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

HARRY I. MOATZ, Director, Office of Enrollment and Discipline,	)	
v.	)	Proceeding No. 00-07
GEORGE E. KERSEY, Respondent.	)	

FINAL DECISION UNDER 37 C.F.R. § 10.156

The Director of the Office of Enrollment and Discipline ("OED Director") appeals the Initial Decision of Hon. Spencer T. Nissen, Administrative Law Judge ("ALJ"), but only with respect to the penalty imposed upon the Respondent.[1] The ALJ recommended that the Respondent be reprimanded for his failure to withdraw from employment by private clients in patent matters while also working as a Patent Advisor with the United States Air Force and for his failure to notify the Director of his suspensions from the practice of law in Massachusetts by the Supreme Judicial Court of Massachusetts and from practice before the D.C. Circuit by the U.S. Court of Appeals for the D.C. Circuit.[2] As neither party has appealed these findings, they have become final by operation of law. 37 C.F.R. § 10.155(d). Thus, this decision is premised on the ALJ's conclusion that Respondent violated USPTO Disciplinary Rules (DR) 10.23(c)(20) and

[1] On January 31, 2002, the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office delegated to the General Counsel the authority under 37 C.F.R. § 10.156 to decide appeals from the initial decisions of administrative law judges and to issue final decisions in proceedings under 35 U.S.C. § 32.

[2] Moatz v. Kersey, No. 00-07 (Admin. Law Judge November 14, 2001) (initial decision).

(c)(5) and 10.24[3] by representing private clients while employed by the U.S. Government and by failing to report suspensions in two jurisdictions.

The OED Director, however, has appealed the recommended discipline. The initial determination would impose a reprimand; the OED Director seeks a suspension of two years from practice before the USPTO.

BACKGROUND

A. Conflict of Interest

As found below, Respondent was registered as an attorney to practice before the USPTO in 1960, Registration No. 21,113. Initial Decision at 3. Respondent was employed as a Patent Advisor-Electronic Engineering by the U.S. Air Force under "Career Conditional" civil service status subject to one year of probation from March 6, 1995, to October 2, 1995, when he was terminated for cause. Id. During an orientation session at the U.S. Air Force, Mr. William G. Auton, Respondent's supervisory patent advisor, discussed the importance of avoiding conflicts of interest and stated that this requirement included not prosecuting patent applications for private individuals before the USPTO. The Air Force allows its civilian attorneys to engage in private practice only if doing so does not give rise to a conflict of interest or involve private patent practice and only with the approval of a supervisor through AFMC Form 317, Notice and Request for Approval of Off-Duty Employment. Respondent was asked to fill out this form twice, but did not do so. Initial Decision at 12.

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[3] The USPTO Disciplinary Rules are part of the USPTO Code of Professional Responsibility, 37 C.F.R. ch. 10 (1996). See 37 C.F.R. § 10.20(b) (listing Disciplinary Rules).

Although he did not fill out this form, on three specific occasions Respondent violated conflict of interest laws through off-duty employment. On September 7, 1995, he mailed a "Notice to File Missing Parts of Application[,] Filing Date Granted" and a "Declaration for Patent Application" for Ms. Karen Cannon (Application No. 08/488,728). Initial Decision at 9 and 30. On September 18, 1995, he prepared and mailed an "Issue Fee Transmittal" and authorized a charge to a designated account for the filing fee that was due on Application No. 08/223,325 (Patent No. 5,483,133) by Reginald Tobias. Id. Finally, on September 19, 1995, Respondent represented inventor David Leahy by sending the USPTO a "Response to Requirement For Restriction" on Mr. Leahy's behalf. Id. As the ALJ found, these acts constituted violations of federal conflict of interest laws or regulations. Initial Decision at 25-26.

B. Suspension from Practice

In addition to representing these private persons in violation of conflict of interest rules, Respondent did not notify the USPTO that he had received three-month suspensions from the Supreme Judicial Court of Massachusetts and the Court of Appeals for the D.C. Circuit. Respondent and his former wife were divorced in Vermont in 1991. On multiple occasions, Respondent was found in contempt for failing to comply with the terms of the divorce decree. He was also arrested and placed in custody until he paid his debt to his ex-wife. Initial Decision at 13-16.

