UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE ADMINISTRATIVE LAW JUDGE

In the Matter of	)	
	)	
William C. Fuess,	)	**Proceeding No. D2017-16**
	)	
Respondent.	)	**Dated: July 30, 2018**

INITIAL DECISION AND ORDER ON MOTION FOR SUMMARY JUDGMENT

Before: M. Lisa Buschmann
Administrative Law Judge
United States Environmental Protection Agency[1]

Appearances:

For the Director of the Office of Enrollment and Discipline, U.S. Patent and Trademark Office:

Elizabeth Ullmer Mendel, Esq.
Melinda M. DeAtley, Esq.
Associate Solicitors
Mail Stop 8, Office of the Solicitor
U.S. Patent & Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450

For the Respondent, *pro se*:

William C. Fuess, Esq.
771 Santa Florencia
Solana Beach, California 92075

[1] This Initial Decision and Order is issued by an Administrative Law Judge of the United States Environmental Protection Agency. The Administrative Law Judges of the Environmental Protection Agency are authorized to hear cases pending before the United States Department of Commerce, Patent and Trademark Office, pursuant to an Interagency Agreement effective for a period beginning May 15, 2014.

I. Statement of the Case

On May 2, 2017, the Director of the Office of Enrollment and Discipline ("OED") for the United States Patent and Trademark Office ("USPTO," "PTO," or "Office") initiated this proceeding by issuing a Complaint and Notice of Proceedings under 35 U.S.C. § 32 to Respondent, William C. Fuess. The Complaint alleges two counts of misconduct under the USPTO Rules of Professional Conduct, 37 C.F.R. Part 11 Subpart D, §§ 11.101–11.901.

Count I charges Mr. Fuess with knowingly failing to comply with a California Superior Court's order that he pay $2,240 in sanctions to his former client, Renato Openiano. The Complaint alleges that by not paying the sanction, Respondent engaged in misconduct by: knowingly disobeying an obligation under the rules of a tribunal, under 37 C.F.R. § 11.304(c); engaging in conduct prejudicial to the administration of justice, under 37 C.F.R. § 11.804(d); and/or engaging in other conduct that adversely affects the practitioner's fitness to practice before the Office, under 37 C.F.R. § 11.804(i).

Count II alleges that Respondent did not cooperate with a disciplinary investigation initiated by the OED by failing to respond to a Request for Information ("RFI") and two Lack of Response letters that OED sent him. The Complaint alleges that by such failures, he engaged in misconduct by: knowingly failing to cooperate with OED in an investigation or to respond to lawful demands for information from a disciplinary authority, under 37 C.F.R. § 11.801(b); engaging in conduct prejudicial to the administration of justice, under 37 C.F.R. § 11.804(d); and/or engaging in other conduct that adversely affects the practitioner's fitness to practice before the Office, under 37 C.F.R. § 11.804(i).

For these violations, the Complaint requests that Respondent be excluded or suspended from practice before the USPTO in patent, trademark, and other non–patent matters, and such additional relief that this Tribunal deems reasonable and warranted.

Respondent filed an Answer and Counterclaim in response to the Complaint on June 13, 2017. In his Answer, he admits to most of the alleged facts, except that he denies his conduct was willful and that he told his former client he would not pay "'a single dime' of any sanctions awarded." Complaint ¶ 16, Answer ¶ 16. Moreover, Respondent asserts in his Answer that it was not possible to respond to the RFIs because "his house had been his [sic] computers and printers stolen, and, subsequently his entire property seized by a receiver" in a civil case pending in the Superior Court of California, County of San Diego. Answer ¶ 47. Respondent asserts that there was "no money to pay sanctions" and sets forth four defenses:

(1) lack of jurisdiction,
(2) res judicata and comity,
(3) impossibility of performance, and
(4) misapplication of law and rules to allege that failure to pay a single sanction is an ethical violation.

Answer ¶¶ 20, 50-60. Respondent also alleges a counterclaim of subornation of perjury.

On August 30, 2017, the OED Director filed a Motion for Summary Judgment and Memorandum of Law ("Motion") seeking an order excluding Respondent from practice before the Office. Respondent filed an Opposition to Motion for Summary Judgment ("Opposition") on October 3, 2017.

II. Prior Proceeding

The OED Director previously initiated a proceeding against Respondent on December 22, 2014, alleging multiple violations of the USPTO Rules of Professional Conduct. After a hearing, I issued an Initial Decision finding that Respondent violated his duties to four clients by not communicating with them regarding Office correspondence and by neglecting multiple patent applications, allowing them to become abandoned without the clients' knowledge or consent, prejudicing or damaging his clients. *See In re Fuess*, Proceeding No. D2015-08 (July 21, 2017) ("*Fuess I*"). I also found Respondent to have made false statements and misrepresentations to OED, and to have failed to respond to OED's inquiries in Requests for Information. For these violations, I ordered that he be suspended from practice before the PTO for three years, plus a two-year period of probation to begin if and when he is reinstated to practice. I also ordered that he be required to pass the Multi-State Professional Responsibility Exam prior to reinstatement. Respondent did not appeal the Initial Decision in *Fuess I*, and it became a final order. *See* 37 C.F.R. § 11.55(i).

III. Preliminary Procedural Issues

Respondent's Opposition was not timely filed, which raises the question of whether it should be considered. The procedural rules governing this action, set forth at 37 C.F.R. §§ 11.1–11.60 ("Procedural Rules"), provide that the hearing officer (here, an administrative law judge) will determine the time period for filing responses to motions. 37 C.F.R. § 11.43. The Order Setting Prehearing Procedures and Hearing, issued July 26, 2017, states that "[a]ny response to a motion shall be filed with the undersigned Administrative Law Judge within fifteen (15) calendar days from service of the motion. . . .[R]esponses not filed in a timely manner will not be considered unless accompanied by a motion for leave to file the document out of time, and a showing of good cause for failure to file within the deadline." The fifteenth day after August 30, 2017, was Thursday, September 14. Respondent's Opposition, dated October 2, 2017, and filed on October 3, 2017, was late by 19 days. While Respondent submitted a one-sentence statement of opposition to the Motion along with his Opposition, no motion for leave to file out of time or showing of good cause for failure to file out of time was received.

Given the dispositive nature of the Motion, it is in the interest of justice to consider Respondent's Opposition. Declining to consider it at this point may lead to more motions, resulting in delay. A hearing in this matter has been postponed, pending the outcome of this Motion, so there is no prejudice to the OED Director resulting from Respondent's delay in filing. Therefore, the Opposition is accepted and considered in the circumstances of this case.

The counterclaim included in Respondent's Answer alleges that Mr. Openiano committed perjury in *Fuess I* and suggests his perjury was suborned by OED personnel. Respondent requests that the OED Director be ordered to conduct an investigation as to whether persons

involved in charging Respondent in *Fuess I* suborned the perjury of Mr. Openiano, and that the results and any corrective actions taken be reported to this Tribunal. In his Opposition to the Motion, Respondent asserts that the OED Director has not denied or otherwise responded to the counterclaim and therefore has constructively admitted it. Opposition at 3.

The OED Director asserts that the counterclaim is without merit, as Mr. Openiano's credibility is irrelevant to this proceeding. Moreover, the OED Director asserts that he alone has authority to file a complaint, and the Procedural Rules do not provide for the filing of a counterclaim. Respondent chose not to participate in OED's investigation and did not avail himself of the opportunity under the Procedural Rules to petition the OED Director for review of the action of any OED employee during or at the conclusion of a disciplinary investigation. *See* 37 C.F.R. § 11.2(e). Nor did Respondent appeal to the USPTO Director the OED Director's decision to investigate him. Motion at 16.

The counterclaim is not within the scope of this disciplinary proceeding. The Procedural Rules do not provide for addressing any issues other than the violations alleged by the OED Director, any affirmative defenses, and the remedies of an order of default judgment, suspension or exclusion from practice, reprimand, probation, or dismissal of the complaint. *See* 37 C.F.R. §§ 11.49, 11.54. Respondent's allegations about Mr. Openiano's testimony in *Fuess I* have no bearing on whether Respondent knowingly failed to comply with a state court order or failed to cooperate with OED's disciplinary investigation, or on any sanction to be imposed for such alleged violations.

Accordingly, the counterclaim is **DISMISSED**.

IV. Statutory and Regulatory Background

Congress authorized the USPTO to govern the conduct of attorneys who practice before it and provided a requirement that attorneys "show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office." 35 U.S.C. § 2(b)(2)(D). The USPTO may suspend or exclude from practice before the USPTO any "attorney shown to be incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 2(b)(2)(D)." 35 U.S.C. § 32. The USPTO's authority to govern the conduct of attorneys is plenary. *Kroll v. Finnerty*, 242 F.3d 1359, 1364 (Fed. Cir. 2001) ("[T]he PTO has the exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it.").

