

**UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE ADMINISTRATIVE LAW JUDGE**

In the Matter of:

MORTON CHIRNOMAS

Respondent.

Proceeding No. D2020-29

April 29, 2021

INITIAL DECISION ON DEFAULT JUDGMENT

This matter arises from a disciplinary complaint filed by the Director for the Office of Enrollment and Discipline (“OED Director”) for the United States Patent and Trademark Office (“USPTO” or “the Office”) against Morton Chirnomas (“Respondent”) pursuant to 35 U.S.C. § 32 as implemented by 37 C.F.R. Part 11.¹ The OED Director has filed a *Motion for Entry of Default Judgment and Imposition of Disciplinary Sanction* and a *Memorandum in Support* (“Default Motion”) seeking a default judgment and an order excluding Respondent from practice before the Office.

PROCEDURAL HISTORY

On October 16, 2020, the OED Director filed a *Complaint and Notice of Proceedings under 35 U.S.C. § 32* (“Complaint”) against Respondent pursuant to 37 C.F.R. §§ 11.32 and 11.34, alleging violations of the USPTO Rules of Professional Conduct (37 C.F.R. §§ 11.101 *et seq.*). The *Complaint* stated that Respondent was required to file a written Answer with the Court within thirty days.

On the same day that the *Complaint* was filed, the OED Director, in accordance with 37 C.F.R. § 11.35(a)(2), attempted to serve a copy of the *Complaint* on Respondent by sending a copy to him via certified mail to the Mount Freedom, New Jersey address that Respondent had provided to the Office of Enrollment and Discipline (“OED”) pursuant to 37 C.F.R. § 11.11.² The *Complaint* was also sent to three other addresses where the OED Director reasonably believed that Respondent received mail. The United States Postal Service (“USPS”) was unable to deliver the copy of the *Complaint* sent to Respondent’s 37 C.F.R. § 11.11 address. Similarly, the USPS was unable to deliver a copy of the *Complaint* mailed to a second address in New

¹ Pursuant to an Interagency Agreement in effect beginning March 27, 2013, Administrative Law Judges of the U.S. Department of Housing and Urban Development have been appointed by the Secretary of Commerce and are authorized to hear cases brought by the USPTO.

² 37 C.F.R. § 11.11(a) requires a registered practitioner such as Respondent to notify the OED Director of the postal address for the practitioner’s office and to provide written notice of any address change within 30 days of the change.

Jersey. Two other copies of the Complaint were “Delivered, Left with Individual” on October 21, 2020, and October 23, 2020, respectively.

On October 20, 2020, this Court issued a *Notice of Hearing and Order* requiring Respondent to file his Answer on or before November 16, 2020, and establishing various other pre-hearing deadlines. However, Respondent did not file an Answer or otherwise enter an appearance before the Court.

Subsequently, because the OED Director had been unable to serve Respondent with the *Complaint* pursuant to 37 C.F.R. § 11.35(a), the OED Director sought and obtained a stay of this proceeding while effectuating service by publication pursuant to 37 C.F.R. § 11.35(b). Notices were published in the USPTO Official Gazette for two consecutive weeks, on January 5, 2021, and January 12, 2021. USPTO regulations mandated that Respondent had thirty days from the date of publication of the second Notice in the Official Gazette to file an Answer to the *Complaint*, making his Answer due on or before February 11, 2021. See 37 C.F.R. § 11.35(b). Respondent did not file an Answer, request an extension of time to do so, or otherwise contact counsel for the OED Director or this Court.

On March 26, 2021, the OED Director filed the *Default Motion*. Pursuant to the *Notice of Hearing and Order* issued by this Court on October 20, 2020, any party opposing a motion must file his or her opposition within ten days after the motion is docketed. Accordingly, Respondent’s response to the *Default Motion* was due on or before April 9, 2021. However, Respondent has not responded to the *Default Motion*.

As of the date of this decision, Respondent has not filed an Answer to the *Complaint*, responded to the *Default Motion* or sought an extension of time to do so, or otherwise appeared in this matter. The Court has received no communication from or on behalf of Respondent.

APPLICABLE LAW

USPTO Disciplinary Proceedings. 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.” Kroll v. Finnerty, 242 F.3d 1359, 1364 (Fed. Cir. 2001). This authority flows from 35 U.S.C. § 2(b)(2)(D), which empowers the USPTO to establish regulations governing patent practitioners’ conduct before the Office, and 35 U.S.C. § 32, which empowers the USPTO to discipline a practitioner who is “shown to be incompetent or disreputable, or guilty of gross misconduct,” or who violates the USPTO’s regulations. The practitioner must receive notice and an opportunity for a hearing before such disciplinary action is taken. 35 U.S.C. § 32. Disciplinary hearings are conducted in accordance with the USPTO’s procedural rules at 37 C.F.R. part 11, subpart C, and with section 7 of the Administrative Procedure Act, 5 U.S.C. § 556, by a hearing officer appointed by the USPTO. See 37 C.F.R. §§ 11.39(a), 11.44. The OED Director has the burden of proving any alleged violations by clear and convincing evidence. 37 C.F.R. § 11.49.

