11.55.

Appellant filed his initial brief in support of the appeal on November 7, 2016. Thereafter, on November 14, 2016, the OED Director filed an "OED Director's Emergency Motion For The USPTO Director To Refuse The Entry Of Appellant's Non-Conforming Brief." ("Motion to Strike). In the Motion To Strike, the OED Director argued that Appellant's brief "failed to comply with the formal and substantive requirements for pleadings submitted to the USPTO Director" and went on to allege several substantive failings in Appellant's appeal brief. (Motion to Strike at 3-5). These failings included having no statement of law, no statement of the case, no summary of the argument, no statement of facts, and circumvention of the page limit via the "incorporation" of facts into the brief without further specification. (*Id.* at 6). Although Appellant opposed the Motion to Strike, the OED Director's Motion was granted on December

2, 2016. In granting the Motion To Strike, the USPTO Director found that the Appellant's appeal brief did not comply with the Agency's substantive filing requirements, which require separate sections containing a concise statement of the disputed facts and points of law, a statement of the issues presented for review, a concise statement of the case, and a summary of the argument. *See* Order, dated Dec. 2, 2016. All of these items were deemed missing from the appeal brief. (*Id.*). Further, Appellant's incorporation of facts into the argument section, rather than specifically identifying them in the appeal brief, as deemed "unreasonably burdensome" and "hindering a considered review of Appellant's appeal." (*Id.*). Appellant was permitted to resubmit an appeal brief that conformed to USPTO's filing requirements. (*Id.*).

Appellant then filed a timely "Revised Substitute" appeal brief ("Amended Appeal Brief") on January 3, 2017. Despite being on notice of the filing requirements, however, Appellant's Amended Appeal Brief contains the same substantive flaws that were present in his initial appeal filing. The Amended Appeal Brief consists of various arguments, some masked as facts or statements of the case, all of which contain very little substantive discussion or legal analysis. Some of the arguments consist of only a few sentences or a short paragraphs as support for the point being argued. Lastly, there are few proper citations to the record, with some sections having no citations to the record at all, as well as no discussion of applicable authorities.

The bulk of Appellant's arguments are fairly characterized as conclusory statements of his belief and general denials. These flaws are significant, substantive, and make any meaningful review of his appeal difficult. These flaws are especially problematic given his prior notice of the filing requirements, the fact that these types of flaws were identified as bases on which to strike his prior filing, and the fact that he was advised of the need to comply with the filing requirements in this Amended Appeal Brief. *See* Order, dated December 2, 2016. Thus, it is

concluded that Appellant's failure to file an Amended Appeal Brief that complies with the USPTO's substantive filing requirements provides an independent basis for rejecting all of Appellant's arguments and, thus, his appeal.⁶

2. **The USPTO Has Disciplinary Jurisdiction Over the Appellant.**

Appellant first argues that the OED lacked subject-matter jurisdiction to both initiate and prosecute a disciplinary proceeding against Appellant. (Amended Appeal Brief, at 5-6; Reply, at 3, 6-7). This position is without merit and contrary to law, USPTO's regulations, and long-standing USPTO precedent.⁷

Congress vested the USPTO with plenary, statutory authority to promulgate regulations "govern[ing] the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office." 35 U.S.C. § 2(b)(2)(D). *See Kroll v. Finnerty*, 242 F.3d 1359, 1364 (Fed. Cir. 2001) (stating that the USPTO has the "exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it."); *Haley v. Lee*, No. 1:15-cv-102, 2015 WL 5277880 at *8 (E.D.Va., Sept. 8, 2015) (noting that "Congress gave the USPTO wide latitude to govern the conduct of the members of its bar.") The Director of the USPTO may suspend or exclude a person from practice before the USPTO if the person is "shown to be incompetent or disreputable, or guilty of gross misconduct," or if the person violates regulations established by the Office. 35 U.S.C. § 32. Accordingly, the USPTO Director has authority to regulate practice before the Office in both patent and trademark matters, including the unauthorized practice of

⁶ Appellant's Reply Brief also suffers from the same flaws noted in this Order.

⁷ Although the OED Director argues that Appellant's jurisdictional arguments were not timely made, that question is not addressed here due to the fact that the substantive challenge is without any support whatsoever.

law before the Office. (*Id.*). See also *Haley*, 2015 WL 5277880 at * 9 (“Congress also *explicitly* gives the USPTO the power to promulgate regulations related to the conduct of its members.”)

Pursuant to its authority to regulate the conduct of practitioners, the USPTO enacted its former Code of Professional Responsibility, 37 C.F.R. §§ 10.20 *et seq.*, and the current Rules of Professional Conduct, 37 C.F.R. § 11.101 through 11.901, both of which include a number of mandatory “Disciplinary Rules” setting forth the minimum level of conduct below which no registered patent practitioner can fall without being subjected to disciplinary action. If a registered patent practitioner fails to comply with his or her professional obligations, the USPTO has the authority to suspend or exclude the practitioner from further practice before the Office. See 35 U.S.C. § 32; 37 C.F.R. § 11.19. Appellant has been registered as a patent attorney before the USPTO since March 3, 1971. (A.43, A.1355). His USPTO registration number is 25,859. (*Id.*). Consequently, he is bound Appellant to comply with USPTO’s disciplinary rules and is subject to the disciplinary jurisdiction of the office. 37 C.F.R. § 11.19(a).

As the OED possessed jurisdiction over Appellant, the proceedings before the Committee on Discipline were also proper. Appellant attempts to attack the proceeding at that stage, arguing that the OED Director improperly submitted his disciplinary matter to the Committee on Discipline when he did not consider the settlement of the underlying EPRT malpractice matter. (Amended Appeal Brief at 17). However, he cites no authority whatsoever in support of this argument. That is for good reason as 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. Further, as the OED Director points out, the malpractice agreement involving

Appellant was dismissed after the Complaint was filed on May 11, 2015.⁸ (Appellee Brief at 13-14).