The USPTO updated its Rules of Professional Conduct and codified them at 37 C.F.R. §§ 11.101–11.901, effective May 3, 2013 ("PTO Rules"), based on the American Bar Association's Model Rules of Professional Conduct ("Model Rules"). The PTO Rules are intended to "bring standards of ethical practice before the Office into closer conformity with the professional responsibility rules adopted by nearly all States and the District of Columbia, while addressing circumstances particular to practice before the Office." Changes to Representation of Others

Before the United States Patent and Trademark Office, 78 Fed. Reg. 20180 (April 3, 2013) (Final Rule).

V. Standards for Summary Judgment

The Procedural Rules provide that "Motions, including all prehearing motions commonly filed under the Federal Rules of Civil Procedure, shall be filed with the hearing officer." 37 C.F.R. § 11.43. The Federal Rules of Civil Procedure ("FRCP") may be referenced as guidance in administrative proceedings before the PTO. *See Gerritsen v. Shirai*, 979 F.2d 1524, 1532 (Fed. Cir. 1992) (relying on analogies drawn from decisions under the FRCP as guidance when imposing sanctions in USPTO interference proceeding).

The FRCP provide for the filing of motions for summary judgment, stating that "The court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." FRCP 56(a). A motion for summary judgment puts a party to its proof as to those claims on which it bears the burdens of production and persuasion. The FRCP provide that --

> A party asserting that a fact cannot be or is genuinely disputed must support the assertion by:
>
> (A) citing to particular materials in the record, including depositions, documents, electronically stored information, affidavits or declarations, stipulations . . . admissions, interrogatory answers, or other materials; or
>
> (B) showing that the materials cited do not demonstrate the absence or presence of a genuine dispute, or that an adverse party cannot produce admissible evidence to support the fact.

FRCP 56(c)(1). Further, Rule 56(e) provides that –

> If a party fails to properly support an assertion of fact or fails to properly address another party's assertion of fact as required by Rule 56(c), the court may:
> (1) give an opportunity to properly support or address the fact;
> (2) consider the fact undisputed for purposes of the motion;
> (3) grant summary judgment if the motion and supporting materials — including the facts considered undisputed — show that the movant is entitled to it; or
> (4) issue any other appropriate order.

FRCP 56(e).

The substantive law determines whether an issue is "material." "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude an entry

of summary judgment." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A dispute is "genuine" where "the evidence is such that a reasonable jury could return a verdict for the nonmoving party"; thus, "[t]here is no issue for trial unless there is sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party." "If the evidence is merely colorable . . . , or is not sufficiently probative . . . , summary judgment may be granted." *Id.* at 248, 250-251 (citations omitted).

"In ruling on a motion for summary judgment, the judge must view the evidence presented through the prism of the substantive evidentiary burden." *Id.* at 254. The Procedural Rules provide that in OED disciplinary proceedings, the OED Director "shall have the burden of proving the violation by clear and convincing evidence, and a respondent shall have the burden of proving any affirmative defense by clear and convincing evidence." 37 C.F.R. §11.49. "[W]here . . . the 'clear and convincing' evidence requirement applies, the trial judge's summary judgment inquiry as to whether a genuine issue exists will be whether the evidence presented is such that a jury applying the evidentiary standard could reasonably find for either the plaintiff or the defendant." *Liberty Lobby*, 477 U.S. at 255. In assessing a motion for summary judgment, "[t]he evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor." *Id.*; *see also Adickes v. S. H. Kress & Co.*, 398 U.S. 144, 158–159 (1970)("the inferences to be drawn from the underlying facts contained in [the moving party's] materials must be viewed in the light most favorable to the party opposing the motion").

VI. Undisputed Facts

Based on the Complaint and Answer, the following facts are undisputed:

1. Respondent was admitted to practice law in Minnesota on October 24, 1980 (lawyer identification no. 0123869), but has been suspended for non–payment of his annual registration fees since approximately 1996. Complaint and Answer ¶ 1.

2. Respondent was registered to practice in patent matters as an attorney by the USPTO on December 31, 1980. Complaint and Answer ¶ 2.

3. Respondent's registration number is 30,054. Complaint and Answer ¶ 3.

4. As a registered practitioner, Respondent is subject to the USPTO Rules of Professional Conduct. Complaint and Answer ¶ 4.

5. Respondent was admitted to practice law in California on December 11, 1986 (Bar Number 125453), became inactive on February 1, 2016, and currently appears to be eligible to return to active status in California. Complaint and Answer ¶ 5.

Count I

6. On October 29, 2014, Mr. Renato Openiano filed a complaint against Respondent, his former patent attorney, in the Superior Court of California, County of San Diego, Case. No. 37–2014–00037171–CU–FR–CTL. Complaint and Answer ¶ 8.

7. The complaint alleged, among other things, that Respondent had committed legal malpractice in connection with the handling of several patent applications on behalf of Mr. Openiano. Complaint and Answer ¶ 9.

8. On August 3, 2015, Mr. Openiano submitted interrogatories and a request for production of documents to Respondent. Complaint and Answer ¶ 10.

9. Respondent did not respond to the interrogatories or document request. Complaint and Answer ¶ 11.

10. Mr. Openiano hired counsel, Katherine Winn, to represent him. Complaint and Answer ¶ 12.

11. On February 10, 2016, Ms. Winn filed a motion to compel Respondent to respond to the discovery and sought sanctions for Respondent's complete failure to respond. Complaint and Answer ¶ 13.

12. On March 3, 2016, a hearing was held by Superior Court Judge Randa Trapp on the motion to compel. Mr. Openiano, Ms. Winn, and Respondent were present at the hearing. Complaint and Answer ¶ 14.

13. At the March 3, 2016 hearing, Judge Trapp tentatively ruled that the motion to compel would be granted and stated that she would assess sanctions against Respondent for his failure to respond to the discovery. Complaint and Answer ¶ 15.

14. After the hearing, Respondent indicated to Mr. Openiano that he will not pay the sanction. Complaint and Answer ¶ 16.

15. On March 4, 2016, Judge Trapp issued a minute order granting the motion to compel and requiring Respondent to pay $2,240 in sanctions to Mr. Openiano by July 25, 2016, for failing to respond to the discovery. Complaint and Answer ¶ 17.

16. Respondent knew that Judge Trapp had ordered him to pay Mr. Openiano $2,240 in sanctions by July 25, 2016. Complaint and Answer ¶ 18.

17. On May 4, 2016, Mr. Openiano sent Respondent an email and offered to accept $2,000 to resolve the sanctions order, if Respondent paid him by May 11, 2016. Complaint and Answer ¶ 19.

18. Respondent did not respond to the May 4, 2016 email. Complaint and Answer ¶ 20.

19. On May 24, 2016, Mr. Openiano sent Respondent an email reminding him of the sanctions order and providing Respondent with Mr. Openiano's address for payment. Complaint and Answer ¶ 21.

20. Respondent did not pay Mr. Openiano the $2,240 owed in sanctions on or before July 25, 2016, as ordered by the Court. Complaint and Answer ¶ 22.

21. On August 1, 2016, Mr. Openiano contacted Respondent by email reminding him that he had been ordered to pay sanctions on or before July 25, 2016, and that he had not done so. Complaint and Answer ¶ 23.

22. Respondent did not respond to the August 1, 2016 email. Complaint and Answer ¶ 24.

23. On August 3, 2016, Mr. Openiano again emailed Respondent and advised him that he would file a complaint with the USPTO and the State Bar of California if he did not pay the sanctions ordered. Complaint and Answer ¶ 25.

24. Respondent did not respond to the August 3, 2016 email. Complaint and Answer ¶ 26.

25. On August 9, 2016, Mr. Openiano filed a grievance with the USPTO regarding Respondent's non–payment of the sanction. Complaint and Answer ¶ 27.

26. As of the date of the filing of the Complaint, Respondent had not paid Mr. Openiano the sanctions ordered by Judge Trapp. Complaint and Answer ¶ 28.

Count II

27. On August 23, 2016, the OED mailed to Respondent, at the address in San Diego, California that he had previously provided to the OED Director pursuant to 37 C.F.R. § 11.11, a Request for Information and Evidence ("RFI") pursuant to 37 C.F.R. § 11.22(f), requesting information regarding the San Diego Superior Court's March 4, 2016, sanctions order and his failure to pay the sanctions to Mr. Openiano. Complaint and Answer ¶ 31.

28. The RFI was lawfully issued under 37 C.F.R. § 11.22(f)(1)(ii). Complaint and Answer ¶ 32.

29. The RFI requested that Respondent respond within thirty days or on or before September 22, 2016. Complaint and Answer ¶ 33.