In 1985, the USPTO issued regulations based on the ABA Model Code of Professional Responsibility to govern attorney conduct and practice. See Practice Before the Patent and

Trademark Office, 50 Fed. Reg. 5158 (Feb. 6, 1985) (Final Rule) (codified at 37 C.F.R. §§ 10.20-10.112). These rules set forth the USPTO Code of Professional Responsibility and “clarif[ied] and modernize[d] the rules relating to admission to practice and the conduct of disciplinary cases.” *Id.* at 5158. In May 2013, the USPTO replaced the USPTO Code with the USPTO Rules of Professional Conduct, which are fashioned on the ABA’s Model Rules of Professional Conduct. *See* Changes to Representation of Others Before the United States Patent and Trademark Office, 78 Fed. Reg. 20180 (April 3, 2013) (Final Rule) (codified at 37 C.F.R. §§ 11.101-11.901). By updating its regulations, the USPTO sought to “provid[e] attorneys with consistent professional conduct standards, and large bodies of both case law and opinions written by disciplinary authorities that have adopted the ABA Model Rules.”³ *Id.* at 20180.

Consequences for Failure to Answer Complaint. The USPTO’s procedural rules set forth the requirement for answering the *Complaint* and the consequences for failing to do so: “Failure to timely file an answer will constitute an admission of the allegations in the complaint and may result in entry of default judgment.” 37 C.F.R. § 11.36(e).

FINDINGS OF FACT

Because Respondent failed to answer the *Complaint*, he is deemed to have admitted the allegations in the *Complaint*, which are set forth below as the Court’s findings of fact.

The USPTO registered Respondent as a patent agent on September 4, 1990, and assigned him registration number 34,465. Respondent was admitted to practice law in New Jersey on December 20, 1990, and is currently in administrative ineligible status. On January 29, 1991, the USPTO changed Respondent’s status as a registered practitioner from “agent” to “attorney.” Respondent was admitted to practice law in Massachusetts on August 14, 2003, and is currently administratively suspended for non-registration.

1. The FZU Representation

In or about December 2017, Fyzikální ústav AV ČR, v.v.i. (“FZU”), a research institute in Prague, Czech Republic, through attorney Karel Bauer (also of the Czech Republic), retained Respondent to prepare and file a national stage utility patent application with the USPTO for Patent Cooperation Treaty application number PCT/CZ2016/050026. Respondent’s client was FZU acting through its attorney and duly authorized agent Mr. Bauer.

On January 11, 2018, Respondent sent an email to Mr. Bauer stating that the cost of handling the national stage filing in the United States would be \$2,040.00 including filing fees. On January 15, 2018, Respondent filed [REDACTED] (“the [REDACTED] application”) for FZU’s invention titled, “[REDACTED]” [REDACTED]” Respondent did not submit payment to the USPTO for any of the required filing fees associated with the [REDACTED] application (e.g., basic national fee, search fee, or examination fee).

³ Thus, the USPTO Code, the Comments and Annotations to the ABA Model Rules, and disciplinary decisions and opinions issued by state boards are useful to understanding the USPTO Rules. *See* 78 Fed. Reg. at 20180.

A USPTO-issued customer number is a unique number created by the USPTO that allows a practitioner to easily associate all of his or her filings with a single mailing address. In the [REDACTED] application, Respondent indicated that the address associated with USPTO-issued customer number 39036 was the address to which the USPTO should send correspondence. Customer number 39036 is associated with Respondent's name and registration number.

On January 15, 2018, Respondent emailed to Mr. Bauer an invoice in the amount of \$2,610.00. Of that amount, \$2,110.00 was for filing the [REDACTED] application with the USPTO, and \$500.00 was for Respondent's patent legal services, namely: drafting claim amendments, correcting drawing sheets, and preparing other forms related to the application. Respondent provided his personal bank account information on the invoice to indicate where to pay Respondent's patent fees related to the [REDACTED]. Also on January 15, 2018, FZU sent a wire transfer to Respondent's personal bank account in the amount of 68394,53 Czech Koruna, the total amount of Respondent's \$2,610.00 invoice including advance payment of expenses (*i.e.*, filing fees) that had not been earned or incurred.

On January 18, 2018, Respondent confirmed by email that he received FZU's wire transfer. On [REDACTED], the USPTO mailed to Respondent a Notice of Insufficient Basic National Fee Required and/or Missing Copy of International Application under 35 U.S.C. § 371 and 37 C.F.R. § 1.495 ("Notice") due to Respondent's failure to pay the basic national fee. The USPTO mailed the Notice to the correspondence address associated with customer number 39036. Respondent did not forward the Notice to Mr. Bauer or FZU, or otherwise inform them of it. Respondent did not remit the basic national fee to the USPTO or otherwise respond to the Notice.

On [REDACTED], the USPTO mailed Respondent a Notification of Abandonment. The notification indicated that the [REDACTED] application became abandoned due to the failure to provide the basic national fee within 30 months of filing the application pursuant to 37 C.F.R. § 1.495. The USPTO mailed the Notification of Abandonment to the correspondence address associated with customer number 39036. Respondent did not forward the Notification of Abandonment to Mr. Bauer or FZU, or otherwise inform them of it.