As the USPTO unequivocally possesses disciplinary jurisdiction over the Appellant, and there were no deficiencies associated with the OED Director's submission of the disciplinary matter to the Committee on Discipline, Appellant's arguments here are without merit and provide no basis for nullifying or overturning the ALJ's Initial Decision.

3. The Disciplinary Complaint Was Timely.

Appellant's next preliminary argument is that the allegations of misconduct in the disciplinary complaint are time barred. (Amended Appeal Brief at 6, 19). He argues that "[a]s of November 29, 2005, EPRT was 'reasonably informed', in simple and readily comprehensible layman's terms, as to the status of the claims under examination and how the Examiner had proposed to amend them." (*Id.* at 19). In response, the OED Director claims that all of the misconduct alleged in the complaint occurred within the new statute of limitations period established on September 16, 2011, except for one instance of misconduct that was governed by a prior 5-year statute of limitations period, and were timely filed. But, even for that one instance governed by the prior limitation period, the OED Director argues that the continuing violations theory renders the complaint on that issue timely. These arguments, and the ALJ's findings, are discussed further below.

Prior to September 16, 2011, the statute of limitations for attorney discipline matters was governed by 28 U.S.C. § 2462, which provided a 5-year statute of limitations that ran from the date when the claim first accrued. However, on September 16, 2011, the Leahy-Smith America Invents Act ("AIA") replaced 28 U.S.C. § 2462 with an amended version of 35 U.S.C. § 32. The

⁸ Submission to the Committee is a prerequisite to filing the complaint. The malpractice dismissal occurred *after* the matter had been submitted to the Committee.

new statute of limitations period applies to any case that had not already lapsed by the time the AIA was enacted. Section 32, as amended, provided for a new two-stage limitation period, as follows:

A proceeding under this section shall be commenced not later than the earlier of either the date that is 10 years after the date on which the misconduct forming the basis for the proceeding occurred, or 1 year after the date on which the misconduct forming the basis for the proceeding is made known to an officer or employee of the Office.

The only misconduct the Appellant claims is time barred⁹ concerns the allegation that he violated 37 C.F.R. § 10.23(c)(8) due, in part, to his alleged failure to notify EPRT about the Third Final Rejection that he received in November, 2005. (Amended Appeal Brief at 19). In his Initial Decision, the ALJ concluded that the “continuing violations” theory applied as the nature of the rule violation was not a “point in time” violation. (A.13). Rather, “[t]he duty to inform one’s client of potentially adverse information remains active until the practitioner informs the client of the correspondence or ceases representation of that client.” (*Id.*) The ALJ then concluded that, despite his continuing duty to keep his client informed of that correspondence, Appellant did not inform EPRT of the Third Final Rejection until January 14, 2006, at which point the statutory clock began to run under the statute of limitations. (*Id.*) Appellant does not challenge the ALJ’s application of the continuing violations theory¹⁰ and this order finds that the ALJ was correct in applying that doctrine here.

⁹ The ALJ correctly noted that the new statute of limitation period applies to any case under 35 U.S.C. § 32 that had not already lapsed by the time of the AIA’s enactment. (A.12). Thus, any misconduct that occurred prior to September 16, 2006 – five years before the AIA took effect – falls under 28 U.S.C. § 2462 and is thus no longer actionable. (*Id.*). It is uncontested that all of the misconduct alleged in the disciplinary complaint, save one, occurred between 2007 and 2011.

¹⁰ Appellant merely notes that the continuing violations doctrine was applied. (Amended Appeal Brief at 6). Instead of futile challenge to that doctrine, Appellant doubles down on his view that “[i]t is of no consequence as to how, and which statute of limitations applies to the facts of this case.” (*Id.* at 19). In his mistaken view, he “reasonably informed” EPRT of the Third Rejection and that is the end of the matter. (*Id.*)

With regard to whether and how sufficiently the Appellant informed EPRT of the Third Final Rejection, however, the statute of limitations did not begin to run on January 14, 2006, as the ALJ found. Rather, the violation continued to exist up to the point where Appellant unilaterally severed his representation with EPRT in October, 2016. *Supra.* p. 9. At that point, having severed his relationship, his obligations arguably ended and the statute of limitations began to run on October 28, 2016. Prior to that point, and indeed as the ALJ's decision notes, Appellant had only "partially revealed" the substance of the Third Rejection. (A.14). Appellant continued to fail, in significant ways, to fulfill his duty under § 10.23(c)(8) after January 14, 2006. (A.13). These failings are discussed in detail by the ALJ in the Initial Decision:

"[Appellant] failed to actually provide the Third Final Rejection to EPRT and did not fully or accurately explain the document and its ramifications. As a result, EPRT was left with the erroneous impression that the '519 Application rested on firmer ground than it actually did. EPRT was never aware that Claims 3 and 4 needed to be rewritten to survive and thus never had the opportunity to instruct Respondent to do so. Respondent therefore prevented EPRT from making an informed decision about a preferred course of action. Section 10.23(c)(8) does not require a practitioner to simply 'notify' a client about important correspondence, it requires him or her to 'inform' the client about that correspondence."

(A.19; footnote omitted.)

Appellant's continued failure to properly inform his client about the Third Final Rejection remained up until October 28, 2011, when Appellant claims his representation of EPRT ended. *Supra* p. 9. At that point, the AIA had been enacted and the new, 2-stage statute of limitations applied to Appellant's misconduct. 35 U.S.C. § 32. Under that standard, the applicable limitations period is 10-years from October, 2016 or 1-year from when the OED Director was informed of the alleged misconduct, which in this case was on May 12, 2014 when Ms. Blake filed a grievance against Appellant with OED, (A.3102-06), whichever is earlier. Here, the

Complaint was filed on May 11, 2015, (A.42-54), in clear compliance with the new, 2-stage statute of limitations under § 32 and thus was timely filed.

