

UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE ADMINISTRATIVE LAW JUDGE
OF THE DEPARTMENT OF COMMERCE

HARRY I. MOATZ
Acting Director, Office of
Enrollment and Discipline

Complainant,

v.

KENNETH C. HILL, ESQUIRE

Respondent

Proceeding No. 2001-06

OPINION AND ORDER

Introduction

On December 26, 2001, Harry I. Moatz, in his official capacity as the Director of the Office of Enrollment and Discipline of the United States Patent and Trademark Office (PTO), Complainant, filed a "Complaint and Notice of Proceedings Under 35 U.S.C. § 32" (Complaint) against Kenneth C. Hill (Respondent), an attorney registered to practice before the PTO. This Tribunal¹ has jurisdiction over this proceeding pursuant to 37 C.F.R. §§ 10.132 and 10.139. The Complaint charged Respondent with 24 counts of violating 37 C.F.R. § 10.77(c) by neglecting a legal matter which a client had entrusted to him. The Complaint also charged Respondent with

¹The undersigned Administrative Law Judge was authorized to hear cases pending before the United States Department of Commerce, Patent and Trademark Office (PTO), pursuant to an Interagency Agreement between the United States Environmental Protection Agency (EPA) and the PTO, effective for a period beginning March 22, 1999. After commencement of employment as Chief Administrative Law Judge at the Federal Trade Commission (FTC), the undersigned is authorized to continue adjudicating this case pursuant to an Interagency Agreement between the FTC and PTO, effective July 1, 2003.

one count of violating 37 C.F.R. § 10.23(c)(2)(i) by knowingly giving false or misleading information to a client in connection with business before the PTO. For the reasons discussed below, this Tribunal, having fully considered the record of the evidentiary hearing and the arguments of counsel in this proceeding, and being fully advised, hereby finds Respondent to be in violation of 37 C.F.R. Part 10 as alleged in counts 1 through 24 of the Complaint. This Tribunal also finds Respondent not to have violated 37 C.F.R. Part 10.23(c)(2)(i) as alleged in count 25 of the Complaint. **HELD:** Respondent is **Reprimanded** for failing to act competently in violation of 37 C.F.R. § 10.77(c).

I. BACKGROUND

At all relevant times, Respondent has been an attorney registered to practice before the PTO, Registration Number 29,650, has engaged in the prosecution of patent applications before the PTO, and is subject to the PTO disciplinary rules. This proceeding was initiated by a Complaint dated December 26, 2001, issued by Complainant pursuant to 37 C.F.R. § 10.134. The Complaint alleges that Respondent neglected a legal matter entrusted to him by a client and thus violated 37 C.F.R. § 10.77(c) when Respondent failed to timely respond to notices sent by the PTO. Specifically, Complainant alleges that Respondent, by failing to timely respond to a notice of allowance and issue fee due, sent by PTO, for design patent applications numbered 29/073,388, 29/081,591, 29/081,624, 29/081,625, 29/081,628, 29/081,704, 29/089,817, 29/089,819, 29/089,828, 29/089,829, 29/089, 897, 29/090,025, 29/098,613, 29/098,614, 29/098,618, 29/098,626, 29/098,631, 29/098,634, 29/098,638, 29/098,645, 29/098,650, 29/098,678, 29/098,690, and 29/098,692, caused those 24 patent applications to be abandoned.

The Complaint also alleges that Respondent violated 37 C.F.R. § 10.23(c)(2)(i) by

knowingly giving false or misleading information to a client in connection with business before the PTO, and violated 37 C.F.R. § 10.23(c)(2)(i), when he stated in a letter to the owner of the patent applications in counts 1-24, William S. Davis, Jr., that “we need to discuss a docketing screw up which was discovered last week regarding your files....[R]esponding to the Patent Office, and paying a fine, called a Fee for a Petition to Revive...will automatically fix all of the applications....No legal rights will be lost or adversely affected.”

For these alleged violations, Complainant proposes the penalty of exclusion from practice before the PTO, or in the alternative, indefinite suspension from practice before the PTO.

Respondent filed an Answer on February 27, 2002, denying the alleged violations. An evidentiary hearing was held on September 30, 2002 in Washington, DC and October 2-4, 2002 in Fort Worth, Texas, pursuant to 37 C.F.R. § 10.144. Complainant was represented by Cynthia C. Lynch, Esq. and Joseph G. Piccolo, Esq.. Respondent was represented by David R. Rosenfeld, Esq. and Kathleen M. Uston, Esq. The parties timely submitted their post-hearing briefs and proposed findings of fact and conclusions of law, including Complainant’s Reply Brief filed on September 3, 2003..