On September 30, 2019, Mr. Bauer sent an email to Respondent stating that the [REDACTED] application appeared to be abandoned, and asked Respondent to "...please explain what's happened?" On October 16, 2019, Mr. Bauer sent an email to Respondent requesting a telephone call. Respondent did not respond to either of Mr. Bauer's emails. Mr. Bauer made multiple attempts to contact Respondent by email, telephone, and by sending Respondent a message through LinkedIn. Respondent did not respond to any of Mr. Bauer's multiple attempts to communicate with him about the [REDACTED] application.

No later than September 2019, Respondent abandoned FZU as his client and caused a *de facto* termination of the practitioner-client representation when he failed to remit the basic national fee to the USPTO, and to respond to the Notification of Abandonment and Mr. Bauer's September 30, 2019 email. On [REDACTED] filed a Power of Attorney or Revocation of Power of Attorney With a New Power of Attorney and Change of Correspondence Address with the USPTO ("Power of Attorney"). The Power of Attorney, signed on behalf of

the applicant FZU, appointed the practitioner associated with customer number [REDACTED] as the attorney authorized to prosecute the [REDACTED] application and transact all business with the USPTO. On [REDACTED], the USPTO sent a Notice of Acceptance of Power of Attorney to [REDACTED].

As of the date the *Complaint* was filed, the [REDACTED] application remained abandoned and Respondent had not refunded to FZU any portion of the funds he had received from FZU on January 15, 2018 to pay the filing fees associated with the [REDACTED] application, which he never remitted to the USPTO.

2. Failure to Cooperate with OED's Investigation

Pursuant to 37 C.F.R. § 11.11(a), Respondent was required to notify the OED Director of the postal address for his office, up to three addresses where he receives email, and a business telephone number. Additionally, Respondent was required to notify the OED Director as to every change to any of those addresses or telephone numbers within thirty days of the date of the change. See 37 C.F.R. § 11.11(a). Registered practitioners are required to so notify the OED Director independently of any change to an address in a USPTO-issued customer number. Id.

During the course of an investigation, the OED Director may request from a practitioner information and evidence regarding possible grounds for discipline of the practitioner. See 37 C.F.R. § 11.22(f)(1)(ii). A practitioner has an obligation to respond to any lawfully issued Request for Information and Evidence ("RFI"). Id. § 11.801(b).

On December 31, 2019, the Office of Enrollment and Discipline ("OED") mailed an RFI to Respondent to three addresses at which OED reasonably believed Respondent received mail. Specifically, the RFI was mailed to the address Respondent provided to OED pursuant to 37 C.F.R. § 11.11: P.O. Box 78, Mount Freedom, NJ 07970 ("the Mount Freedom address"). A copy of the RFI was mailed to the correspondence address associated with customer number 39036: c/o Licari, 140 Hepburn Road, 9J, Clifton, NJ 07012 ("the Clifton address"). A copy of the RFI was also mailed to a third address where OED believed Respondent received mail: 21 Calais Road, Randolph, NJ 07869 ("the Randolph address"). Each copy of the RFI was mailed by USPS certified mail, return receipt requested.

The December 31, 2019 RFI contained, among other things, questions about the [REDACTED] application and whether certain filing fees were paid at the time that Respondent filed the [REDACTED] application with the USPTO. The RFI requested that Respondent respond within thirty days, or on or before January 31, 2020. The RFI was lawfully issued pursuant to 37 C.F.R. § 11.22(f)(1)(ii). USPS returned to the USPTO the copies of the RFI sent to the Mount Freedom address and the Randolph address. USPS records indicate that no one was available to accept delivery of the copy of the RFI mailed to the Clifton address.

On January 21, 2020, OED sent correspondence to Respondent that included the December 31, 2019 RFI and informed him that, *inter alia*, he was required to notify the OED Director of any change in his contact information. OED sent the January 21, 2020 correspondence to the Mount Freedom address, the Randolph address, and the Clifton address by

USPS certified mail, return receipt requested; regular U.S. mail; and the United Parcel Service (“UPS”). The January 21, 2020 correspondence requested that Respondent respond by January 31, 2020. USPS returned the correspondence that had been sent to the Mount Freedom address and the Randolph address by certified mail. USPS records further indicate that no one was available to accept delivery of the correspondence sent to the Clifton address by certified mail. UPS returned to the USPTO the correspondence sent to the Mount Freedom address.

On February 5, 2020, OED sent an email to Respondent to: (a) [REDACTED], (b) [REDACTED], and (c) [REDACTED]. The email requested that Respondent contact OED to discuss an important matter. OED did not receive any indication that Respondent failed to receive the email (*i.e.*, no bounce back email was received). OED did not receive a response to the email.