30. Respondent received the RFI on September 12, 2016, as indicated by his signature on the certified mail receipt accepting delivery of the RFI. Complaint and Answer ¶ 34.

31. Respondent did not respond to the RFI on or before September 22, 2016, nor did he request an extension of time to do so. Complaint and Answer ¶ 35.

32. On October 27, 2016, OED mailed a Lack of Response letter to Respondent, noting that he failed to respond to the RFI. The letter set forth the consequences of a failure to respond and provided Respondent with another copy of the RFI. Complaint and Answer ¶ 36.

33. The Lack of Response letter gave Respondent until no later than November 7, 2016 to respond. Complaint and Answer ¶ 37.

34. The Lack of Response letter was sent via certified mail to Respondent's San Diego, California address and another copy was sent via certified mail to an address for Respondent in Solana Beach, California, which was his official address for the State Bar of California and an address at which the OED Director reasonably believed that Respondent received mail. Complaint and Answer ¶ 38.

35. Respondent received the Lack of Response letter on November 1, 2016, as indicated by his signature on the certified mail receipt accepting delivery of the Lack of Response letter mailed to the Solana Beach address. Complaint and Answer ¶ 39.

36. Respondent did not respond to the Lack of Response letter or the RFI on or before November 7, 2016, nor did he request an extension of time to do so. Complaint and Answer ¶ 40.

37. On November 30, 2016, OED sent a Second Lack of Response letter to Respondent via certified mail to Respondent's San Diego, California address and another copy via certified mail to Respondent's Solana Beach, California address. Complaint and Answer ¶ 41.

38. The Second Lack of Response letter gave Respondent until no later than December 12, 2016 to respond. Complaint and Answer ¶ 42.

39. On December 5, 2016, Respondent received the Second Lack of Response letter as indicated by his signature on the certified mail receipt accepting delivery of the Second Lack of Response letter mailed to the Solana Beach address. Complaint and Answer ¶ 43

40. According to the U.S. Postal Service, the Second Lack of Response letter mailed to the San Diego address was picked up by an unidentified individual on December 16, 2016 at the Post Office in Solana Beach, California where it had apparently been forwarded by the U.S. Postal Service. Complaint and Answer ¶ 44.

41. Respondent did not respond to the Second Lack of Response letter or the RFI on or before December 12, 2016, nor did he request an extension to do so. Complaint ¶ 45, Answer ¶ 45 (erroneously numbered as ¶ 44).

42. As of the date of the filing of the Complaint, OED had not received any response to the Lack of Response letters or the RFI, nor had Respondent otherwise communicated with OED. Complaint and Answer ¶ 46.

VII. Count I

A. Applicable Rules

Respondent is charged with violating 37 C.F.R. §§ 11.304(c), 11.804(d), and/or 11.804(i). These rules provide as follows:

> **§ 11.304 Fairness to opposing party and counsel.**
>
> A practitioner shall not:
> * * *
> (c) Knowingly disobey an obligation under the rules of a tribunal except for an open refusal based on an assertion that no valid obligation exists;
> * * * *
>
> **§ 11.804 Misconduct.**
>
> It is professional misconduct for a practitioner to:
> * * *
> (d) Engage in conduct that is prejudicial to the administration of justice.
> . . . , or
> * * *
> (i) Engage in other conduct that adversely reflects on the practitioner's fitness to practice before the Office.

B. Parties' Arguments

The OED Director's position is that Respondent has admitted to virtually all of the facts in Count I, that there are no genuinely disputed material facts, and that the OED Director is entitled to judgment as a matter of law.[2]

The OED Director asserts that the affirmative defenses are without merit. He states that OED has jurisdiction over this matter under the governing statute, 35 U.S.C. § 32. Citing to several orders on consent, the OED Director points out that the PTO frequently disciplines practitioners for knowingly disobeying court orders. Motion at 12-13 (citing, *inter alia, In re Jones,* Proceeding No. D2015-18 (USPTO May 15, 2015), available at https://go.usa.gov/xRVmb).

[2] As to Respondent's denial of the allegation that he told Mr. Openiano after the hearing that he was not going to pay "a single dime" of any sanctions awarded, the OED Director deems such denial immaterial for purposes of the Motion. Respondent acknowledged that he told Mr. Openiano that there was no money to pay the court ordered sanction (Complaint and Answer ¶ 16).

The facts that Mr. Openiano may have another forum in which to seek redress and that the California bar has taken no action against Respondent have no bearing on whether Respondent violated the PTO Rules by not complying with a valid court order, the OED Director asserts. Motion at 14.

As to the defenses of impossibility of performance and misapplication of law and rules, the OED Director argues that Respondent's remedy for inability to comply with the court order was to seek relief in the California Superior court and that he cannot ignore the California court order and then claim in this proceeding that he is unable to comply. Motion at 14 (citing *The Florida Bar v. Committe*, 136 So.3d 1111, 1115 (Fla. 2014)). The OED Director cites to several state court decisions finding that failure to pay a court-ordered obligation constitutes attorney misconduct. The OED Director points out that Respondent is not charged with simply having delinquent debts, but with failing to comply with a court order assessing a monetary sanction. Motion at 15.

Respondent does not claim any genuine disputes of material fact, but he contends that the Motion is "unsound" and that--

> the exact doctrine alleged to be enforced by the OED Director, and necessary to protect the public and avoid 'conduct prejudicial to the administration of justice' is unclear, and the boundaries – if any – of this doctrine should be made clear to this court at trial, and set forth in a published decision, so that all practitioners may benefit from its guidance.

Opposition ("Opp.") at 2.[3] He argues that the Motion should be denied because it represents a "gross breach of the doctrine of comity" in that the disciplinary and ethics authority of the Bar of the State of California has "declined to do anything" on the basis of the same facts as in this action. Opp. at 1. Respondent, acknowledging that the California bar did not provide reasons for not acting, suggests some reasons: that Mr. Openiano's complaint was "spurious, unsound or untrue," and did not raise any ethical question; that the sanctions have not been reduced to final judgment; and that if non-payment of a sanction constitutes an ethical violation then many members of the California bar are guilty of ethical violations. Opp. at 1-3; Answer ¶ 53.

Respondent asserts that the OED Director's position "would seem to call for this [sic] disbarment of any patent practitioner that has an unsatisfied judgment – even if a successful Defendant" in the matter before a state court. Opp. at 3.

As to his lack of jurisdiction defense, Respondent argues that "it is not 'PTO Regulations' alleged violated by Respondent, but regulations of the Courts of the State of California," and that the OED Director therefore "usurps the responsibility of the California Bar to enforce its own ethical rules." Opp. at 2.

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[3] The pages of the Opposition are not numbered. Page numbers are supplied herein for reference.

In his Opposition, Respondent does not refer to his impossibility of performance or res judicata defenses.

C. Analysis and Conclusions

1. Scope of Authority

Respondent's jurisdiction argument presents the question of whether his noncompliance with the obligation to pay sanctions to his former client as ordered by the California court falls within the scope of PTO's authority under the PTO Rules and governing statute.

Respondent, as a registered practitioner, is subject to the PTO Rules. Undisputed Facts ("UF") 2-4. Congress provided the Director with the authority to "suspend or exclude . . . from further practice before the Patent and Trademark Office, any . . . attorney shown to be incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 2(b)(2)(D) of this title . . . ." 35 U.S.C. § 32. In turn, 35 U.S.C. § 2(b)(2)(D) provides that the PTO "may establish regulations . . . which . . . may govern the recognition and conduct of its agents, attorneys or other persons representing applicants or other parties before the Office . . . ."

As to the scope of the regulations, they provide that --

> This part [37 C.F.R. Part 11] governs solely the practice of patent, trademark, and other law before the United States Patent and Trademark Office. Nothing in this part shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the United States Patent and Trademark Office to accomplish its Federal objectives.

37 C.F.R. § 11.1. Respondent's conduct did not occur in the course of practicing law or representing an applicant or other party before the Office, but while defending himself in a case brought by his former client, Mr. Openiano, regarding his previous representation of Mr. Openiano before the Office. The question is whether Respondent's conduct in the context of a lawsuit against him stemming from his representation of an applicant before the Office is subject to the disciplinary authority of the PTO.