A. Applicable Regulations

The regulations at issue provide as follows, in pertinent part:

§ 10.77 Failing to act competently.

A practitioner shall not:

* * * *

(c) Neglect a legal matter entrusted to the practitioner

37 C.F.R. § 10.77(c).

10.23 Misconduct.

(a) A practitioner shall not engage in disreputable or gross misconduct.

(b) A practitioner shall not:

* * * *

(4) Engage in conduct involving dishonesty, fraud, deceit, or misrepresentation.

* * * *

(c) Conduct which constitutes a violation of paragraphs (a) and (b) of this section includes, but is not limited to:

* * * *

(2) Knowingly giving false or misleading information or knowingly participating in a material way in giving false or misleading information, to:

(i) A client in connection with any immediate, prospective, or pending business before the Office [PTO].

37 C.F.R. § 10.23.

* * * *

B. Stipulations Regarding the Complaint and Notice of Proceeding

1. Each of the twenty-four patent applications at issue in this case, addressed individually in Counts 1-24 of the Complaint were filed by Respondent on behalf of one client, Quorum International (“Quorum”) RX1-24.

1. The twenty-four patent applications at issue in this case, addressed individually in Counts 1-24 of the Complaint and Notice of Proceedings herein, were filed by Respondent on

behalf of Quorum on the following dates:

Count 1 -07/10/97 - RX1

Count 2 -01/07/98 - RX2

Count 3 -01/07/98- RX3

Count 4 -01/07/98 - RX4

Count 5 -01/07/98 - RX5

Count 6 -01/08/98 - RX6

Count 7 -06/24/98 - RX7

Count 8 -06/24/98 - RX8

Count 9 -06/24/98 - RX9

Count 10 -06/24/98 - RX10

Count 11 -06/24/98 - RX11

Count 12 -06/24/98 - RX12

Count 13 -01/04/99 - RX13

Count 14 -01/04/99 - RX14

Count 15 -01/04/99 - RX15

Count 16 -01/04/99 - RX16

Count 17 -01/04/99 - RX17

Count 18 -01/04/99 - RX18

Count 19 -01/04/99 - RX19

Count 20 -01/04/99 - RX20

Count 21 -01/04/99 - RX21

Count 22 -01/04/99 - RX22

Count 23 -01/04/99 - RX23

Count 24 -01/04/99 - RX24

2. In each of the twenty-four patent applications at issue in this case, addressed individually in Counts 1-24 of the Complaint, Office Actions were mailed by the USPTO to Respondent at the Felsman Firm on the following dates (RX1-24):

Count 1 -02/25/99

Count 2 -04/13/99

Count 3 -04/27/99

Count 4 -01/26/99

Count 5 -04/13/99

Count 6 -02/19/99

Count 7 -01/25/99

Count 8 -01/28/99

Count 9 -05/17/99

Count 10 -12/30/98

Count 11 -01/28/99

Count 12 -12/30/98

Count 13 -02/09/99

Count 14 -02/09/99

Count 15 -02/09/99

Count 16 -02/05/99

Count 17 -02/03/99

Count 18 -02/02/99

Count 19 -02/10/99

Count 20 -01/20/99

Count 21 -01/20/99

Count 22 -01/20/99

Count 23 -01/20/99

Count 24 -01/20/99

3. Each of the Office Actions mailed by the USPTO in the patent applications at issue in this case, addressed individually in Counts 1-24 of the Complaint was mailed between December, 1998 and May 19, 1999. RX 1-24.

4. In each of the twenty-four patent applications at issue in this case, addressed individually in Counts 1-24 of the Complaint, responses to the Office Actions mailed by the USPTO to Respondent at the Felsman Firm were due on the following dates (RX1-24):

Count 1 -05/25/99

Count 2 -07/13/99

Count 3 -07/27/99

Count 4 -04/26/99

Count 5 -07/13/99

Count 6 -05/19/99

Count 7 -03/28/99

Count 8 -03/28/99

Count 9 -08/17/99
Count 10 -02/28/99
Count 11 -03/28/99
Count 12 -02/28/99
Count 13 -04/09/99
Count 14 -04/09/99
Count 15 -04/09/99
Count 16 -04/05/99
Count 17 -04/03/99
Count 18 -04/02/99
Count 19 -04/10/99
Count 20 -03/09/99
Count 21 -03/20/99
Count 22 -03/20/99
Count 23 -03/09/99
Count 24 -03/20/99

5. Responses to the Office Actions mailed by the USPTO in each of the patent applications at issue in this case, addressed individually in Counts 1-24 of the Complaint were all due between February 28, 1999 and August 17, 1999. RX 1-24.