On February 7, 2020, OED sent a Lack of Response letter to Respondent that enclosed the December 31, 2019 RFI. OED sent the Lack of Response letter to the Mount Freedom address, the Randolph address, and the Clifton address by USPS certified mail, return receipt requested; regular U.S. mail; and UPS. The Lack of Response letter requested that Respondent respond within fourteen days, or on or before February 21, 2020. USPS returned to the USPTO the copies of the Lack of Response letter mailed to the Mount Freedom address, the Randolph address, and the Clifton address by certified mail. UPS returned to the USPTO the copy of the Lack of Response letter sent to the Mount Freedom address.

On April 6, 2020, an OED Staff Attorney spoke to Respondent on the telephone. Respondent confirmed his email address and told OED that he would accept service of the December 31, 2019 RFI by email. Respondent also informed OED that his contact information had changed, but that he had not yet updated his address of record. Also on April 6, 2020, OED sent an email to Respondent to an email address that Respondent confirmed as belonging to him: [REDACTED]. OED attached the December 31, 2019 RFI to the email, and informed Respondent that a response was due by April 20, 2020. OED did not receive any indication that Respondent failed to receive the April 6, 2020 email. However, OED did not receive a response to the email.

On April 27, 2020, OED mailed a Lack of Response letter to Respondent that enclosed the December 31, 2019 RFI. OED mailed this Lack of Response letter to the Mount Freedom address, the Randolph address, and the Clifton address by USPS certified mail, return receipt requested. OED also mailed a copy of the April 27, 2020 Lack of Response letter, by USPS certified mail, return receipt requested, to a fourth address at which the OED Director believed that Respondent received mail: 53 Morris Avenue, Summit, New Jersey 07901 (“the Summit address”). Also on April 27, 2020, OED sent an email to Respondent to an email address that Respondent confirmed as belonging to him: [REDACTED]. OED attached the April 27, 2020 Lack of Response letter to the email. OED did not receive any indication that Respondent failed to receive the April 27, 2020 email.

USPS returned to the USPTO the copies of the April 27, 2020 Lack of Response letter mailed to the Mount Freedom address and the Randolph address. USPS records indicate that the

copy sent to the Summit address was delivered on May 1, 2020. OED did not receive a response to any of the physical or electronic correspondence sent to Respondent on April 27, 2020.

On July 8, 2020, OED mailed correspondence to Respondent that, *inter alia*, provided the USPTO Rules of Professional Conduct under consideration in the investigation. OED mailed the July 8, 2020 correspondence to the Mount Freedom address, the Randolph address, the Clifton address, and the Summit address by USPS certified mail, return receipt requested. Also on July 8, 2020, OED sent an email to Respondent to an email address that Respondent confirmed as belonging to him: [REDACTED]. OED attached the July 8, 2020 correspondence to the email.

OED did not receive any indication that Respondent failed to receive the July 8, 2020 email. USPS returned to the USPTO the July 8, 2020 correspondence mailed to the Mount Freedom address and the Randolph address. USPS records indicate that the correspondence mailed to the Clifton address was delivered on July 14, 2020, and that no one was available to accept delivery of the correspondence sent to the Summit address. OED did not receive a response to any of the physical or electronic correspondence sent to Respondent on July 8, 2020.

As of October 16, 2020, the date the *Complaint* was filed, OED had not received any response to the Lack of Response letters or the December 31, 2019 RFI. As of that date, "P.O. Box 78, Mount Freedom, NJ 07970" remained the address that Respondent had provided to the OED Director pursuant to 37 C.F.R. § 11.11(a) and no change of address has been received by OED. Despite OED's effort to ensure Respondent's receipt of the RFI, and after providing Respondent ample notice and opportunity to respond, Respondent had not responded to the RFI or provided any explanation for not doing so.

CONCLUSIONS OF LAW

Based upon the foregoing findings of fact, the Court concludes that Respondent violated the following USPTO Rules of Professional Conduct, for the following reasons.

1. 37 C.F.R. § 11.103 provides that a practitioner "shall act with reasonable diligence and promptness in representing a client." Respondent violated this rule during his representation of the client by failing to pay the basic national fee for the [REDACTED] application, failing to respond to the Notice of Insufficient Basic National Fee and the Notification of Abandonment, and allowing the [REDACTED] application to become abandoned without the client's knowledge or consent.

2. 37 C.F.R. § 11.104(a)(3) provides that a practitioner shall "[k]eep the client reasonably informed about the status of the matter." Respondent violated this rule by failing to notify the client about the Notice of Insufficient Basic National Fee and the Notification of Abandonment.

3. 37 C.F.R. § 11.104(a)(4) provides that a practitioner shall "promptly comply with reasonable requests for information from the client." Respondent violated this rule by failing to respond to Mr. Bauer's multiple inquiries regarding the abandonment of the [REDACTED] application.

4. 37 C.F.R. § 11.115(a) provides that a practitioner shall “hold property of clients or third persons that is in a practitioner’s possession in connection with a representation separate from the practitioner’s own property.” Respondent violated this rule by placing money paid by FZU for filing fees into his personal bank account rather than a client trust account.