4. The ALJ's Findings of Fact Are Supported by the Record.

Appellant challenges several of the specific findings of fact ("FOF") in the ALJ's Initial Decision and Order. These are discussed further below.

a. Findings of Fact 1-3, 9.

Appellant has not cited to any support in the administrative record, as required by 37 C.F.R. § 11.55, for the proposed changes to these FOF. As such, changes to the ALJ's FOF 1-3 and 9, which Appellant does not challenge as incorrect, are not warranted.

b. Findings of Fact 13 and 21.

FOF 13 accurately characterizes the November 19, 2002, e-mail to EPRT. Appellant does not challenge that characterization but seeks to provide additional information, which is not necessary or relevant. Thus, FOF 13 is adopted as stated in the ALJ's Initial Decision.

Though Appellant refers to FOF 21 in his brief, he proposes no changes to this FOF in the substantive discussion of his Amended Appeal Brief. As such, FOF 21 is adopted as stated in the ALJ's Initial Order and Decision.

c. Finding of Fact 15.

Appellant has not cited to any support in the administrative record, as required by 37 C.F.R. § 11.55, for the proposed changes to this FOF. As such, changes to the ALJ's FOF 15 are not warranted.

d. Findings of Fact 41, 45, 47 and 52.

Appellant has not cited to any support in the administrative record, as required by 37 C.F.R. § 11.55, for the proposed changes to these FOFs. As such, changes to the ALJ's FOF 41, 45, 47, and 52 are not warranted.

e. Finding of Fact 53.

FOF 53 is supported by the administrative record. Appellant's Power of Attorney was signed by Ms. Blake, on behalf of EPRT Technologies, Inc. (A.2902). Ms. Blake was the primary contact person for Appellant and possessed authority to direct Appellant to take action on the '519 Application. (A.7532). Appellant's attempts to cast doubt on the nature of his interaction with, or the authority of, Ms. Blake regarding his representation of EPRT is without any support. Consequently, changes to this FOF are not warranted.

f. Finding of Fact 56.

Appellant has not cited to any support in the administrative record, as required by 37 C.F.R. § 11.55, for the proposed changes to this FOF. As such, changes to the ALJ's FOF 56 are not warranted.

g. Findings of Fact 59-65.

Appellant has not cited to any support in the administrative record, as required by 37 C.F.R. § 11.55, for the proposed changes to these FOFs. Further, the ALJ specifically considered Appellant's testimony that he didn't receive the June 1, 2009 Board decision or a call from examiner Oropeza and rejected Appellant's position. His reasons for the proposed changes are nothing more than unsupported, conclusory statements. Consequently, the proposed changes to the ALJ's FOFs 59-65 are not warranted.

h. Findings of Fact 66-68.

Appellant has not cited to any support in the administrative record, as required by 37 C.F.R. § 11.55, for the proposed changes to this FOF. And, further, he doesn't dispute the FOF as written. Thus, the proposed change to FOFs 68-69 are not warranted.

i. Finding of Fact 69.

The ALJ plainly rejected Appellant's arguments that he adequately monitored his docket including, but not limited to, the fact that he did not associate his Customer Number with the '519 Application, preventing him from using USPTO's Patent Application Information Retrieval ("PAIR") system to check the status of the Application online. And, Appellant does not dispute that he did not use PAIR. Thus, no change to this FOF is warranted.

j. Findings of Fact 70-76.

Appellant has not cited to any support in the administrative record, as required by 37 C.F.R. § 11.55, for the proposed changes to these FOFs. Further, the ALJ's findings are amply supported by the record. *See Supra*, Facts 33-36. No changes to these FOFs are warranted.

k. Finding of Fact 79.

Appellant has not cited to any support in the administrative record, as required by 37 C.F.R. § 11.55, for the proposed change to this FOF. No change to this FOF is warranted.

B. Appellant's Actions Constitute Misconduct in Violation of the USPTO's Disciplinary Rules.

Turning to the substance of the discipline, the ALJ concluded that the Appellant engaged in misconduct in connection with his handling of the '519 Application and his representation of EPRT and that misconduct violated six of USPTO's disciplinary rules. Each of these findings, as discussed further below, are amply supported by the record.

1. Appellant Neglected the '519 Application.

First, the ALJ provided a thoughtful and supported analysis for his findings that Appellant violated 37 C.F.R. § 10.77(c), which prohibits a practitioner from neglecting a legal matter entrusted to the practitioner. The ALJ noted that “neglect” is defined as “the omission of proper attention to a person or thing, whether inadvertent, negligent, or willful.” (A.14) (quoting Black’s Law Dictionary 1061 (8th ed. 2004)). Neglect occurs when a practitioner ignores or otherwise disregards his obligations to his client. (*Id.*) Neglect does not occur instantaneously and generally requires a pattern or course of conduct clearly illustrating the practitioner’s disinterest in performing his duties. (*Id.*) (citing *In re Levin*, 395 N.E.2d 1374, 1375 (Ill. 1979) (inaction, delay, and lack of effort expended on behalf of a client constitutes neglect)). A time element is therefore a central aspect of the violation and, as a result, a single forgetful moment or honest mistake normally will not violate 37 C.F.R. § 10.77(c). (A.14). The ALJ correctly concluded that OED Director has provided clear and convincing evidence that Appellant failed to monitor the progress of the ‘519 Application in 2009, ignored the patent examiner’s phone call in 2009, ignored his client Ms. Blake’s e-mails and phone calls in 2010 and 2011, and failed to safeguard his lines of communication with USPTO at any time. (A.18). While any one of the alleged missteps here, on their own, perhaps would not constitute neglect, Appellant’s actions and omissions over the course of months and years here rises to the level of neglect of EPRT and the ‘519 Application. (*Id.*).