Courts have indicated that the reach of the statute and regulations is broad. As stated by the Federal Circuit, "This statute grants the Director broad authority to discipline patent practitioners for incompetence and a wide range of misconduct, much of which falls within the disciplinary authority of the states." *Kroll v. Finnerty*, 242 F.3d 1359, 1365 (Fed. Cir. 2001). It has been noted that "the language in § 2 is vague as to the outer limits of the authority intended by Congress." *Bender v. Dudas*, Civ. No. 04-1301 (RBW), 2006 U.S. Dist. LEXIS 2562, *26 (D.D.C. Jan. 13, 2006) (holding that PTO's action against respondent regarding communications with potential patent applicants relating to representation did not preempt state law in an impermissible manner), *aff'd,* 490 F.3d 1361 (Fed. Cir. 2007). The Court of Appeals in *Bender* stated that the language of 37 U.S.C. §§ 2(b)(2)(D) and 32 indicates that those statutory

provisions "are broadly directed to service, advice, and assistance in the prosecution or prospective prosecution of applications," but the court did not address whether the language may also encompass conduct that occurs after the attorney-client relationship has broken down. *Bender*, 490 F.3d at 1368.

The text of 35 U.S.C. § 2(b)(2)(D), authorizing "regulations . . . which . . . may govern the recognition and conduct of its agents, attorneys or other persons representing applicants or other parties before the Office," does not limit PTO's authority to practitioners' conduct during the course of representing a client. It merely provides that the regulations may govern the conduct of those who represent parties before the Office.

The regulatory language, stating that the regulation "governs solely the practice of patent, trademark, and other law before the United States Patent and Trademark Office" also does not limit PTO's disciplinary authority to only practitioners' conduct while practicing law in a proceeding before the PTO. Certain PTO Rules specifically encompass violations of state laws that do not occur during a PTO proceeding. For example, 37 C.F.R. § 11.804(b) provides that it is professional misconduct for a practitioner to "[c]ommit a criminal act that reflects adversely on the practitioner's honesty, trustworthiness or fitness as a practitioner in other respects," and 37 C.F.R. § 11.804(h) provides for reciprocal discipline by the PTO where a practitioner is publicly disciplined on ethical or professional misconduct grounds by a State or Federal authority.

PTO's disciplinary authority may therefore extend to conduct of a practitioner in regard to a client even after representation of the client has terminated. This conclusion is particularly appropriate because such conduct may reflect the potential for the practitioner to repeat such conduct with future patent or trademark clients. Accordingly, a practitioner's conduct with respect to a former client in the context of a court proceeding that arises from the practitioner's representation of the client before the PTO is within the scope of the PTO's disciplinary authority. This authority does not depend, as in reciprocal discipline, on the court initially sanctioning the practitioner. A state court's interest in sanctioning such conduct may vary from that of the PTO, particularly if the attorney is not an active member of the state's bar. Indeed, Respondent was not an active member of the California Bar at the time of the proceeding before Judge Trapp. UF 5, 15. It is concluded that the conduct at issue in Count 1 is within the PTO's scope of authority.

2. Rule 11.304(c)

To establish Respondent's liability for violating 37 C.F.R. § 11.304(c), the OED Director must show that Respondent is: (1) a practitioner who (2) had an obligation under the rules of a tribunal (3) that he disobeyed (4) knowingly, and (5) he did not make an open refusal based on an assertion that no valid obligation exists.

The term "tribunal" is defined in the PTO Rules as including a court. 37 C.F.R. § 11.1. The term "knowingly" is defined as "actual knowledge of the fact in question" and knowledge "may be inferred from circumstances." *Id.*

There is no dispute that Respondent is a practitioner (UF 2-4), that he had an obligation to pay a sanction pursuant to a ruling of a tribunal, the Superior Court of California for the County of San Diego (UF 15), that he disobeyed the obligation (UF 20, 26), and that he disobeyed it knowingly (UF 16, 17, 19, 21, 23). Respondent does not allege, and there is no indication in the case file, that he made an open refusal to obey the court's order based on an assertion that no valid obligation existed.

Respondent's argument that failure to pay a sanction should not constitute an ethical violation raises the question of whether failing to pay a court-ordered sanction constitutes disobeying "an obligation *under the rules of* a tribunal" within the meaning of 37 C.F.R. § 11.304(c). The answer to this question is not immediately apparent, as a strict construction of the text would appear to refer to an attorney disobeying an obligation under a tribunal's standing rules, and applicable rules of procedure and evidence. 37 C.F.R. § 11.304. This strict construction is consistent with the heading of the rule, "fairness to opposing party and counsel," and the preamble to 37 C.F.R. § 11.304, which provides as follows:

> Section 11.304 contemplates that evidence be marshaled fairly in a case before a tribunal, including *ex parte* and *inter partes* proceedings before the Office. This Rule corresponds to ABA Model Rule 3.4, but clarifies that the duties of the practitioner are not limited to trial matters, but also apply to any proceeding before a tribunal.

78 Fed. Reg. 20180, 20185 (Final Rule, April 3, 2013).

The text of the American Bar Association Model Rule 3.4(c) is virtually the same as that of 37 C.F.R. § 11.304(c), and therefore interpretations of Model Rule 3.4(c) are instructive in construing the corresponding PTO Rule 11.304(c). *See* 78 Fed. Reg. at 20180 (comments to Model Rules may be referenced "for useful information as to how to interpret the equivalent USPTO Rules" and "opinions issued by State bars and disciplinary opinions based on similar professional conduct rules in the States . . . may provide useful tools in interpreting the [PTO] Rules"). The comments to Model Rule 3.4 are as follows, in part:

> [1] The procedure of the adversary system contemplates that the evidence in a case is to be marshalled competitively by the contending parties. Fair competition in the adversary system is secured by prohibitions against destruction or concealment of evidence, improperly influencing witnesses, obstructive tactics in discovery procedure, and the like.
>
> [2] Documents and other items of evidence are often essential to establish a claim or defense. Subject to evidentiary privileges, the right of an opposing party, including the government, to obtain evidence through discovery or subpoena is an important procedural right. The exercise of that right can be frustrated if relevant material is altered, concealed or destroyed. Applicable law in many

> jurisdictions makes it an offense to destroy material for purpose of impairing its availability in a pending proceeding or one whose commencement can be foreseen. Falsifying evidence is also generally a criminal offense. Paragraph (a) applies to evidentiary material generally, including computerized information. Applicable law may permit a lawyer to take temporary possession of physical evidence of client crimes for the purpose of conducting a limited examination that will not alter or destroy material characteristics of the evidence. In such a case, applicable law may require the lawyer to turn the evidence over to the police or other prosecuting authority, depending on the circumstances.

The comments do not specifically discuss paragraph 3.4(c), but generally address an attorney failing to comply with laws and rules of procedure and evidence.

Although it is not immediately clear that by failing to pay the sanction, Respondent disobeyed an obligation under the *rules* of a tribunal, there is no question that he disregarded a *ruling* of a tribunal, and thus his conduct would be encompassed by the Code of Professional Responsibility ("Code") Disciplinary Rule ("DR") 7-106(A), which provides that an attorney shall not disregard a standing rule of a tribunal or a ruling of a tribunal made in the course of a proceeding. DR 7-106(A) was replaced by Model Rule 3.4(c) by states that adopted the Model Rules to replace the Code. See, e.g. *In re Mississippi Proposed Rules of Professional Conduct*, 1987 Miss. LEXIS 2909, at *146 (Miss. Feb. 18, 1987). Although Model Rule 3.4(c) does not refer to disregarding or disobeying a ruling of a tribunal, it has been described as "substantially similar to DR 7-106(A)." *Id.*

I note that there is no other section of the Model Rules or PTO Rules that refers to disregarding or disobeying a ruling of a tribunal or a court order. And as pointed out by the OED Director, there is case law applying Model Rule 3.4(c), as embodied in state rules, to an attorney disregarding a court's order, including an attorney's failure to comply with court-ordered financial obligations that are not incurred while representing a client. *People v. Sanders*, Case No. 15PDJ060, 2016 Colo. Discipl. LEXIS 134, at **14, 23 (Colo. Dec. 1, 2016) (upholding suspension of attorney for failure to comply with court-ordered child support obligations, in violation of state's counterpart to Model Rule 3.4(c)); *State ex rel. Oklahoma Bar Ass'n v. Braswell*, 975 P.2d 401, 408, 412 (Okla. 1998) (attorney's failure to pay court-ordered costs for filing frivolous case, and consequent citation for contempt, violated state counterpart to Model Rule 3.4(c)); *In re Williams*, 885 So.2d 519, 520 (La. 2004) (attorney disbarred for violations including ignoring court orders regarding his child support obligation, in violation of state counterpart to Model Rule 3.4(c)); *Florida Bar v. Committe*, 136 So.3d 1111, 1115-1116 (Fla. 2014) (attorney violated state counterpart to Model Rule 3.4(c) when he consistently refused to comply with circuit court's order to pay his portion of attorney fees to defendant), *cert. denied, Committe v. Florida Bar*, 135 S. Ct. 304, 2014 U.S. LEXIS 6322 (Oct. 6, 2014).