5. 37 C.F.R. § 11.115(c) provides that a practitioner shall “deposit into a client trust account legal fees and expenses that have been paid in advance, to be withdrawn by the practitioner only as fees are earned or expenses incurred.” Respondent violated this rule by receiving money from FZU for the payment of filing fees associated with the [REDACTED] application into his personal bank account rather than a client trust account.

6. 37 C.F.R. § 11.115(d) provides that a practitioner shall “promptly deliver to the client or third person any funds or other property that the client or third person is entitled to receive.” Respondent violated this rule by receiving money for the basic national fee, failing to remit the basic national fee to the USPTO, and failing to return the money for the basic national fee to FZU.

7. 37 C.F.R. § 11.116(d) provides that “[u]pon termination of representation, a practitioner shall take steps to the extent reasonably practicable to protect a client’s interests, such as giving reasonable notice to the client, allowing time for employment of other counsel, surrendering papers and property to which the client is entitled and refunding any advance payment of fee or expense that has not been earned or incurred.” Respondent violated this rule by failing to give reasonable notice to the client and to refund the advance payment of filing fees that FZU paid him on January 15, 2018.

8. 37 C.F.R. § 11.804(c) provides that Respondent shall not “engage in conduct involving dishonesty, fraud, deceit or misrepresentation.” Respondent violated this rule by representing to his client that the filing fees would be paid and receiving payment from FZU on January 15, 2018, but then not remitting the basic national fee to the USPTO.

9. 37 C.F.R. § 11.801(b) provides that Respondent shall not “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.” Respondent violated this rule by failing to respond to the December 31, 2019 RFI, and the February 7, 2020 and April 27, 2020 Lack of Response letters, despite being provided ample notice, time, and opportunity to do so.

10. 37 C.F.R. § 11.804(d) provides that Respondent shall not “engage in conduct that is prejudicial to the administration of justice.” Respondent violated this rule by failing to respond to the December 31, 2019 RFI, and the February 7, 2020 and April 27, 2020 Lack of Response letters, despite being provided ample notice, time, and opportunity to do so.

SANCTIONS

The OED Director asked the Court to sanction Respondent by entering an order excluding him from practice before USPTO in patent, trademark, and other non-patent matters.

The primary purpose of legal discipline is not to punish, but rather “to protect the public and the administration of justice from lawyers who have not discharged, will not discharge, or are unlikely properly to discharge their professional duties to clients, the public, the legal system, and the legal profession.” *In re Brufsky*, Proceeding No. D2013-18, slip op. at 8 (USPTO June 23, 2014)⁴ (citing *Matter of Chastain*, 532 S.E.2d 264, 267 (S.C. 2000)).

In determining an appropriate sanction, USPTO regulations require this Court to consider the following four factors: (1) whether the practitioner has violated a duty owed to a client, the public, the legal system, or the profession; (2) whether the practitioner acted intentionally, knowingly, or negligently; (3) the amount of the actual or potential injury caused by the practitioner’s conduct; and (4) the existence of any aggravating or mitigating factors. See 37 C.F.R. § 11.54(b); see also *In re Morishita*, Proceeding No. D2017-25 (USPTO Sept. 28, 2018); *In re Lau*, Proceeding No. D2016-37 (USPTO May 1, 2017); *In re Schwedler*, Proceeding No. D2015-38 (USPTO Mar. 21, 2016).

1. Respondent violated duties owed to his clients, the public, and the legal profession.

As discussed above, Respondent violated ten sections of the USPTO Rules of Professional Conduct (“Rules”) when he failed, *inter alia*, to act with reasonable diligence and promptness during his representation of FZU, to place the money paid by FZU into a client trust account, to refund to FZU the money for the basic national fee, and to cooperate with OED’s investigation. Respondent’s conduct also violated duties owed to the client, the public, and the legal system.

At the heart of the practitioner-client relationship is a fiduciary duty that requires Respondent to act with “devotion to the interest of the client, warm zeal in the maintenance and defense of [the client’s] rights and the exertion of his utmost learning and ability” to the client’s matter. *In re Greer*, 52 Ariz. 385, 391 (1938) (internal citations omitted); see also *Moatz v. Bender*, Proceeding No. D2000-01, slip op. at 20 (USPTO Sept. 30, 2003) (“Respondent owed a fiduciary duty individually to each of his clients.”); *In re Law Examination of 1926*, 210 N.W. 710, 711 (Wis. 1926) (“An attorney occupies a fiduciary relationship towards his client. It is one of implicit confidence and of trust ... There is no field of human activity which requires fuller realization with respect to a fiduciary relationship than that which exists between the lawyer and his client.”)