Appellant’s neglect began when the examiner assigned to the ‘519 Application, Ms. Oropeza, left a voice message for Appellant on August 6, 2009, before the application was abandoned. (A.2457; A.3350; A.7727-28; A.7940). There is no fact in the record or identified by Appellant that shows Appellant ever attempted to find out the reason for Ms. Oropeza’s call. This is so

despite the fact that the call “should have alerted him that there was movement on the application.” (A.15). However, despite the call and many attempted communications by Ms. Blake, the record reflects that Appellant did nothing in support of the ‘519 Application for 2 years. Had Appellant been monitoring his docket in accordance with the procedures he testified to during the hearing, he would have found out about the abandonment. However, it was only once Appellant was contacted by Mr. Farahmand that Appellant took any steps to verify the status of the ‘519 Application. (A.3150; A.4666-67; A.7552).

In addition, Appellant ignored Ms. Blake’s attempts to contact him for over a year. (A.16; A.4661-62; A.6265-67; A.6594; A.6840-41; A.6991; A.6981-95; A.7543). He has no explanation as to why he didn’t return her numerous calls and e-mails. Appellant’s attempts to make an after-the-fact explanation that he was not authorized to speak with Ms. Blake, however this argument is without merit. Ms. Blake is a corporate representative, she signed the power of attorney, and, importantly, Appellant had been communicating with her throughout the processing of the ‘519 Application. (A.15-17; A.2902; A.6559; A.7524-25; A.7532).

The bulk of Appellant’s appeal of the ALJ’s findings and conclusions is fairly characterized as mere disagreement. His Amended Appeal Brief includes few citations to the record and puts forth no discussion of applicable authority or analysis of the ALJ’s conclusions. (Appeal at 22-23). The few specific defenses raised in the Amended Appeal Brief are all without merit. First, he claims a “deliberate abandonment theory.” (Appeal, at 11). Specifically, he argues that Mr. Estes told him not to incur additional costs for the ‘519 Application and he claims that EPRT made status inquiries directly to the Board. (*Id.*). However, this is contrary to the evidence of record, which shows that EPRT repeatedly looked to Appellant for updates about the ‘519 Application and that it was Appellant’s information on file with the USPTO. (A.2902-05). His

claim that he was told not to incur additional costs with regard to the '519 Application finds absolutely no support in the record.

Appellant's claim that he did not receive the Board Decision and Notice of Abandonment, even if true, does not negate his misconduct. Those documents were mailed to his address of record. Any issues of receipt, including non-receipt of correspondence, were the result of his own choice to utilize an executive suite of offices, to not associate the '519 Application with his customer number, and not monitor his docket. (A.17-18; A.2456; A.2472; A.3349; A.6021; A.7716; A.7725).

In sum, the ALJ's conclusion that Appellant engaged in misconduct that violated § 10.77(c) is well-supported and will not be disturbed.

2. Appellant Failed to Inform EPRT of USPTO Correspondence

A practitioner is required to inform a client when the practitioner receives correspondence from USPTO if the correspondence could have a significant impact on a pending matter and a reasonable practitioner would believe the client should be notified. 37 C.F.R. §10.23(c)(8). The ALJ found that Appellant engaged in misconduct that violated this provision in three instances: when he failed to notify EPRT of the Third Final Rejection, when he failed to inform EPRT of the Board Decision, and when he failed to inform EPRT of the Notice of Abandonment. (A.20). Each of these instances is discussed further below.

a. Third Final Rejection.

After a review of the record and the arguments proffered by the parties, it is concluded that Appellant failed to sufficiently inform EPRT about the Third Final Rejection. Although he did inform them that he had received the Third Final Rejection, he did not attach a copy of that document. (A.7711; A.7809). Further, in his communication to EPRT about the Third Final

Rejection, Appellant also did not explicitly inform EPRT that claims 23-25 were rejected. (A.6955; A.7537). He also erroneously informed EPRT that Claims 3 and 4 had been “allowed” when in fact they had been objected to but “would be allowable if rewritten in independent form.” (A.6574; A.6958). Having declined to inform EPRT that these claims could be rewritten, Appellant also did not mention that he did not intend to rewrite them. (*Id.*). Appellant’s e-mail to EPRT also never described the USPTO decision as a “final action” and did not mention the three-month deadline to file a response. (A.6055; A.6958; A.7711). To the contrary, the e-mail implied that no additional steps were necessary because the appeal “is still going forward.” (A.6958)

The ALJ noted that the narrow wording of 37 C.F.R. § 10.23(c)(8) prohibits a practitioner from failing to inform a client of important correspondence. (A.19). Further, §10.23(c)(8) does not require a practitioner to simply “notify” a client about important correspondence, it requires him or her to “inform” the client about that correspondence. (A.19). While the November 29, 2009, e-mail did notify EPRT personnel of the existence of the Third Final Rejection shortly after its issuance, Appellant failed in that e-mail to actually provide the Third Final Rejection to EPRT and fully explain the action to EPRT. It was not enough for Appellant to simply convey that the Third Final Rejection was received. EPRT was never made aware that Claims 3 and 4 needed to be rewritten to survive and thus never had the opportunity to instruct Appellant to do so. Appellant therefore prevented EPRT from making an informed decision about a preferred course of action.

Appellant does not dispute what was conveyed in his e-mail. However, he maintains that the information he conveyed to EPRT “reasonably informed” them as to status of claims under final rejection and how Examiner proposed to amend them. (Appeal at 25). Further, he attempts to

shift the blame to the client by stating that EPRT never asked questions. (Appeal at 26). These arguments are unpersuasive and do not find any support in the facts of the record or in any legal authority. His arguments here, once again, are fairly characterized as mere disagreement with the ALJ's findings. As stated, Appellant had a duty to inform EPRT about all aspects of the Third Final Rejection and not just selectively provide them with only portions of that correspondence. Having failed to do so, he engaged in misconduct that violated § 10.23(c)(8).

b. The Board Decision.