Bar Counsel then filed a petition against Respondent with the Board of Bar Overseers of the Supreme Judicial Court of Massachusetts, claiming that by failing to comply with orders of the Vermont Family Court on three occasions, one of which had not been purged, Respondent had

engaged in conduct prejudicial to the administration of justice, adversely reflecting on his fitness to practice law in violation of Canon One, DR 1-102(A)(5) and (6) of the ABA Model Code of Professional Responsibility. Bar Counsel also alleged that by these same actions, Respondent had disregarded the ruling of a tribunal in violation of Canon Seven, DR 7-106(A). The Hearing Committee of the Board agreed he had violated Canons One and Seven and recommended that he be suspended for one month. Both Bar Counsel and Respondent appealed, and an Order of Term Suspension was entered by the Supreme Judicial Court for Suffolk County on September 10, 1999, suspending him from the practice of law in Massachusetts for three months. Initial Decision at 16-18. On October 26, 1999, the D.C. Court of Appeals also suspended Respondent from the practice of law in the District of Columbia for three months, based on his suspension in Massachusetts and in accordance with D.C. Court of Appeals Circuit Rules providing for reciprocal discipline. Initial Decision at 19.

On August 8, 2000, following proceedings on the charges, the OED Director issued a four-count Complaint against Respondent pursuant to 37 C.F.R. § 10.134.

C. Decision of the ALJ

The ALJ found by an Initial Decision, dated November 14, 2001, that the OED Director established by clear and convincing evidence that the Respondent continued to represent private parties before the USPTO while employed by the Air Force. He found that Respondent violated Federal conflict of interest law, 18 U.S.C. § 203, which provides that no Federal employee shall receive any compensation for representational services before any agency in relation to any proceeding or matter in which the U.S. is a party or has an interest, except in discharge of his/her

official duties. Respondent was also found to have violated 18 U.S.C. § 205, which prohibits Federal employees from acting as an agent or attorney for the prosecution of any claim against the United States or before any agency with regard to a matter in which the U.S. is a party or has a direct and substantial interest. Consequently, the ALJ also found that the Respondent violated USPTO Disciplinary Rule 37 C.F.R. § 10.23(c)(20).

In addition, the ALJ found that the OED Director showed by clear and convincing evidence that Respondent was suspended from the practice of law for three months in Massachusetts and the District of Columbia, placing him in violation of USPTO Disciplinary Rule 10.23 prohibiting practitioners from violating a Disciplinary Rule, including through suspension or disbarment. Initial Decision at 26. Moreover, the Initial Decision held that Respondent failed to report his suspensions to the OED Director, in violation of 37 C.F.R. § 10.24. Initial Decision at 25-27. In addition, the ALJ dismissed Count 4 of the Complaint, finding that the OED Director "failed to carry his burden of persuasion that Kersey failed to cooperate in an investigation as required by 37 C.F.R. §10.131(b)." Initial Decision at 27.

The ALJ, however, declined to suspend Respondent from practice for these violations. He found as evidence of extenuating circumstances Respondent's short period of Air Force employment, the fact there was no direct conflict of interest between Respondent's Air Force work and his private representation before the USPTO, and the length of time that had elapsed since the violations. Initial Decision at 26. The ALJ also asserted that the statute of limitations, 28 U.S.C. § 2462, precluded the OED Director from penalizing Respondent for violations which occurred more than five years prior to the filing of the complaint on August 8, 2000. Ultimately, the ALJ concluded that the two-year suspension sought by the OED Director was too harsh and

more severe than would be called for under the Reciprocal Discipline Rule, especially given "Kersey's lack of prior disciplinary history, his substantial compliance with the orders of the Vermont court and his efforts to purge himself of contempt ..." Initial Decision at 27 and 35. Based on these considerations, the ALJ ordered a reprimand as the appropriate penalty.

The OED Director now appeals the ALJ's initial decision. The OED Director argues that the ALJ erred in imposing an inappropriate penalty and requests a modification of the penalty to a suspension of at least one year. He suggests that it was inappropriate for the ALJ to have found that Counts 1 through 3 were proven by clear and convincing evidence, but to impose merely a Letter of Reprimand as discipline. The OED Director lists numerous factors that warrant suspension by reference to the enumerated factors in 37 C.F.R. § 10.154(b):

(1) the public interest;

(2) the seriousness of the violation of the Disciplinary Rule;

(3) the deterrent effects deemed necessary;

(4) the integrity of the legal profession; and

(5) any extenuating circumstances.

According to the OED Director, all of these factors call for the suspension of the Respondent. The public interest is served by a suspension, because Respondent was representing private clients, was suspended from practice in another state, and refused to accept responsibility for his actions. The ethical violations with which Respondent was charged were serious, especially for an attorney. The OED Director considers that any penalty short of suspension would be insufficient to deter other attorneys from committing the same serious violations. In addition, it is argued that the public's trust and that of the USPTO are at issue. Finally, the OED

Director asserts that in spite of the extenuating circumstances described by the ALJ, Respondent's failure to take responsibility for his actions is an aggravating circumstance necessitating at least a year of suspension from practice before the USPTO.