In the instant matter, Respondent violated the fiduciary duty owed to his client when he agreed to prepare and file a national stage utility patent application with the USPTO and received funds from FZU for this purpose but did not place those funds into a client trust account or remit the required filing fees to the USPTO when he filed the [REDACTED] application. Respondent’s failure to remit the required fees caused the [REDACTED] application to become abandoned. He did not inform his client about the application’s abandonment. When Mr. Bauer, on behalf of FZU, attempted to ascertain the status of the [REDACTED] application by contacting Respondent, Respondent did not respond. Respondent unilaterally stopped communicating with his client and—even after FZU retained new counsel—failed to refund the filing fees that FZU paid in advance. This conduct

⁴ All USPTO disciplinary decisions cited in this opinion are available at <https://foiadocuments.uspto.gov/oed/>.

clearly violated Respondent's fiduciary duty toward his client, which is the most important ethical duty owed by an attorney. See People v. Rhodes, 107 P.3d 1177, 1183 (Colo. 2005) (“[T]he most important duty [respondent] violated was that owed to his clients. The clients sought his counsel, trusted his judgment, and expected that he would handle their affairs ... Respondent's failure to act with integrity when dealing with client property was egregious.”).

Respondent violated duties owed to the public when he failed to uphold his oath or affirmation to observe the USPTO's laws and rules of practice. Congress bestowed upon the USPTO plenary authority to govern the conduct of patent practitioners. See 35 U.S.C. § 2(b)(2)(D). Pursuant to that authority, the USPTO established its substantive ethics rules and the procedural rules governing disciplinary proceedings. See 37 C.F.R. §§ 11.01 to 11.901; id. §§ 11.19 et seq. Each attorney licensed to practice before the USPTO must sign an oath or affirmation swearing or affirming, *inter alia*, to observe the USPTO's laws and rules of practice. Respondent signed his oath or affirmation on July 28, 1989. Accordingly, when Respondent failed to “observe the laws and rules of practice of the United States Patent and Trademark Office,” by violating 10 separate disciplinary rules in his representation of FZU, he violated duties owed to the public, as well as the legal profession and the USPTO.

Finally, Respondent violated his duty to the legal profession (*i.e.*, the patent bar) by engaging in misconduct that decreases the public's confidence in the integrity and professionalism of patent practitioners by, *inter alia*, failing to competently and diligently represent his client, placing FZU's advance fee into his personal bank account, failing to adequately communicate with his client, allowing the [REDACTED] application to become abandoned, failing to refund the basic national fee to FZU, failing to communicate with OED during the investigation, and failing to participate in the disciplinary proceedings before this Court. Respondent's failure to participate in the disciplinary investigation or in the proceedings before this Court also violated duties owed to the public, the legal system, and the legal profession by imperiling the orderly function of the disciplinary system. See In re Lau, supra.

2. Respondent acted knowingly.

Respondent's acts and omissions were, at best, knowing, and may have been intentional. Respondent agreed to represent FZU before the Office and to file a patent application on their behalf. He invoiced FZU for his legal services and the filing fees associated with the application, and asked FZU to wire the funds to his personal bank account. But he filed the [REDACTED] application without the required filing fees, and ignored subsequent communications from the USPTO concerning the missing fees. Similarly, Respondent ignored multiple requests for information from Mr. Bauer once the client learned that the [REDACTED] application had become abandoned, essentially abandoning his client. He also ignored communications from OED during the investigation.

Respondent knowingly allowed the [REDACTED] application to become abandoned: with decades of patent experience, he knew or should have known that the application would be deemed abandoned when he failed to remit the required filing fees or to respond to the USPTO's communications. He also knew or should have known that he was required to refund the basic national fee to his client, but failed to do so. Lastly, he also knew or should have known that he

was required to provide information to OED during the investigation of his conduct, but he failed to participate in the investigation.

An attorney's mental state is an important factor for consideration when assessing the appropriate sanction for an ethics violation. See 37 C.F.R. § 11.54(b); see, e.g., In re Phillips, 244 P.3d 549, 554-55 (Ariz. 2010) (stating that lawyer's mental state at time of violation affects the appropriate discipline imposed and that "[i]ntentional or knowing conduct is sanctioned more severely than negligent conduct because it threatens more harm"); People v. Varallo, 913 P.2d 1, 11 (Colo. 1996) (stating that lawyer's mental state is decisive element in determining appropriate level of discipline).

The USPTO has suspended and excluded practitioners who intentionally and knowingly engaged in conduct that violated the USPTO ethics rules, including by ignoring communications from OED and the Court during disciplinary proceedings. See In re Anderson, Proceeding No. D2019-03, slip op. at 17 (USPTO July 1, 2019) (initial decision on default excluding practitioner who, *inter alia*, failed to communicate with clients, and "intentionally and purposefully ignored all communications from this Tribunal and OED"); In re Ho, Proceeding No. D2009-04, slip op. at 8 (USPTO Jan. 30, 2009) (initial decision on default excluding practitioner who "knowingly failed to provide information requested by OED and intentionally failed to cooperate with OED's investigation").

Practitioners have also been suspended and excluded for allowing patent applications to go abandoned. See In re Hormann, supra (excluding practitioner for, *inter alia*, allowing patent applications to go abandoned without the clients' consent and failing to notify clients of abandonments); In re Day, Proceeding No. D2011-32 (USPTO Aug. 10, 2011) (imposing two-year suspension for, *inter alia*, allowing applications to go abandoned without client consent); In re Frantz, Proceeding No. D2012-32 (USPTO Mar. 5, 2013) (excluding practitioner on consent for neglecting 52 patent and trademark matters by allowing them to go abandoned without the clients' consent).