In *People v. Quigley*, the Colorado Supreme Court upheld a finding that an attorney who knowingly failed to pay child support under court order violated the state's counterpart to Model Rule 3.4(c). 359 P.3d 1045, 1049 (Colo. 2014). The court reasoned:

> Lawyers are officers of the court and must obey all court orders, just as members of the public are bound to do. By failing to pay court-ordered child support, . . . Respondent has operated outside the bounds of the law, flouted his obligations under the rules of a tribunal, and violated his duties to the legal system he has pledged to uphold.
> * * * *
> When lawyers -- who are expected to comport themselves as officers of the court – shun their court-mandated responsibilities, . . . , it reflects poorly upon lawyers and the legal system in general.

Quigley, 359 P.2d at 1049-1050. Similar reasoning applies to Respondent, as a practitioner before the Office, who knowingly failed to pay the sanction of the California court imposed on him due to his complete failure to respond to discovery requests. Moreover, the sanction was to be paid to his former client concerning a claim that Respondent committed legal malpractice in connection with the handling of patent applications. That makes his failure to pay particularly relevant as a patent practitioner. Therefore, Respondent's conduct alleged in Count I constitutes misconduct under 37 C.F.R. § 11.304(c).

3. Rule 11.804(d)

As to the charge of engaging in conduct that is prejudicial to the administration of justice, the text of 37 C.F.R. § 11.804(d) is virtually the same as Model Rule 8.4(d). It has been held that an attorney's failure to comply with his court-ordered financial obligations constitutes conduct that is prejudicial to the administration of justice. *See Sanders*, 2016 Colo. Discipl. LEXIS 134, at **14, 23 (upholding suspension of attorney for failure to comply with court-ordered child support obligations, in violation of state professional conduct rule identical to Model Rules 3.4(c) and 8.4(d)); *People v. Hanks,* 967 P.2d 144, 145 (Colo. 1998) (by willfully failing to comply with the court-ordered child support obligations, respondent violated state rules embodying Model Rules 3.4(c) and 8.4(d)). Furthermore, an attorney's failure to comply with discovery requests, to respond to a motion to compel and motion to dismiss, and to appear in court on the motions regarding discovery, which resulted in the court assessing sanctions against the attorney and dismissing the case, has been held to constitute conduct that is prejudicial to the administration of justice, as it resulted in actual prejudice to the court. *In re Wiles*, 150 P.3d 859, 864 (Kan. 2007).

In the present case, Respondent failed to comply with discovery requests, but he did appear at the hearing on the motion to compel. UF 9, 11, 12, 13, 15. Nevertheless, his failure to comply with the discovery requests resulting in a hearing on a motion to compel and assessment of a sanction, together with his subsequent willful failure to pay the court-ordered sanction, prolonged the litigation and constituted conduct that is prejudicial to the administration of justice under 37 C.F.R. § 11.804(d).

Respondent's argument that the "exact doctrine alleged to be enforced by the OED Director, and necessary to protect the public and avoid 'conduct prejudicial to the administration

of justice' is unclear" and that the boundaries of the doctrine "should be made clear to this court at trial, and set forth in a published decision" does not allege any dispute of material fact, and does not show that the OED Director is not entitled to judgment as a matter of law. Opp. at 2. The case law cited above demonstrates that the conduct at issue in Count I of the Complaint is within the boundaries of "conduct that is prejudicial to the administration of justice" under 37 C.F.R. § 11.804(d).

Respondent's argument that holding him liable would lead to "the disbarment of any patent practitioner that has an unsatisfied judgment" in a matter before a state court also is unavailing. Opp. at 3. Respondent did not merely have an unsatisfied judgment; he entirely disregarded and knowingly disobeyed the court's order, issued two years ago, to pay the sanctions award to his former client, Mr. Openiano. Respondent also told Mr. Openiano that he would not pay, and refused to pay him or to respond his emails reminding him of the order. UF 14-24, 26. As noted above, the case law cited above supports a finding that such conduct constitutes misconduct under 37 C.F.R. §§ 11.304(c) and 11.804(d).

4. Rule 37 C.F.R. 11.804(i)

Generally, the facts also support a finding that Respondent's conduct adversely reflects on his fitness to practice before the Office. However, in accordance with *Moatz v. Colitz*, 68 U.S.P.Q.2d 1079 (2003), it is not appropriate to hold Respondent in violation of Section 11.804(i) for engaging in "other conduct that adversely reflects on the practitioner's fitness to practice before the Office." The PTO's appellate tribunal has held that "to be 'other' conduct within the scope [of] Section 10.23(b)(6), conduct must not be prohibited by Section 10.23(b)(1)–(5)." *Colitz*, 68 U.S.P.Q.2d at 1102–03. Section 11.804(i) in the Rules is analogous to Section 10.23(b)(6) of the Code of Professional Responsibility, which it replaced. Therefore, under *Colitz,* conduct alleged to be "other conduct" within the scope of 37 C.F.R. § 11.804(i) must not be prohibited by 37 C.F.R. § 11.804(a)–(h). Accordingly, Respondent cannot be found to have violated both subsection 11.804(i) and 37 C.F.R. § 11.804(d) based upon the same set of facts.

5. Comity and Res Judicata

Respondent did not support his defense of res judicata in response to the Motion. Therefore, it may be deemed abandoned. "At summary judgment on the issue of liability, unproffered affirmative defenses to liability are normally deemed abandoned." *United States v. Mattolo*, 26 F.3d 261, 263 (1st Cir. 1994); *see also, United Mineworkers of Am. 1974 Pension Fund v. Pittston Co.*, 984 F.2d 469, 478 (D.C. Cir. 1993) ("As a general rule, . . . the failure to raise an affirmative defense in opposition to a motion for summary judgment constitutes an abandonment of the defense). Additionally, the defense fails on the merits. Res judicata bars relitigation of a claim where a court has rendered a final judgment on the merits of the same claim or cause of action. *Lane v. Peterson*, 899 F.2d 737, 742 (8th Cir. 1990). There has been no final judgment on the merits by any court on the same claim or cause of action as in the present case.

As to Respondent's argument about "comity," the term means "a practice among political entities (as nations, states, or courts of different jurisdictions), involving esp. mutual recognition

of legislative, executive and judicial acts." Black's Law Dictionary 284 (8th ed. 2004). In the context of attorney discipline, the term is applied to reciprocal discipline and the issue of whether to impose the same sanction as another court. *See, e.g.*, *Attorney Grievance Comm'n v. Whitehead*, 890 A.2d 751, 758, 761 (Md. App. 2006) (discussing weight given to sister jurisdiction's factual findings and sanctions). In this case, where the state bar has not initiated action against Respondent, there is no judicial act upon which to apply the principle of comity. There is no basis upon which to decline to impose a sanction, as there is no decision issued by the state court declining to assess a sanction.

The OED Director may discipline a practitioner although the state has not done so. As noted above, the Director has "broad authority to discipline patent practitioners for incompetence and a wide range of misconduct, much of which falls within the disciplinary authority of the states." *Kroll*, 242 F.3d at 1365.

6. Impossibility

Respondent stated in his Answer under the defense "impossibility of performance" that he "has not had the money to pay said sanction of March 3, 2016, in the entire time period since then until present" and that his house is being sold by a receiver in satisfaction of a half million dollar indebtedness. Answer, ¶ 59. However, he failed to mention the defense in his response to the Motion, and failed to cite any materials in the record or to provide any other support for it, and thus may be deemed to have abandoned it. *United States v. Mattolo*, 26 F.3d at 263; *see also Pittston*, 984 F.2d at 478; *Liberty Lobby, Inc.*, 477 U.S. at 248, 250-251; FRCP 56(c).

Further, there is no claim or evidence that Respondent requested relief from the California court. An assertion in this proceeding that he was unable to pay the sanction fails as a defense where he merely ignored the sanction and did not assert an inability to pay before the California court. *Florida Bar v. Committe*, 136 So.3d at 1115-1116 (attorney liable for violating state counterpart to Model Rule 3.4(c) where he "would have been entitled to assert his inability to pay the attorney's fee judgment in an appropriate legal proceeding, [but] he is not permitted to simply ignore the judgment."). The Review Department of the California State Bar Court has held that inability to pay a court ordered sanction is not a defense where the attorney knew of the order but there is no evidence that he sought relief from it for inability to pay. *In re Respondent Y*, 3 Cal. State Bar Ct. Rptr. 862, 1998 Calif. Op. LEXIS 5, at **13–14 (May 5, 1998).

7. Mr. Openiano's testimony

To the extent that Respondent's arguments in his counterclaim concerning the credibility of Mr. Openiano's testimony are asserted in opposition to the Motion, they do not raise any genuine dispute of material fact. "Broad, conclusory attacks on the credibility of a witness will not by themselves present questions of material fact." *Island Software & Computer Serv., Inc. v. Microsoft Corp.*, 413 F.3d 257, 261 (2d Cir. 2005). A party "cannot defeat . . . summary judgment merely by impugning a [witness'] honesty." *McCullough v. Wyandanch Union Free School Dist.*, 187 F.3d 272, 280 (2d Cir. 1999).