The Respondent replied to the OED Director's appeal by making a series of assertions that go to the merits of the case. Given that only the penalty applied by the ALJ has been appealed, those assertions are not material here. Respondent's main argument concerning the penalty is that the factors described by the Director as supporting suspension actually weigh in the Respondent's favor. He claims that the public interest will not be served by suspending him from practice, because he represented private clients administratively and not prosecutorially and without any knowing conflict of interest. He also claims that he was wrongfully suspended in Massachusetts, that the violations in Counts 1-3 do not warrant any penalty, and that deterrence would not be served by his suspension. Finally, he asserts that although mitigating factors were identified by the ALJ, he did not need them, since "there has been no misconduct." Reply by Respondent at 16-21.[4]

[4] Respondent made a series of added claims, including that the OED appeal was improperly filed with the Director of the USPTO, rather than to the Commissioner for Patents. This argument and another related to Certificate of Service were also made by Respondent in his January 30, 2002, Reply by Respondent to the Opposition From the Office of Enrollment and Discipline to Respondent's Motion to Dismiss and For Declaratory Judgment. The OED Director filed a Motion to Strike that Reply on March 4, 2002, on the grounds that this Reply was an improper attempt to supplement Respondent's Reply. The Final Decision reached here makes this Motion to Strike moot. Moreover, the argument that the appeal should have been filed with the Commissioner of Patents was dismissed in the Decision on Respondent's Motion for Declaratory Judgment. The Respondent attempted to resurrect that argument in his March 11, 2002, Motion by Respondent to Strike the Decision by James A. Toupin, General Counsel, United States Patent and Trademark Office on Respondent's Motion for Declaratory Judgment. In that Motion, he also disputes the delegation of authority to decide appeals from initial decisions and to issue final decisions in proceedings from the Director of the USPTO to the General Counsel. The ability of the Director to delegate such authority is clearly set forth in the statutes cited (37 C.F.R. § 10.156 and 35 U.S.C. § 32). That Motion is denied.

DECISION

The Director of the USPTO reviews the penalty applied in a case based on the record before the ALJ. Marinangeli v. Lehman, 32 F. Supp. 2d 1, 5 (D.D.C. 1998); see 37 C.F.R.§ 10.155. By operation of law, the findings of the ALJ that Respondent violated USPTO Disciplinary Rules 10.23(c)(20) and (c)(5) and 10.24 by representing private clients while employed by the U.S. Air Force and by failing to report suspensions from the practice of law in two jurisdictions, become final. However, I am modifying the recommended penalty from a reprimand to a suspension of six months.

The OED Director has already laid out the factors to be considered in the imposition of a sanction, as set forth in 37 C.F.R.§ 10.154(b). See Weiffenbach v. Logan, 27 U.S.P.Q. 2d 1870 (1993) (in considering an appeal of an initial decision by an ALJ, the Commissioner considered the five factors set forth in § 10.154(b)). The public interest demands that practitioners not violate conflict of interest rules, which could jeopardize the rights of clients. See 37 C.F.R. § 10.154(b)(1). These violations are serious. See 37 C.F.R. § 10.154(b)(2). Respondent was suspended from practice in two jurisdictions and failed to report those suspensions as required by the regulations. Compliance by attorneys with these notification requirements is essential to the USPTO's ability effectively to provide for practice before the USPTO pursuant to 19 U.S.C. § 2(b)(2)(D). Violations of Federal conflict of interest rules covering all Federal employees, suspensions from the practice of law, and the failure to report those suspensions negatively impact the integrity of the legal profession. 37 C.F.R. § 10.154(b)(4). There is a need for deterrence of such unethical behavior. 37 C.F.R. § 10.154(b)(3).

The ALJ found reason to mitigate Respondent's discipline as a result of the circumstances of his employment with the Air Force. The ALJ also addressed at length the question of whether there was a direct conflict between Respondent's work for the Air Force and his work for private individuals before the USPTO. These two matters have no direct bearing on this case. What is at issue here are the two fundamental allegations at the basis of the OED Complaint: (1) Respondent continued to represent private clients while working for the Federal Government, and (2) Respondent did not report his suspension from two jurisdictions to the USPTO. These two allegations represent violations of both Federal conflict of interest laws and of USPTO Disciplinary Rules, and the ALJ found that the OED Director showed them by clear and convincing evidence.