It is uncontroverted that Appellant did not provide the June 1, 2009 Board Decision until 2 years after it had been issued. The ALJ correctly noted that this decision was a particularly vital communication due to the deadline to appeal not being extendable, thus denying EPRT of that opportunity. (A.19-20; A.2467)

Appellant relies on two arguments to negate his misconduct with regard to communicating the Board Decision to EPRT. First, he claims that he did not receive the Board Decision at his address of record, which was an executive suite. (Appeal, at 12). As the ALJ properly noted, this is an insufficient defense. The Board Decision was mailed to his address of record. (A.2477; A.7716). Any issues associated with ability to receive mail at the address he provided to the USPTO were his own and were as a result of his decisions, including the decision to utilize an executive suite of offices, to not associate the '519 Application with his customer number, and to not more closely monitor his docket. (A.17-18).

Appellant also claims the Board Decision was "not reversible" and "no amount of monitoring can alter that fact." (Appeal at 24). It is unclear what Appellant means by this statement, though it is presumed that he is arguing EPRT was not harmed in receiving the Board Decision, but no citations are provided to support this argument. However, Appellant's argument is belied by the

fact that the first page of the Board Decision included a footnote announcing the two-month period to file an appeal or initiate a civil case. (A.2459). Thus, EPRT was harmed by their lost opportunity to file an appeal of the Board Decision.

To conclude, the ALJ's conclusions that Appellant engaged in misconduct that violated 37 C.F.R. § 10.23(c)(8) by failing to inform EPRT of the Board Decision is supported by the record and warranted.

c. Notice of Abandonment.

As with the Board Decision, there is no dispute that the Notice of Abandonment was never provided to Appellant. Rather, Appellant again relies on the claim that he never received the document. (Appeal at 12; A.6080; A.7729). However, for the reasons stated above, this position is rejected. The Notice of Abandonment was mailed to Appellant's address of record. (A.2456; A.3349; A.7725).

3. Appellant Failed to Seek EPRT's Lawful Objectives.

Pursuant to 37 C.F.R. § 10.84(a)(1) and (2), practitioners are prohibited from failing to seek the lawful objectives of a client and from failing to carry out a contract of employment entered into with a client for professional services. These provisions do not require a practitioner's conduct to be intentional. Rather, §10.84(a) emphasizes the consequences of the conduct, not the intent behind it. (A.21). Neglectful conduct that derails a client's objectives is thus sanctionable under §10.84(a). (*Id.*) Under this standard, the ALJ concluded Appellant negligently failed to monitor the '519 Application and failed to ensure he received communications from USPTO, making it impossible for him to meet EPRT's legal objectives. (*Id.*). There is no basis argued by Appellant, or supported by the record, to disturb these conclusions.

Appellant's initial e-mail exchange with EPRT makes clear that Appellant was hired to attempt to salvage the '519 Application, if possible. (A.6557-60). The OED Director agrees Appellant took actions to secure a patent for EPRT up until the Third Final Rejection in 2005. At that point, and as stated in the Third Final Rejection, Claims 3 and 4 were potentially allowable if rewritten in independent form. (A.2688; A.6574). But, Appellant did not rewrite the claims. However, this was a unilateral decision on his part and he failed to inform or discuss the Third Final Rejection and the consequences of not rewriting claims 3 and 4 with EPRT. (A.6958). Instead, he filed the second appeal, with the consequence being that these claims were not allowed. As the ALJ noted, even after this failure, Appellant could have taken steps to accomplish EPRT's objectives. He could have Petitioned to Revive the application as he had done previously. But, due to his decisions as to how he monitored his docket and received notices from the Office, he never received the Board Decision or Notice of Abandonment. (A.21).

Appellant's constructive discharge theory is rejected. (Appeal, at 21-22). He cites no evidence of any threat that would have necessitated or required his withdrawal, he did not communicate his withdrawal to EPRT, and he did not carry out the withdrawal duties required under 37 C.F.R. § 10.40. (A.7735).

In sum, the ALJ's conclusion that Appellant negligently failed to monitor the '519 Application and failed to ensure that he received correspondence from USPTO, with the result being that it was impossible for Appellant to meet EPRT's lawful objectives, is fully supported. (A.21-22).

4. Appellant Engaged in Gross or Disreputable Conduct.

According to 37 C.F.R. § 10.23(c), any violation of its subsections automatically violates 37 C.F.R. § 10.23(a) and (b). As already discussed, the ALJ concluded that Appellant's failure to inform his client of important correspondence violated 37 C.F.R. § 10.23(c)(8). As a result, as a matter of law, Appellant has also violated 37 C.F.R. § 10.23(a).

5. Appellant Failed to Return EPRT's Client File.

The provisions of 37 C.F.R. § 10.112(c)(4) state that a practitioner must promptly deliver to a client, upon request, any client property in the practitioner's possession that the client is entitled to receive. And, there is "no dispute that a client's file is the property of the client and should be returned to that client upon request." (A.23) (citing *Restatement (Third) of the Law Governing Lawyers* ¶ 43 (2000), para. 43).

Here, on October 31, 2011, Mr. Farahmand sent Appellant a letter requesting a complete copy of the '519 Application file. (A.6273; A.7552-3). However, Appellant did not send the file to Mr. Farahmand or anyone at EPRT. (A.7556). EPRT finally obtained the file via submitting a subpoena duces tecum to Appellant's ex-wife. (A.7631-33).

Appellant contends that the EPRT file was not in his possession on October 31, 2011, because it remained in the possession of his ex-wife at the marital home and that he had been denied access to that home. (Appeal at 27). But, this argument provides no help to Appellant, whose duty to maintain his client's property exists regardless of his personal situation.