6. Timely responses to the Office Actions mailed by the USPTO in each of the patent applications at issue in this case, addressed individually in Counts 1-24 of the Complaint, were not filed and as a result the applications went unintentionally abandoned. RX 1-24.

II. FINDINGS OF FACT AS TO LIABILITY

I. 1. Respondent has been registered to practice before the United States Patent and Trademark Office (hereinafter "USPTO"), Registration No. 29,650, since 1979 and has been engaged in the prosecution of patent applications before the USPTO since becoming licensed as an attorney in 1980. FWII Tr. Pg. 166, ln. 6-7.²

2. Upon his becoming licensed to practice as an attorney in 1980, Respondent worked for three (3) years as an associate patent attorney with the firm of Hubbard, Thurman, Tucker & Glaser in Dallas, Texas. FWII Tr. Pg. 166, ln. 20-23. Respondent then went to work for Texas Instruments as Division Patent Counsel where he remained until October, 1988. FWII Tr. Pg. 167, ln. 5-15.

3. In 1988, Respondent became associated with the law firm of Felsman, Bradley, Gunter & Dillon (hereinafter the "Felsman Firm") in Fort Worth, Texas, becoming a partner with the Felsman Firm in January, 1990. Respondent continued as a partner with the Felsman Firm, practicing in the area of patent work, patent prosecution and litigation until September, 1999. FWII Tr. Pg. 167, ln. 17-19; Pg. 168, ln. 2-3, ln. 8-9.

² "FWII Tr." or "2 TX Tr." refers to Volume II of the transcript of the proceedings in this matter which occurred on October 3, 2002, in Fort Worth, Texas. "FW" or "TX" refer to the transcript of proceedings in this matter which took place on October 2 and 4, 2002 respectively. "DC Tr." refers to the transcript of these proceedings which occurred on September 30, 2002 in Washington, D.C.

4. From September, 1999 until the present time, Respondent has been a partner in the firm of Hill & Hunn in Fort Worth, Texas, where he has continued to do patent work, patent prosecution and litigation. FWII Tr. Pg. 168, ln. 12-14.

5. Respondent undertook the representation of the inventor or assignee and was the attorney of record with the PTO for each of the patent applications listed in the Complaint. Stipulations ¶¶ 1b-1c. William S. Davis is president of Quorum International, a company which has a design contract for the manufacture, import and distribution of residential lighting fixtures and ceiling fans, and which utilizes patent attorneys to file its design and utility patents and trademarks. 1 TX Tr. 6, 8. Since the early 1990's until late 1999, Quorum International engaged the law firm of Felsman, Bradley, Gunter and Dillon ("Felsman Bradley") for its intellectual property legal services. 1 TX Tr. 8. All of the violations alleged in the Complaint concern Respondent's patent work for Mr. Davis and Quorum International.

6. From January 1, 1990 through September 30, 1999, Respondent was a partner in Felsman Bradley. 2 TX Tr. 167-168. While working at that firm, since approximately 1995, he used a computerized docketing system to track patent applications. 2 TX Tr. 179.

7. Nancy Miller, an information technology specialist, instructed and assisted the secretaries on using the system, entering docketing data and generating reports, and controlled who could access the system. 2 TX Tr. 178-179, 181, 191, 193, 200; 1 TX Tr. 49-5082. She trained them to use system models, which automatically generate due dates and upcoming events for different patent filings, and which prevent errors from manual data entry. 1 TX Tr. 74-75. Respondent taught his secretaries what format he wanted for docket reports and how to get the report in such format. 2 TX Tr. 204. Respondent's secretary was responsible for opening mail

and entering any necessary information into the docket system, and Respondent would review her work to make sure she was doing it right, but did not monitor closely as she entered data into the system. 2 TX Tr. 189-91, 193-194; 1 TX Tr. 47. After the secretary showed a certain level of competence, and if everything “seemed proper,” Respondent testified it was possible that he wouldn’t check their work. 2 TX Tr. 204. Around the beginning of each month, his secretary would print reports from the docket system, including a report showing items of interest to Respondent in a format that he could understand, from which he would review upcoming items for the next month. 2 TX Tr. 199, 202, 204. He normally would not review the physical case files shown on docket reports, as it was not possible to keep reviewing manually several thousand files, but he would review the physical file if there was something that needed his attention such as a response to an office action or a call from a client. 2 TX Tr. 206-208, 250. He expected that items that were due or past due would always show up in the docket system reports he got from his secretary. 2 TX Tr. 202.