The USPTO has also suspended and excluded practitioners who acted knowingly, intentionally, or negligently in failing to advise a client of important Office communications in violation of the ethics rules. See, e.g., In re Myers, Proceeding No. D2015-33 (USPTO Dec. 31, 2015) (excluding practitioner for, *inter alia*, allowing multiple patent applications to go abandoned without client consent and failing to notify the client of important Office communications); In re Schaefer, Proceeding No. D2007-01 (USPTO Apr. 30, 2007) (suspending practitioner for, *inter alia*, failing to inform client of important Office communications); Moatz v. Rosenberg, Proceeding No. D2006-07 (USPTO Mar. 7, 2007) (excluding practitioner for same conduct).

The USPTO has also dealt severely with attorneys who fail to take steps to the extent reasonably practicable to protect a client's interests upon termination of representation, such as giving reasonable notice to the client, surrendering papers and property to which the client is entitled, and refunding any advance payment of expenses that have not been earned or incurred. See In re Morishita, supra (default judgment excluding practitioner who, *inter alia*, failed to refund advance payment of fee or expenses that had not been earned or incurred); In re

Schwedler, supra (default judgment excluding practitioner where, among other things, he failed to refund any portion of the unearned fees paid to him in advance by the client).

These cases support imposing serious sanctions upon Respondent in view of his knowing conduct in allowing a client's patent application to go abandoned, failing to refund the filing fee to the client, unilaterally ceasing communications with the client, and failing to participate in the disciplinary investigation or proceedings before this Court.

3. The actual injuries are significant.

Respondent caused actual injury to his client by allowing the [REDACTED] application to become abandoned; failing to communicate critical information to the client about important Office communications, how to respond, and/or the consequences of failing to respond; unilaterally ceasing communication with his client; and failing to refund to FZU the filing fees that Respondent did not remit to the USPTO. FZU retained new counsel to represent them before the Office. Yet the [REDACTED] application remained abandoned more than a year after Mr. Bauer independently discovered the abandonment.

As a result of Respondent's conduct, even if FZU's new counsel is able to revive the [REDACTED] application, FZU's invention may have a shortened patent life and experience delays in the marketing and sale of the invention. If the [REDACTED] application cannot be revived, FZU will have suffered a loss of intellectual property rights. Having caused his client significant injury, Respondent should receive a significant sanction. See In re Coyle, Proceeding No. D2016-16 (USPTO July 27, 2016) (excluding practitioner who caused actual and potential injury when he abandoned a patent application and failed to return payment for services that he did not perform).

4. Aggravating and mitigating factors exist in this case.

The STANDARDS FOR IMPOSING LAWYER SANCTIONS, ("STANDARDS"), published by the American Bar Association, set forth aggravating and mitigating factors for the Tribunal to consider in determining an appropriate sanction. The OED Director asserts that, of the potential mitigating factors identified in the STANDARDS, the sole mitigating factor present here is the "absence of a prior disciplinary record." See STANDARDS § 9.32. By contrast, the OED Director contends that the following aggravating factors warrant a more severe sanction in this case: a dishonest or selfish motive; a pattern of misconduct; multiple violations; bad faith obstruction of the disciplinary proceeding by intentionally failing to comply with rules or orders of OED; refusal to acknowledge the wrongful nature of his conduct; substantial experience in the practice of law; and indifference to making restitution. Id. § 9.22.

The OED Director argues that Respondent acted with a dishonest and selfish motive when he asked FZU to transfer funds into his personal bank account, then abandoned the client after receiving the wire transfer. Although this conduct appears dishonest and selfish, on default judgment, there is not enough evidence to determine with certainty that Respondent was acting intentionally and with a dishonest and selfish motive. Cf. In re Goucher, Proceeding No. D2019-36, slip op at 13 (USPTO Feb. 5, 2020) ("The record [on default] does not shed light on Respondent's motives in engaging in misconduct during client representations and failing to

participate in the disciplinary proceeding. Accordingly, the Court cannot fairly find that Respondent acted with a dishonest or selfish motive or engaged in bad faith obstruction of the disciplinary proceeding.”). But it is clear Respondent acted knowingly and achieved a dishonest and self-serving result.

Similarly, although Respondent has failed to participate in the disciplinary proceedings against him, the evidence regarding his motives is insufficient to show intentional, bad faith obstruction. Nonetheless, Respondent’s failure to cooperate in the disciplinary investigation or in the proceedings before this Court demonstrates a knowing disregard of his obligations to the USPTO and the Court; indifference toward the disciplinary system; and a want of professional responsibility.

As for the OED Director’s assertions that Respondent engaged in a pattern of misconduct and multiple offenses, the evidence does not persuade the Court that a pattern exists, as this matter involves a single client and a single patent application. However, Respondent’s misconduct impacted both his client and OED and violated ten provisions of the USPTO disciplinary rules. The fact that Respondent committed multiple offenses within the context of a single disciplinary proceeding is an aggravating factor. See STANDARDS § 9.22(d); In re Flindt, Proceeding No. D2016-04 (USPTO Aug. 4, 2017) (finding that practitioner committed “multiple offenses” when he violated six separate provisions of the Rules); In re Fuess, Proceeding No. D2015-08 (USPTO July 21, 2017) (considering practitioner’s violation of multiple Rules to be an aggravating factor).