VIII. Count II

A. Applicable Rules

In Count II, Respondent is charged with violating 37 C.F.R. §§ 11.801(b), 11.804(d), and/or 11.804(i), which provide as follows, in pertinent part:

> **§ 11.801 Registration, recognition and disciplinary matters.**
>
> . . . [A] practitioner in connection with a disciplinary or reinstatement matter, shall not:
> . . . .
> (b) Fail to disclose a fact necessary to correct a misapprehension known by the person to have arisen in the matter, fail to cooperate with the Office of Enrollment and Discipline in an investigation of any matter before it, or knowingly fail to respond to a lawful demand or request for information from an admissions or disciplinary authority, except that the provisions of this section do not require disclosure of information otherwise protected by § 11.106.
> . . . .
>
> **§ 11.804 Misconduct.**
>
> It is professional misconduct for a practitioner to:
> . . . .
> (d) Engage in conduct that is prejudicial to the administration of justice.
> . . . ., or
> (i) Engage in other conduct that adversely reflects on the practitioner's fitness to practice before the Office.

B. Parties' Arguments

Count II alleges that Respondent knowingly failed to cooperate with the OED in an investigation or to respond to lawful demands for information from a disciplinary authority, and engaged in conduct that is prejudicial to the administration of justice, by failing to respond to OED's Request for Information and two Lack of Response letters despite being provided ample notice, time, and opportunity to do so. Respondent in his Answer asserts that it was not possible for him to respond because his computers and printers were stolen and subsequently his house was seized by a receiver in a case brought by the State of California and the City of Solana Beach, California. Complaint and Answer ¶ 47.

In his Motion, the OED Director asserts that he is entitled to summary judgment even if Respondent's assertion that his property was seized is taken as true, because Respondent did not contact OED and request an extension of time, and moreover, he admitted to all of the relevant

facts underlying the charge on Count II. The PTO has repeatedly disciplined practitioners who failed to respond to requests for information, the OED Director points out. Motion at 11.

Respondent in his Opposition does not refer to Count II or the allegations therein, but apparently asserts the same defenses that were rejected in the analysis and conclusions as to Count I.

C. Analysis and Conclusions

To establish the alleged violation of 37 C.F.R. § 11.801(b), the OED Director must show either that Respondent failed to cooperate with the OED in an investigation or that he knowingly failed to respond to an RFI that was lawfully issued pursuant to 37 C.F.R. § 11.22(f)(1)(ii).

Respondent admitted that the RFI was lawfully issued, that he received it on September 12, 2016, and that he did not respond to it or request an extension to respond as of the date the Complaint was filed. UF 27-31, 42. OED, following up on the RFI, sent Respondent Lack of Response letters on October 27, 2016 and November 30, 2016, each of which noted his failure to respond to the RFI, warned him of the consequences of not responding, and provided him with another copy of the RFI and a new due date to respond. UF 32-33, 37-38. Respondent admitted he received the Lack of Response letters on November 1, 2016 and December 5, 2016 respectively, and that he did not respond to them, request an extension, or otherwise communicate with OED. UF ¶¶ 35-36, 39-42. Therefore, he knowingly failed to respond to an RFI that was lawfully issued.

The next question is whether Respondent has raised a genuine issue of material fact by asserting his computers were stolen and house seized. To raise a genuine dispute of material fact, Respondent's assertions must be supported by "citing to particular materials in the record, including depositions, documents, electronically stored information, affidavits or declarations, stipulations . . . admissions, interrogatory answers, or other materials." FRCP 56(c)(1)(A). He must produce "sufficient evidence" that a jury could return a verdict in his favor to defeat a motion for summary judgment. *Liberty Lobby, Inc.*, 477 U.S. at 249-250. Respondent has not produced any evidence at all to support the assertions in his Answer. Furthermore, he has not explained or shown that it was impossible for him to request an extension or to respond in some way to OED from the time he received the RFI in September 2016 until the filing of the Complaint in May 2017. He does not provide an approximate date that the computers were stolen or that the house was seized, and he does not indicate that he attempted to contact the OED, even if he was unable to respond substantively to the RFI. In short, Respondent has not provided any basis for proceeding to a trial.

Therefore, I conclude that Respondent knowingly failed to respond to an RFI that was lawfully issued, and that he failed to cooperate with the OED in an investigation, in violation of 37 C.F.R. § 11.801(b).

In addition, Respondent's failure to respond to the RFI and to the subsequent Lack of Response letters constitutes "conduct that is prejudicial to the administration of justice" in violation of 37 C.F.R. § 11.804(d). The Rules authorize the OED Director to investigate possible

grounds for discipline and require practitioners to cooperate with the investigation. 37 C.F.R. §§ 11.22, 11.801(b). Failing to cooperate is misconduct that interferes with the USPTO's authority to govern the conduct of attorneys practicing before it and the OED Director's authority to investigate possible grounds for discipline. The Court of Appeals for the Federal Circuit has affirmed that providing the PTO with evasive responses to RFIs constitutes "conduct that is prejudicial to the administration of justice," as the "failure to respond to [the PTO's] questions in any meaningful way hindered the PTO's investigation." *Bender*, 490 F.3d at 1368; *see also, Comm. on Professional Ethics and Conduct v. Bromwell*, 389 N.W.2d 854, 856 (Iowa 1986) (holding that failure to respond to grievance committee violated the proscription against conduct prejudicial to administration of justice).

IX. Sanction

A. Standards for Sanctions

In determining the applicable sanction to be imposed, the PTO Rules require the consideration of four factors, as applicable:

> (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).

The federal courts have consistently held that the purpose of disciplinary rules is not to punish, but rather "'to protect the public, to protect the integrity of the legal profession and to deter other lawyers from violating the Rules of Professional Conduct."' *Attorney Grievance Comm'n of Md. v. Marcalus*, 996 A.2d 350, 363 (Md. 2010) (quoting *Attorney Grievance Comm'n of Md. v. Bernstein*, 768 A.2d 607, 616 (Md. 2001)); *Coombs v. State Bar of California*, 779 P.2d 298, 306 (Cal. 1989); *see also* ABA Standards at 8. Imposing sanctions advances the public's confidence in the legal profession. *Attorney Grievance Comm'n of Md. v. Coppola*, 19 A.3d 431, 451–52 (Md. 2011). "Imposing a sanction protects the public interest because it demonstrates to members of the legal profession the type of conduct which will not be tolerated." *Attorney Grievance Comm'n of Md. v. Hodes*, 105 A.3d 533, 574 (Md. 2014) (internal quotations and citations omitted). The most important ethical duties are the obligations that a lawyer owes to clients. *In re Claussen*, 909 P.2d 862, 872 (Ore. 1996) (referring to American Bar Association Standards for Imposing Lawyer Sanctions). The harm from the violation need not be actual, only potential. *Id.* These principles are reflected in the factors of 37 C.F.R. § 11.54(b) and therefore

standards that apply to attorney discipline also apply to disciplinary proceedings for patent practitioners.

In accordance with these principles, when determining the appropriate sanction to be imposed in a disciplinary proceeding, "the real and vital issue to be determined . . . is whether or not the accused, from the whole of the evidence as submitted, is a fit and proper person to be permitted to continue in the practice of law." *In re Walker*, 254 N.W.2d 452, 455 (S.D. 1977) (internal citations and quotations omitted).

The American Bar Association's Standards for Imposing Lawyer Sanctions (2005) ("ABA Standards") have been used as guidance in determining an appropriate sanction to impose in a PTO disciplinary proceeding. *In re Hormann,* Proceeding No. D08–04 (USPTO July 8, 2009).

The ABA Standards list several aggravating and mitigating factors to consider in determining an appropriate sanction in attorney disciplinary proceedings. The following aggravating factors are listed therein:

> (a) prior disciplinary offenses;
> (b) dishonest or selfish motive;
> (c) a pattern of misconduct;
> (d) multiple offenses;
> (e) bad faith obstruction of the disciplinary proceeding by intentionally failing to comply with rules or orders of the disciplinary agency;
> (f) submission of false evidence, false statements, or other deceptive practices during the disciplinary process;
> (g) refusal to acknowledge wrongful nature of conduct;
> (h) vulnerability of victim;
> (i) substantial experience in the practice of law;
> (j) indifference to making restitution;
> (k) illegal conduct, including that involving the use of controlled substances.