Nevertheless, the ALJ properly considered that there are mitigating factors in this case. 37 C.F.R. § 10.154(b)(5). See also Weiffenbach (Commissioner considered the appeal from an initial decision by an ALJ and took into consideration mitigating circumstances including Respondent's age, length of experience and contributions to the patent system as a patent attorney, and a showing of remorse). The ALJ did not explicitly address the issue of age as a mitigating factor. Respondent indicates on appeal that he believes it should be a critical consideration in his case. The OED Director urges that the Respondent's age "should not be a shield for his misconduct." Director's Appeal at 8. However, since Respondent is a solo practitioner of advanced age, a year-long suspension would be liable to have more than the ordinary effect on his ability to resume practice after the suspension was concluded. Edmund M. Jaskiewicz, 6 U.S.P.Q. 2d 1159 (1987) (on remand from the Court of Appeals for the Federal Circuit to reconsider a two-year suspension penalty, the Commissioner took into consideration Respondent's age (62) and the

hardship already suffered and stayed a two-year suspension from practice subject to certain conditions). In addition, as the ALJ observed, the period of Respondent's employment with the U.S. Air Force was very brief. The Initial Decision does not discuss what weight should be accorded to the brevity of respondent's employment with the Air Force. On the one hand, one would normally expect a lawyer who changes his employment status to be particularly attentive to issues regarding conflicts and in this particular case the facts indicate that Mr. Kersey was on at least two occasions put on specific notice of the issue. On the other hand, the brevity of his Air Force employment suggests that the particular neglect of his duty to the Government was not the basis for longstanding operations on his part and the particular circumstances are not liable to be repeated in the future. The Initial Decision also recognizes that no actual conflict of interest in the traditional sense was involved. These factors weigh in favor of moderating the application of a penalty.

On the other hand, the OED Director argues convincingly that a Letter of Reprimand was an inadequate response in view of the seriousness of the violations found here. Respondent repeatedly ignored requests from his Air Force supervisor to fill out a form that would have alerted him to the impropriety of his behavior. Thus, his failure to take steps to avoid improper actions involved more than mere negligence. Respondent failed to inform the USPTO of his suspensions not only once, but twice. Both his submissions before the ALJ and on appeal show a lack of remorse or recognition of the seriousness of the offense. It thus appears that a reprimand will be insufficient to deter Respondent from repetitions of this pattern of neglect in the future. Moreover, these circumstances particularly suggest that discipline is needed to deter other practitioners from violating ethical obligations and disciplinary rules.

The Reciprocal Discipline Rule, which is applied when one court imposes suspension or disbarment after another court has imposed such a penalty, is followed by the USPTO. 37 C.F.R. § 10.23(c)(5). Respondent has, in fact, been suspended by two jurisdictions. Therefore, applying a suspension before the USPTO would be in keeping with the rule.

For these reasons, I conclude that the Respondent should be suspended, rather than merely reprimanded. While the OED Director has requested a penalty of suspension for a minimum of one year, however, I impose a six-month suspension from practice before the USPTO. This takes into consideration the Respondent's age and economic circumstances as found in the Initial Decision, which suggest that a one-year suspension might have a greater impact than it might normally be expected to have. At the same time, this discipline recognizes the repeated character of these violations reflecting a pattern of neglect of duties. In addition, the discipline should impress upon all practitioners before the USPTO, whatever the stage of their careers, the importance of ethical conduct before Government agencies.

ORDER

Upon consideration of the entire record, and pursuant to 35 U.S.C. § 32, it is

ORDERED that one (1) month from the date this order is entered, GEORGE E. KERSEY, of Framingham, Massachusetts, whose USPTO Registration Number is 20,136 be suspended for six (6) months from practice before the USPTO under the conditions set forth in 37 C.F.R. § 10.158;

ORDERED that this Final Decision in this proceeding be published.

RECONSIDERATION AND APPEAL RIGHTS

Any request for reconsideration of this decision must be filed within twenty (20) days from the date of entry of this decision. 37 C.F.R. § 10.156(c). Any request for reconsideration mailed to the USPTO must be addressed to:

James A. Toupin
General Counsel
United States Patent and Trademark Office
P.O. Box 15667
Arlington, VA 22215

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

William R. Covey
Attorney for the Director of the Office of Enrollment and Discipline
P.O. Box 15667
Arlington, VA 22214

Any request hand-delivered to the USPTO must be hand-delivered to the Office of the General Counsel, in which case the service copy for the attorney for the Director shall be hand-delivered to the Office of Enrollment and Discipline.

If a request for reconsideration is not filed, and Respondent desires further review, Respondent is notified that he is entitled to seek judicial review on the record in the U.S. District Court for the District of Columbia under 35 U.S.C. § 32 and Local Rule 213 of the U.S. District Court for the District of Columbia within thirty (30) days of the date of entry of this decision.

IT IS SO ORDERED.

JAMES A. TOUPIN
General Counsel
United States Patent and Trademark Office

Date: June 14, 2002

cc: Harry I. Moatz
Office of Enrollment and Discipline

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