Several other facts in the record also undermine Appellant's position here. Throughout the hearing, as reflected in the administrative record, Appellant cited no evidence that he reasonably sought to obtain the file from the marital home when he had the chance to do so. EPRT's new

counsel requested the file in October, 2011 and he had access to the marital home up to November 2011. (A.7748-49). Further, as the ALJ noted, Appellant could have subpoenaed the file from his wife, but did not, instead letting that obligation fall to EPRT's new counsel. (A.24). Lastly, it is noted that the ALJ specifically questioned Appellant's credibility with regard to this issue. (A.23). The ALJ noted that, at the hearing, Appellant first stated the file had been destroyed but in fact opposing counsel in the malpractice case against Appellant was able to find it. (*Id.*). The ALJ's observations here are persuasive and provide further support for finding that Appellant violated § 10.112(c)(4).

C. The ALJ's Sanction Was Appropriate.

The ALJ's Initial Decision concluded that Appellant engaged in misconduct that violated 6 of USPTO's Disciplinary Rules, and that an 8-month suspension was the appropriate sanction. (A.33). An ALJ initial decision that imposes exclusion or suspension must explain the reason for imposing such a sanction after consideration of the following four factors:

- (1) Whether the practitioner has violated a duty owed to a client, to the public, to the legal system, or to the profession;
- (2) Whether the practitioner acted intentionally, knowingly, or negligently;
- (3) The amount of the actual or potential injury caused by the practitioner's misconduct; and
- (4) The existence of any aggravating or mitigating factors.

37 C.F.R. § 11.54(b)(1)-(4).

The Director of the USPTO reviews an appeal from an ALJ Initial Decision on the record before the ALJ. *See* 37 C.F.R. § 11.55(f); *see also Marinangeli v. Lehman*, 32 F. Supp. 2d 1, 5

(D.D.C. 1998). After such review, and as discussed below, the ALJ's initial decision to suspend Appellant from practicing before the USPTO for 8 months included a careful and proper analysis of the four factors set forth in 37 C.F.R. § 11.54(b). The ALJ's sanction of suspension is warranted and thus upheld. Here, the ALJ properly considered and applied the four factors relevant to an exclusion or suspension under 37 C.F.R. § 11.54(b). This analysis is discussed further, below.

1. Whether the Practitioner Has Violated a Duty Owed to a Client, to the Public, to the Legal System, or to the Profession.

The ALJ concluded that Appellant repeatedly failed in his responsibilities to his client and this final order upholds that finding. (A.27). Though Appellant was hired to attempt to salvage the '519 Application in December 2002, his last communication with USPTO regarding the application occurred in 2006. (A.2643). The ALJ rejected Appellant's argument that he no longer had a duty to EPRT after December 2006, when EPRT assigned the rights to the '519 Application to Thrisoint, noting that Appellant never withdrew from his representation of EPRT and several e-mails in 2008 that demonstrated Appellant's continued to actively represent its interests after EPRT's acquisition by Thrisoint. (A.27). Consequently, Appellant remained obligated to fulfill his duties to EPRT but failed to do so by refusing to return phone calls and e-mails from Ms. Blake and disregarding important phone calls from the USPTO examiner. (A.27; A.3786; A.3847; A.4661-62; A.6265-67; A.6594; A.6840-41; A.6981-95; A.7543-53; A.7958). Because Appellant neglected the '519 Application for almost two years, he failed to keep EPRT apprised of the '519 Application's progress, leading to the Application's abandonment. (A.27). Lastly, Appellant refused to return EPRT's client file despite an explicit request to do so. (*Id.*). Although improper behavior by any member of the legal community undermines public faith in the sanctity of the legal system, the ALJ properly noted that Appellant's primary failure was in

his duty to his client, not the population at large. (*Id.*). Finding that Appellant repeatedly failed in his responsibilities to EPRT, the ALJ determined this finding supported a moderate sanction. (*Id.*). The ALJ's findings here were appropriate and supported by the record.

2. Whether the Practitioner Acted Intentionally, Knowingly, or Negligently.

As to the second factor, ALJ found that Appellant acted both negligently and intentionally, and those findings warranted a moderate sanction. (A.27-28). First, it was properly found that Appellant acted negligently when, after his move to the 28 W. Flagler address, he maintained office procedures with a risk to receiving timely client information. (A.27-28). Appellant entrusted a receptionist at the W. Flagler address to sort his mail without his input. (A.27; A.7699). By doing so, the ALJ properly noted that Appellant put the burden on the receptionist to recognize critical correspondence and notify him in a timely manner. (A.27). Thus, the ALJ properly concluded that, had Appellant changed his correspondence address to his home office or associated his Customer ID number with the '519 Application, he would have timely received the Board Decision and the Notice of Abandonment and could have informed EPRT of those documents and planned a strategy for addressing those actions. (A.27-28).

The ALJ also noted that Appellant's docket management system was insufficient. (A.27). Appellant's own testimony was cited here, stating that he maintained a manual system and relied on his (now former) wife to keep him informed of upcoming deadlines. (A.27; A.5935-36; A.5938; A.7687-90). He had no "tickler" system in place to remind him to check on pending cases and had no way to monitor them, other than contacting USPTO directly. (A.27). The ALJ was correct in noting that Appellant's claim that he properly monitored the '519 application was belied by the fact that he never contacted Ms. Oropeza in 2009 and never received any updates

about the Application in 2010. (A.27-28). These actions were all properly identified as negligent by the ALJ.