ABA Standards § 9.22. The ABA Standards additionally list the following mitigating factors:

> (a) absence of a prior disciplinary record;
> (b) absence of a dishonest or selfish motive;
> (c) personal or emotional problems;
> (d) timely good faith effort to make restitution or to rectify consequences of misconduct;
> (e) full and free disclosure to disciplinary board or cooperative attitude toward proceedings;

(f) inexperience in the practice of law;
(g) character or reputation;
(h) physical disability;
(i) mental disability or chemical dependency . . .
(j) delay in disciplinary proceedings;
(k) imposition of other penalties or sanctions;
(l) remorse;
(m) remoteness of prior offenses.

ABA Standards § 9.32.

The ABA Standards note that they do not account for multiple charges of misconduct and that the sanction imposed should at least be consistent with the sanction for the most serious instance of misconduct among several violations, and generally should be greater, by considering the aggravating factor of a pattern of misconduct or multiple instances of misconduct. ABA Standards, Part II, "Theoretical Framework."

B. Parties' Arguments

The OED Director argues that Respondent should be excluded from practice before the PTO on the basis of the misconduct at issue in this case combined with his prior misconduct in *Fuess I.* The OED Director asserts that Respondent's behavior demonstrates a lack of basic ethical capacities and a willful disregard of his obligations to his client, the court, the PTO, and the tribunal.

The OED Director asserts further that Respondent violated his fiduciary duty to his client, the public, the tribunal, and the legal profession by failing to pay the client the money he was ordered to pay by the California court, which was prejudicial to the administration of justice. In addition, by failing to cooperate in OED's investigation, he violated the duty practitioners owe to the public and the legal profession. Such violations decrease the public's confidence in the integrity and professionalism of patent practitioners. Motion at 18-21.

As to the second factor, the OED Director points out that there is no dispute that Respondent acted knowingly and his omissions were intentional. Motion at 21. Regarding the third factor, the OED Director argues that the actual injuries from the violations are significant. Respondent caused injury to our system of justice by making clear that he has no intention of honoring a court order and failing to pay the sanction even after a year, and by undermining the integrity of the attorney disciplinary system. *Id*.

The OED Director identifies the following aggravating factors that should be applied in assessing the sanction. First, Respondent was previously disciplined in *Fuess I.* Second, he had a dishonest or selfish motive, claiming he cannot afford to pay the sanction in the California court but making no effort to move for reduction of the sanction in that court, and demonstrating

vindictiveness to Mr. Openiano by refusing to pay. Third, he engaged in a pattern of misconduct by consistently refusing to take responsibility for mishandling Mr. Openiano's matters in *Fuess I* and in the current case, and by his continuing failure to pay the sanction. Fourth, Respondent's conduct met the factor "bad faith obstruction of the disciplinary proceeding" in that he completely failed to participate in the discipline process and demonstrated willful disregard of his obligations to the USPTO. The OED Director points out that courts in other jurisdictions have found that an attorney's failure to participate in his own disciplinary proceeding is a significant aggravating factor indicative of indifference or contempt for disciplinary procedures. Fifth, Respondent refused to acknowledge the wrongful nature of his misconduct or show any remorse, which is most apparent in his counterclaim against OED personnel. Sixth, he has substantial experience practicing law. Seventh, he has expressed no intent to pay the court-ordered sanction owed to Mr. Openiano, and thus has "indifference to making restitution." Motion at 22-24.

The OED Director states that he is aware of no mitigating factors in this matter. He cites cases demonstrating that disbarment of an attorney is appropriate where the attorney knowingly violated a court order with intent to benefit himself, particularly where he has significant history of violations. Motion at 25 (citing *In re Lincoln*, 823 P.2d 1275, 1278 (Ariz. 1992), *People v. Albright*, 91 P.3d 1063 (Colo. O.P.D.J. 2003); *In re Munroe*, 89 A.D.3d 1 (N.Y. App. 2011). Further, failure to cooperate in a disciplinary investigation along with other misconduct warrants disbarment. Motion at 26 (citing, *inter alia*, *In re Disciplinary Action against Brost*, 850 N.W.2d 699, 704-705 (Minn. 2014) (attorney disbarred for misconduct and failure to cooperate); *In re Flatten*, 611 N.W.2d 340, 342 (Minn. 2000) (attorney with proper disciplinary history indefinitely suspended for noncooperation in disciplinary proceeding); *In re Clark*, 834 N.E.2d 653 (Ind. 2005) (attorney suspended for 90 days for repeated failure to provide timely response to discipline authorities); *Attorney Grievance Comm'n of Md. v. Fezell,* 760 A.2d 1108 (Md. 2000) (attorney suspended for 60 days for not responding to lawful demands from disciplinary authority)).

Therefore, the OED Director requests that Respondent be excluded from practice before the Office in patent, trademark and other non-patent matters, and that "all other reasonable relief" that is deemed appropriate be awarded.

Other than presenting the defenses addressed above, Respondent did not address the issue of a sanction in his Opposition.

C. Analysis and Conclusion

In *Fuess I*, Respondent was suspended for three years, with reinstatement conditioned on a requirement that he pass the Multistate Professional Responsibility Exam and a probationary period of two years thereafter. To be determined in the present case is whether to grant summary judgment as to the proposed sanction excluding him from practice before the PTO, considering that he is currently suspended for a three-year period for his misconduct in *Fuess I*. The first

question is whether the OED Director has established that there are no genuine disputes of fact material to whether to impose the proposed sanction.

As to the first factor under 37 C.F.R. § 11.54(b), whether Respondent by his misconduct violated a duty owed to a client, the public, the legal system, or the profession, the OED Director's analyses and conclusions do not rely on any contested facts. As to the second factor, Respondent admits the facts relevant to whether he acted intentionally or knowingly. He admits that he knew of the court order and that he expressed an intention not to pay the sanction ordered by the California court, and he admits that he received the RFI and Lack of Response letters but did not respond to them. UF 14-16, 30-31, 35-36, 39, 41. As to the third factor, the OED Director's conclusion that the misconduct caused significant injury to our system of justice is not premised on any facts that are disputed.

With respect to the aggravating factors, there is no dispute that Respondent was previously disciplined in *Fuess I.* The OED Director's assertion that Respondent had a dishonest or selfish motive is an inference drawn from the undisputed facts (UF 14-24, 26) and from his assertion that he cannot afford to pay the sanction even though he made no effort to move for reduction of the sanction in the California court. Respondent has not denied that he had a dishonest or selfish motive, and he has not supplied any facts to challenge the inference. He also has not supported his assertion that he cannot afford to pay, beyond merely asserting in his Answer that his house was seized and sold by a receiver to satisfy a secured debt. Answer ¶¶ 47, 59. Further, there is no indication in the case file that he requested any relief from the California court on the basis of inability to pay the sanction. Finally, a selfish motive toward Mr. Openiano regarding Count I is reflective of his motive toward Mr. Openiano in *Fuess I.*

The OED Director's conclusion as to the third aggravating factor, that Respondent engaged in a pattern of misconduct by consistently refusing to take responsibility for mishandling Mr. Openiano's matters in *Fuess I* and the current case, and by his ongoing refusal to pay, is based on undisputed facts.

As to the fourth aggravating factor, "bad faith obstruction of the disciplinary proceeding by intentionally failing to comply with rules or orders of the disciplinary agency," there is no dispute that Respondent completely failed to participate in the disciplinary investigation. UF ¶¶ 27-42. His defense, merely asserted in his Answer, that it was not possible for him to respond due to his computers being stolen and house being seized, does not explain his failure to request an extension of time or otherwise contact the OED. Therefore, Respondent has not raised any genuine dispute of fact material to this factor.

There is no indication in Respondent's submissions in this case that he acknowledges the wrongful nature of his misconduct or has any remorse, and therefore there is no dispute of material fact as to the fifth aggravating factor.

The length of time that Respondent has been practicing patent law establishes that he has substantial legal experience. UF ¶¶ 1, 2. Finally, his expressed intent not to pay the court-ordered sanction owed to Mr. Openiano, and failure to pay thereafter despite receiving emails from Mr. Openiano, establishes beyond dispute that he has "indifference to making restitution."

Respondent has not raised any issue of fact that is material to the sanction. He has not made any claim related to mitigating factors such as having personal or emotional problems, mental illness, or chemical dependency. His unsupported assertion that he did not have the money to pay the sanction in the California court does not raise a fact material to imposition of a sanction for the same reasons, discussed above, that his defense of impossibility was rejected. *See, Mattolo*, 26 F.3d at 263; *Pittston Co.*, 984 F.2d at 478; *Liberty Lobby, Inc.*, 477 U.S. at 248, 250-251; FRCP 56(c).

Respondent has failed to properly address the OED's assertions and inferences with respect to the sanction, and therefore it is appropriate to grant the OED Director's request for summary judgment as to a sanction. FRCP 56(e). There is no basis for granting alternative relief under FRCP 56(e). Respondent, an attorney, who is presumed to be fully aware of his obligations and opportunities to present his case in this proceeding and of the consequences of failing to avail himself thereof, has had ample opportunity to support his assertions and to respond to the Motion. Respondent's very brief and scanty Opposition to the Motion suggests that he is not interested in further opportunity to defend himself against the Motion.