8. Respondent testified that when the docket system was installed, he suggested to his partners that Felsman Bradley should hire a docket clerk dedicated to entering data onto the docket system, but his partners did not agree. 2 TX Tr. 196-197. He testified that the docket system was “kind of difficult to deal with.” 2 TX Tr. 198. He testified that he was not able to generate from the system any docket reports which involved extracting information from the docket database. 2 TX Tr. 200-201. Docket reports run from the system show that data was not properly entered into the system by the secretaries, resulting in docket reports not showing due dates. RX 1 at 101, RX 2 at 1281; RX 3 at 209; RX 6 at 35; RX 20 at 1097, 1099; RX 19 at 1941; CX 45; 1 TX Tr. 81- 89. The problems resulted from secretaries entering some data into

the system incorrectly or manually, without using the models in which they were trained. 1 TX Tr. 82-89, 110, 117, 151.

9. Respondent testified that Louann Morie worked as his secretary, through a temporary employment agency, for three or four months until approximately February 1999, when he asked the agency not to have her come back after he concluded that she was not progressing as well as she should have been. 2 TX Tr. 183, 192-193. Nancy Miller testified that Ms. Morie “was having a very difficult time grasping the docket system,” although Ms. Miller spent extra time training her. 1 TX Tr. 92-93; see also 1 TX Tr. 54 (Beth Costner’s testimony). Respondent testified that Theresa Dena commenced employment as his secretary from March through September 1999. 2 TX Tr. 194. He testified that he thought she did an excellent job until around the beginning of September 1999. 2 TX Tr. 194-195. Candie Sanders, a legal secretary at Felsman Bradley, testified that both Ms. Morie and Ms. Dena did not have any experience in the intellectual property field, and the Ms Morie “clearly did not know what she was doing,” as to preparing documents for filing, responses, or docketing. 1 TX Tr. 31-31.

10. On or around August 4, 1999, Respondent first discovered that two patent applications were abandoned. 2 TX Tr. 227. In the first few days of September 1999, he reviewed a docket report presented by Ms. Dena, and saw there were five issue fees that were due in August and not paid, and five office actions not responded to by the due dates. 2 TX Tr. 231-239; RX 33 at 4291-4299. He discovered failures to respond to PTO Notices to File Missing Parts in the second week in September. 2 TX Tr. 249.

11. Respondent and his secretary began to prepare Petitions to Revive the patent applications on or about September 8, 13 and 14, 1999. 2 TX Tr. 227-238; RX 33 at 4295-4296.

He wanted to explain the status of the applications to Mr. Davis and obtain his authorization and further information prior to filing the petitions to revive, but Mr. Davis was out of town from September 12 through the end of the month. 1 TX Tr. 56-57; 2 TX Tr. 235, 241-242, 256-257; CX 38.

12. On June 30, 1999, Respondent gave notice of termination to Felsman Bradley. 2 TX Tr. 220; RX 33. In August 1999, Respondent discussed with Jim Bradley, a partner at Felsman Bradley and the firm's billing attorney for Quorum International, that he would continue doing patent work for his clients Mr. Davis and Quorum, International, pursuant to Mr. Davis' choice to have Respondent continue. 2 TX Tr. 221-223, 241. Respondent testified that Mr. Bradley did not want that to happen. 2 TX Tr. at 222.

13. Thereafter, in the latter part of September 1999, Mr. Bradley denied Respondent access to the files for the patent applications in Counts 1 through 24 and prevented Respondent from completing the petitions to revive. 2 TX Tr. 241; *see* 3 TX Tr. 30-32.

14. On September 30, 1999, Respondent terminated his employment with Felsman Bradley. 2 TX Tr. 168, 264. Respondent and another partner from Felsman Bradley opened their own law firm, Hill & Hunn, on October 1, 1999. 2 TX Tr. 168. Respondent continued to represent Mr. Davis and Quorum International at his new firm. 1 TX Tr. 10.

15. Respondent paid all fees required to revive the patent applications in Counts 1 through 24, totaling approximately \$20,000. 2 TX Tr. 276-277. Respondent has never been sanctioned by any court or tribunal, and has never had his license to practice law suspended. 2 TX Tr. 169.