In addition to negligent behavior, the ALJ noted that Appellant's refusal to communicate with Ms. Blake was intentional. (A.28). In support of this, the ALJ relied on the fact that Appellant failed to respond to at least nine e-mails and an untold number of telephone calls from her in 2010 and 2011, save for a single, abbreviated, non-substantive call in 2010. (*Id.*). This finds support in the administrative record. *See supra.* p. 8. In addition, the ALJ identified as intentional Appellant's failure to return the EPRT client file upon request, despite knowing precisely where the file was located and knowing he had an obligation to return it. (A.28). The ALJ acknowledged Appellant's sensitive personal situation that motivated his decision, but properly noted that reason was insufficient to shield him from his responsibility to his clients. (*Id.*). Any risk of maintaining private files in a home office during a period of personal, marital discord was properly found to be his own making.

Because this factor was properly discussed and is amply supported by the record, there is no basis on which to disturb the ALJ's findings.

3. The Amount of the Actual or Potential Injury Caused by the Practitioner's Misconduct.

In discussing this factor, the ALJ addressed head on Appellant's argument that the abandonment of the '519 Application caused EPRT no economic harm because the invention could never have obtained patent protection. (A.28). The ALJ noted that it would be "an exercise in futility to speculate whether the invention was actually patentable, or what kind of profit it could have generated if it had been patented." (A.28). However, EPRT was still harmed. EPRT paid Appellant between \$35,000 and \$45,000 to guide the '519 Application through the patent process and received nothing for that. (A.28; A.7567). Consequently, the ALJ properly

concluded that EPRT experienced substantial monetary harm because of its dealings with Appellant. (A.28).

The ALJ also recognized that Appellant represented EPRT's interests competently, at least for a time. (A.28). But, with no way to determine what percentage of EPRT's payments were in vain, the ALJ noted that "it is simply impossible to arrive at a non-arbitrary dollar figure representing EPRT's loss." (*Id.*). Despite this, the ALJ found it undisputed that EPRT's attempts to obtain a patent for the '519 Application left it economically weaker and Appellant's misconduct exacerbated EPRT's harm. (*Id.*). This is a reasonable conclusion based on the record.

Finally, EPRT has expended more than \$170,000 in litigation costs against Appellant, with at least one lawsuit still ongoing. (A.28; A.7567-68).

Based on these factors, the ALJ found this factor merited an increased sanction against Appellant. (A.28). This analysis is soundly rooted in the record and is reasonable.

4. The Existence of Any Aggravating or Mitigating Factors.

Finally, the ALJ identified and considered both aggravating and mitigating factors in the case, relying on guidance by the ABA Standards when determining whether aggravating or mitigating factors exist. (A.28). *See also In re Lane*, D2013-07, at 19 (USPTO Mar. 11, 2017; Standards For Imposing Lawyer Sanctions § 9.2 (Am. Bar Ass'n 2015)).

The ALJ identified six aggravating factors and two mitigating factors. The most serious of the aggravating factors was Appellant's disciplinary history, which included being twice disciplined by the state of Florida and once disciplined by the USPTO. (A.29; A.1272-83; A.7390-98). Importantly, the ALJ noted that both Florida cases bore some similarities to Appellant's current disciplinary case. First, in 1995, Appellant agreed to a consent judgment in Florida, resulting in a 10-day suspension for misconduct that involved a client's attempts to

resolve apparent duplicate charges for legal fees, and repayment of unexpended payments. (A. 29). There, Appellant refused to provide the requested information and did not return the unearned fees until after the client filed a disciplinary grievance. (*Id.*). The ALJ went on to explain that the Florida Bar Rule that Appellant was found to have violated concerns responding to a client's reasonable requests for information, explaining matters to the extent reasonably necessary to allow the client to make an informed decision about the course of action; and prompt delivery to a client any funds that he/she is entitled to and render a full accounting of charges. (*Id.*). The Florida rules served substantially the same function as USPTO's Disciplinary Rules §§ 10.23(c)(8) and 10.112(c)(4). (*Id.*). As a result, the ALJ concluded that Appellant was aware, in 1995, that ignoring client requests for information was sanctionable misconduct. (*Id.*).

Subsequently, in 2011, Appellant again accepted a consent judgment in Florida, resulting in a public reprimand. (A.29; A.7390-98). That case revolved around Appellant's failure to inform a client that he would no longer pursue the client's interests and his failure to tell the client that the client's trademark applications had been abandoned. (A.29; A.7390-98). The OED Director sought to impose reciprocal discipline against Appellant in connection with the 2011 state discipline, which Appellant strenuously, though unsuccessfully, opposed despite the fact that the Florida reprimand was consented to by Appellant. (A.29-30). The OED Director thus imposed a public reprimand on November 18, 2013. (A.30; A.1272-1283). Thus, this case is Appellant's fourth disciplinary proceeding. The ALJ noted that the prior actions have "not inspired him to better appreciate his duties toward his clients" as demonstrated by the fact that, here, he has refused to respond to his client, refused to return client property, and allowed a client matter to go abandoned, just as he did in 1995 and 2011. (A.30). Thus, Appellant's disciplinary history warrants a severe sanction.

A second aggravating factor was identified as Appellant's attempt to silence Ms. Blake and other EPRT employees via a clause in the Florida malpractice settlement agreement prohibiting any EPRT personnel from testifying or participating in Florida's or the USPTO's disciplinary investigations against him. (A.5490-93; A.7644-47). Both investigations were prompted by grievances filed by Ms. Blake on behalf of EPRT. (A.30). While the final settlement agreement included language noting that EPRT personnel could participate if subpoenaed, the ALJ noted that the only purpose of this prohibition was to hinder or derail the disciplinary investigations against him. (A.30). The ALJ concluded that this constitutes bad faith obstruction of the USPTO disciplinary investigation. (*Id.*); see also *Kentucky Bar Ass'n v. Unnamed Attorney*, 414 S.W.3d 412, 418 (Ky. 2013) (court applying similar rule found violation where a settlement agreement required grievant to either withdraw disciplinary complaint or refuse to voluntarily cooperate with investigation).