Nevertheless, the proposed sanction must be reviewed for consistency with applicable legal standards and guidance.

1. Violation of duties

Respondent's failure to pay the sanction to his former client Mr. Openiano was a violation of duties owed to a client, which as noted above, are the most important ethical duties. *Claussen*, 909 P.2d at 872. Furthermore, such failure to pay clearly violated a duty owed to the legal system.

Respondent's failure to pay the court-ordered sanction, along with his failure to respond to OED's ensuing investigation, reflects poorly on the integrity of the legal profession and patent bar, and thus violated a duty owed to the profession to maintain its integrity.

2. Culpability

The next step is determining whether Respondent acted intentionally, knowingly or negligently. According to the ABA Standards, "knowledge" is the conscious awareness of the nature or attendant circumstances of the conduct but without the conscious objective or purpose to accomplish a particular result." Courts have considered that definition in determining the mental state or culpability of a practitioner in contexts including assessing a sanction for failure to comply with a court order. *People v. McNamara,* 275 P.3d 792, 803 (Colo. O.P.D.J. 2011) (respondent acted with conscious awareness, thus knowingly, when he failed to pay court-ordered child support). The term "intent" is defined in the ABA Standards as "the conscious objective or purpose to accomplish a particular result."

Respondent knew that he was obligated to pay Mr. Openiano the sanction ordered by the California court and chose not to pay it even after Mr. Openiano sent emails reminding him to

pay. UF 16-24. The level of Respondent's culpability cannot be decreased on the basis of his claim, unsupported by any evidence, that he did not have the money to pay. Respondent also knew that he had an obligation to respond to the RFI and Lack of Response letters. He received them, they set forth deadlines, he was warned of the consequences of failing to respond, and yet he failed to respond. UF 29-42. Thus, there is no dispute that Respondent acted knowingly in violating 37 C.F.R. §§ 11.304(c), 11.801(b), and 11.804(d).

In state disciplinary proceedings, a failure to cooperate in the disciplinary investigation has been considered intentional. *In re Meyer,* No. SB-000-0073-D, 2000 Ariz. LEXIS 96 at ** 22-23 (Ariz. 2000) (attorney's failure to respond to state bar's letters of inquiry and refusal to cooperate with its investigation following a prior suspension "is indicative of contempt for the legal profession" and the disciplinary proceedings and was intentional); *In re Galusha,* 794 P.2d 136 (Ariz. 1990)(a lawyer's failure to respond to state bar inquiries borders on contempt for the legal system.). Respondent's failure to cooperate in OED's investigation is at least knowing, if not intentional.

3. Amount of the actual or potential injury

The next factor is the amount of actual or potential injury caused by the practitioner's misconduct.

Respondent focuses his Opposition on the argument that the allegation of misconduct in Count I is unsound, was not investigated by the California bar, and usurps the responsibility of the California bar to enforce its ethical rules. However, the failure to respond to an ethics investigation may constitute misconduct with actual injury to the legal profession even where the underlying alleged violation is later withdrawn or dismissed, as the gravamen of the misconduct is preventing the timely investigation of a complaint, which at the least results in increased cost and delay of the investigation. *In re Clark,* 663 P.2d 1339, 1342 (Wash. 1983). The following words of the Supreme Court of Washington in that case, although applied to state bar investigations, are particularly instructive here:

> The practice of law has been a profession of the highest order since its inception and it must continue to be so. Internal investigation and self-discipline are at the very heart of a profession, as distinguished from a trade or business. . . . . Public confidence in the legal profession, and the deterrence of misconduct, require prompt, complete investigations. The process of investigating complaints depends to a large extent on an attorney's cooperation. Without that cooperation, the bar association is deprived of information necessary to determine whether the lawyer should continue to be certified to the public as fit. . . . If the members of our profession do not take the process of internal discipline seriously, we cannot expect to the public to do so and the very basis of our

> professionalism erodes. Accordingly, an attorney who disregards his professional duty to cooperate with the bar association must be subject to severe sanctions.

Id.

The record does not establish that the actual or potential injury to the profession caused by Respondent's failure to cooperate with the disciplinary investigation is "serious" under the ABA Standards. *In re Scannell,* Civ. No. 10-80024, 2011 U.S. App. LEXIS 26705 (9th Cir. 2011) (attorney's unreasonably prolonged attempt to resist state bar's two investigations, flouting his affirmative duty to cooperate in them, constituted actual injury, warranting suspension for two years, but not "serious" injury to warrant disbarment).

However, the injury caused by his failure to cooperate with OED must be considered together with the actual injury to Respondent's client, Mr. Openiano, and the actual and potential injury to the legal system and legal profession caused by Respondent's failure to comply with the California court's order to pay $2,240 in sanctions to Mr. Openiano. Respondent's refusal to comply with the court order resulted in costs and delays to the court and to Mr. Openiano, and there is no evidence that he ever paid the sanction. UF 10-26. The total actual and potential injury resulting from Respondent's misconduct at least approaches if not reaches the level of "serious."

4. ABA Standards

With respect to Count I, the ABA Standards provide (at §§ 6.21 and 6.22) that absent aggravating or mitigating circumstances:

> Disbarment is generally appropriate when a lawyer knowingly violates a court order or rule with the intent to obtain a benefit for the lawyer . . ., and causes serious injury or potentially serious injury to a party or causes serious or potentially serious interference with a legal proceeding.
>
> Suspension is generally appropriate when a lawyer knows that he or she is violating a court order or rule, and causes injury or potential injury to a client or another party, or causes interference or potential interference with a legal proceeding.

With respect to both Counts I and II, the ABA Standards provide (at §§ 7.1 and 7.2) that absent aggravating or mitigating circumstances:

> Disbarment is generally appropriate when a lawyer knowingly engages in conduct that is a violation of a duty owed as a

> professional with the intent to obtain a benefit for the lawyer . . ., and causes serious injury or potentially serious injury to a client, the public, or the legal system.
>
> Suspension is generally appropriate when a lawyer knowingly engages in conduct that is a violation of a duty owed as a professional and causes injury or potential injury to a client, the public, or the legal system.

Therefore, at the very least, a term of suspension is warranted for each of Respondent's violations in this proceeding.

An additional consideration is that Respondent already has been suspended in *Fuess I* for, *inter alia*, failure to cooperate with OED and respond to OED's requests for information, and failure to fulfill his legal obligations to Mr. Openiano, misconduct which is similar to that in the present proceeding. The ABA Standards provide (at § 8.1) the following guidance:

> Disbarment is generally appropriate when a lawyer: . . . (b) has been suspended for the same or similar misconduct, and intentionally or knowingly engages in further similar acts of misconduct that cause injury or potential injury to a client, the public, the legal system, or the profession.

Accordingly, the proposed sanction of exclusion of Respondent from practice before the PTO is consistent with legal standards and guidance and is an appropriate sanction to impose for Respondent's misconduct as alleged in the Complaint and found herein.

5. Aggravating or mitigating factors

The aggravating factor of prior disciplinary offenses has already been considered with respect to ABA Standard § 8.1. The factor of "bad faith obstruction of the disciplinary proceeding" reflects the subject of Count II. The existence of several other aggravating factors in this case, and the absence of mitigating factors, confirms that exclusion from practice is the appropriate sanction to impose in this proceeding.

ORDER

After careful and deliberate consideration of the above facts and conclusions, as well as the factors identified in 37 C.F.R. § 11.54(b):

IT IS HEREBY ORDERED that thirty (30) days from the date this Initial Decision is entered, Respondent **William C. Fuess,** PTO Registration No. 30,054, shall be **EXCLUDED** from practice before the USPTO.

The facts and circumstances of this proceeding shall be fully published in the U.S. Patent and Trademark Office's official publication.

Under 37 C.F.R. § 11.55, any appeal by Respondent from this Initial Decision, issued pursuant to 35 U.S.C. § 32 and 37 C.F.R. § 11.54, must be filed with the U.S. Patent and Trademark Office at the address provided in 37 C.F.R. § 1.1(a)(3)(ii) within 30 days after the date of this Initial Decision. Such appeal must include exceptions to the Administrative Law Judge's Decision and supporting reasons therefor. Failure to file such an appeal in accordance with 37 C.F.R. § 11.55 will be deemed both an acceptance by Respondent of the Initial Decision and that party's waiver of rights to further administrative and judicial review.

SO ORDERED.

Lisa Busch

M. Lisa Buschmann
Administrative Law Judge

Dated: July 30, 2018
Washington, D.C.