Respondent’s failure to acknowledge the wrongful nature of his conduct is also an aggravating factor. See STANDARDS § 9.22(g). A lack of remorse warrants a more severe sanction. Id.; In re Stecewycz, Proceeding No. D2014-15, slip op. at 37 (USPTO May 5, 2016) (“[F]ailure to acknowledge the wrongful nature of [the] misconduct or show any remorse for [the] conduct is a weighty factor in aggravation.”). Respondent has not displayed any remorse for his actions. He never expressed remorse for allowing the [REDACTED] application to become abandoned, or for failing to remit the required filing fees, which caused the abandonment. In fact, it appears he ceased communicating with his client entirely after the client had paid him, without ever offering any explanation or apology for the harm his actions caused.

“[S]ubstantial experience in the practice of law” is an additional aggravating factor in this case, as a lawyer with a great deal of experience should know better than to engage in misconduct. See STANDARDS § 9.22(i); In re Anderson, supra, slip op. at 18-19 (finding that practitioner’s more than nine years of experience was an aggravating factor). The USPTO registered Respondent as a patent agent in 1990. Respondent was admitted to the practice of law in New Jersey in 1990. Thus, Respondent has been licensed to practice law and to practice before the Office for more than thirty years. With three decades of patent law experience, Respondent should have known better than to engage in the misconduct described herein. See, e.g., In re Holmes, 416 P.3d 143, 159 (Kan. 2018) (finding substantial experience in practice of law to be an aggravating factor where “respondent had been practicing law for approximately 25 years”); In re Southall, 165 So.3d 894, 903 (La. 2015) (finding that respondent admitted to practice in 1988 had substantial experience in the practice of law).

Finally, Respondent's indifference to making restitution is also an aggravating factor. See STANDARDS § 9.22(j); *In re Myers*, Proceeding No. D2015-33 (USPTO Dec. 31, 2015) (finding practitioner's failure to return prepaid filing fees to be an aggravating factor supporting exclusion); *In re Goucher, supra* (USPTO Feb. 5, 2020) (recognizing aggravating factor where practitioner made no effort to compensate clients for abandoned applications or to reimburse client \$3,000 for patent application that was never filed). Respondent made no apparent attempt to compensate FZU for the [REDACTED] application's abandonment or costs that the client incurred hiring new counsel to represent them before the USPTO. Nor has Respondent refunded the unearned filing fees that he failed to remit to the USPTO. Respondent's failure to even attempt to make his client whole warrants a severe disciplinary sanction. See *In re Gilboy*, Proceeding No. D2019-56, slip op. at 40 (USPTO July 20, 2020) (finding indifference to making restitution where practitioner, *inter alia*, failed to reimburse clients for services never provided); *In re Iussa*, Proceeding No. D2020-25, slip op. at 15 (USPTO Nov. 2, 2020) (same, where practitioner made no effort to compensate client for abandoned application or to refund unearned fees).

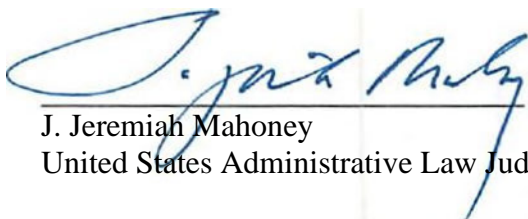
The foregoing aggravating factors, along with the injury Respondent caused to his client, the knowing nature of his conduct, and the fact that he violated duties owed to the client, the public, and his profession, warrant the sanction of exclusion in this case.

CONCLUSION

Because Respondent has failed to answer the *Complaint* or otherwise appear in this matter, Respondent is found to be in **DEFAULT** and to have admitted all the allegations in the *Complaint*. Based on the facts hereby admitted, this Court finds that Respondent has violated the USPTO Rules of Professional Conduct as discussed above.

After analyzing the factors enumerated in 37 C.F.R. § 11.54(b), this Tribunal concludes that Respondent's misconduct warrants the sanction of exclusion. Accordingly, Respondent shall be **EXCLUDED** from practice before the U.S. Patent and Trademark Office in patent, trademark, and other non-patent matters.⁵

So **ORDERED**,


J. Jeremiah Mahoney
United States Administrative Law Judge

Notice of Required Actions by Respondent: Respondent is directed to refer to 37 C.F.R. § 11.58 regarding his responsibilities in the case of suspension or exclusion.

Notice of Appeal Rights: Within thirty (30) days of this initial decision, either party may file an appeal to the USPTO Director pursuant to 37 C.F.R. § 11.55.

⁵ An excluded practitioner is eligible to apply for reinstatement no earlier than five years from the effective date of the exclusion. See 37 C.F.R. § 11.60(b). Eligibility is predicated upon full compliance with 37 C.F.R. § 11.58.