A third aggravating factor was noted as Appellant's "obstinate refusal to recognize his wrongdoing or the harm he has caused his client." (A.30). Appellant never offered EPRT a refund and has never apologized to Ms. Blake for deliberately ignoring her urgent pleas for information. (A.30). Instead, it was noted that Appellant has attempted to deflect blame the receptionist in his W. Flagler office for misplacing his mail, his ex-wife for maintaining possession of EPRT's file, Mr. Farahmand for allegedly threatening a malpractice lawsuit, and incredibly he even blamed Ms. Blake and Mr. Estes for not asking probing questions about his handling of their patent application, and for not hiring an experienced patent attorney as his replacement. (A.30-31). However, the ALJ was unmoved by these deflections, noting that "none of these events would have occurred if not for Appellant's own misconduct." (A.31). The ALJ noted that this attitude demanded a harsher penalty. (*Id.*).

A fourth aggravating factor was noted as Appellant's legal experience. Though experience is often considered as a mitigating factor, the issue of legal experience did not mitigate Appellant's conduct here. (A.31). Appellant's extensive experience as a practicing attorney for almost half a century made it such that the ALJ could not dismiss his actions as by someone who did not know any better. (*Id.*). Nor was the ALJ willing to rely on Appellant's personal situation or excuse his behavior as fleeting lapse of judgment since, his conduct during the Florida malpractice suit and during the instant disciplinary proceeding have only resulted in more disciplinary complaints. (*Id.*). Among the examples given is that he deliberately attempted to frustrate the OED Director's investigation in this proceeding by negotiating the silence of EPRT personnel, in violation of 37 C.F.R. § 11.304(f). (A.31-32). Moreover, the ALJ noted his "abusive" behavior throughout these proceedings, with specific examples such as labeling Ms. Chaiken as a serial perjurer in pleadings and other ad hominem attacks. (A.32). This behavior was noted by the ALJ as "a strong indication that his commitment to ethical conduct has grown weaker over the years." (A.32).

Finally, the ALJ took note of the fact that Appellant is uninterested and noncompliant in making restitution to EPRT, despite signing a settlement agreement in which he promised to pay EPRT \$7,000. (A.32). "This suggests the settlement agreement was made in bad faith and was merely an attempt to escape the Florida malpractice proceeding" and has forced EPRT to spend even more resources to file another lawsuit and enforce the terms of the settlement (*Id.*). In the ALJ's view, this factor supports a moderate sanction. (*Id.*).

In mitigation, the ALJ recognized the negative effect of Appellant's personal situation, which could have impacted his decision making. (A.32). However, the ALJ properly noted that the personal circumstances don't explain Appellant's earlier neglect in 2009 or his refusal to

communicate with Ms. Blake in 2010 and 2011. (*Id.*). Additionally, the ALJ rejected Appellant's reference to his marital discord as it related to his inability to reclaim possession of EPRT's client file since no evidence was presented any that his marital problems negatively affected his mental state during that time period. (*Id.*). Finally, the lack of dishonest motive was found to be mitigating here. (*Id.*). The ALJ noted that his conduct was not the result of greed or any other nefarious consideration. (*Id.*).

It is noted here that neither the ALJ's order, nor the Amended Appeal Brief, discuss the consistency of the 8-month suspension here with other comparable disciplinary cases. However, the OED Director provided evidence that an 8-month sanction is consistent with other disciplinary matters previously decided before the USPTO Director. (Appellee Brief at 26-27). For example, it was noted that a 6-month suspension was imposed for a practitioner who, *inter alia*, failed to monitor the status of a patent application, failed to respond to a client's inquiries, and keep the client reasonably informed, and failed to comply with a client's request to return her file. (*Id.* at 26 (citing *In re Stretch*, No. D2013-03 (USPTO July 29, 2013)). In another matter, a practitioner was suspended for 36-months, stayed after 6-months, for neglecting client matters, not notifying clients about Office correspondence, allowing applications to go abandoned and then misrepresenting the status of those applications to the client. (*Id.* at 26-27) (citing *In re Edelson*, No. D2011-13 (USPTO Dec. 15, 2011). Finally, a practitioner was suspended by consent for 24 months with the right to seek reinstatement after 12 months and placed on a 24-month probation for neglecting two patent applications even though the practitioner represented that his firm had significant staffing problems during the time of the events at issue and that a new office manager made several clerical and administrative errors that contributed to the neglect of the patent applications. (*Id.* at 27) (citing *In re Matlock*, No. D2011-

52 (USPTO Feb. 7, 2012). These comparables, which are not discussed or refuted by Appellant, demonstrate that Appellant's 8-month suspension is within the range of discipline for other similar disciplinary matters.

In sum, after reviewing the ALJ's sanction determination, it is concluded that the determination was reached after proper consideration of all the required factors, was reasonable, and is supported by the record.

ORDER

Having considered Appellant's appeal under 37 C.F.R. § 11.55 from the September 15, 2016 Initial Decision of the ALJ suspending Appellant from the practice of all patent, trademark, and other non-patent matters before the Office for eight months, it is **ORDERED** that the Initial Decision of the ALJ is **AFFIRMED**.

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; 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 T. Harris
General Counsel
United States Patent and Trademark Office
600 Dulany St.
P.O. Box 1450
Alexandria, VA 22314

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

Robin Crabb
Counsel for the Director of Office of Enrollment and Discipline
600 Dulany St.
P.O. Box 1450
Alexandria, VA 22314

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

IT IS SO ORDERED.

8/2/2017

Date



Sarah T. Harris

General Counsel

United States Patent and Trademark Office

on delegated authority by
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:

John H. Faro

Appellant

Robin Crabb

Associate Solicitor

Counsel for the Director of Office of Enrollment and Discipline