16. The result of a design patent being abandoned and then revived is a decrease in the

14-year term of the patent by about six to eight months. 2 TX Tr. 218-219. The value of a patent for Quorum International lasts for an average of five years. 1 TX Tr. 15. Mr. Davis testified that “14 years is far greater than anything I could expect to have a need of.” 1 TX Tr. 36.

Count 1

17. A notice of allowance and issue fee due for design patent application 29/073,388 was mailed by PTO on February 25, 1999 and received by Felsman Bradley (“Respondent’s office”). RX 1 at 102, 104. The issue fee was due May 25, 1999. *Id.* As of September 13, 1999, this notice of allowance and issue fee due had not been correctly entered in Respondent’s docket system. *See* 1 TX Tr 100, CX 38.

18. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/073,388, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 1 at 5, 18-21.

19. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/081,591 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Five months were deducted from the patent’s term as a result of the abandonment. CX 1 at 5.

Count 2

20. A notice of allowance and issue fee due for design patent application 29/081,591 was mailed by PTO on April 13, 1999 and received by Respondent’s office. RX 2 at 00282, 284. The issue fee was due July 13, 1999. *Id.* As of April 16, 1999, this notice of allowance and issue fee due had been entered in Respondent’s docket system. *See* RX 2 at 00281.

21. Respondent did not file a timely response to the notice of allowance and issue fee

due for design patent application 29/081,591, which resulted in abandonment of that patent application on July 14, 1999. Stipulations ¶ 1d; CX 2 at 9-12; RX 2 at 266.

22. Respondent began preparing a petition to revive design patent application 29/081,591 on or about September 8, 1999. 2 TX Tr. 237; RX 33 at 04294. The petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/081,591 was subsequently revived and the patent was issued, with no time deducted from the patent's term. RX 2 at 266; Stipulations ¶ 1e.

Count 3

23. A notice of allowance and issue fee due for design patent application 29/081,624 was mailed by PTO on April 27, 1999 and received by Respondent's office. RX 3 at 00209. The issue fee was due July 27, 1999. *Id.* As of May 7, 1999, this notice of allowance and issue fee due had been entered in Respondent's docket system. *See* RX 3 at 00208.

24. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/081,624, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 3 at 29-31.

25. Respondent began preparing a petition to revive design patent application 29/081,624 on or about September 8, 1999. 2 TX Tr. 237; RX 33 at 04293. The petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/081,591 was subsequently revived and the patent was issued, and no time was deducted from the term of the patent. RX 3 at 194; Stipulations ¶ 1e.

Count 4

26. A notice of allowance and issue fee due for design patent application 29/081,625 was

mailed by PTO on January 26, 1999 and received by Respondent's office. RX 4 at 00027. The issue fee was due April 26, 1999. *Id.* As of February 14, 1999, this notice of allowance and issue fee due had been entered in Respondent's docket system. *See* RX 4 at 00026.

27. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/081,625, which resulted in abandonment of the patent application. Stipulations ¶ 1d; CX 4 at 30-31.

28. Respondent began preparing a petition to revive design patent application 29/081,625 on or about September 8, 1999. 2 TX Tr. 236-37; RX 33 at 04292. The petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/081,591 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Six months were deducted from the patent's term as a result of the abandonment. RX 4 at 13; CX 4 at 33.

Count 5

29. A notice of allowance and issue fee due for design patent application 29/081,628 was mailed by PTO on April 13, 1999 and received by Respondent's office. RX 5 at 00440. The issue fee was due July 13, 1999. *Id.* As of May 13, 1999, this issue fee due had been entered in Respondent's docket system. *See* RX 5 at 00438.

30. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/081,628, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 5 at 29-30.

31. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/081,628 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Three months were deducted from the patent's term as a result of the

abandonment. CX 5 at 33.

Count 6

32. On March 1, 1999, Respondent's office received a notice of allowance and issue fee due for design patent application 29/081,704 from the PTO. RX 6 at 00356. The issue fee was due May 19, 1999. *Id.* As of September 13, 1999, this notice of allowance and issue fee due had not been correctly entered in Respondent's docket system. *See* 1 TX Tr. 101, CX 38.

33. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/081,704, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 6 at 33-34.

34. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/081,704 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Five months were deducted from the patent's term as a result of the abandonment. RX 6 at 343; CX 6 at 36.

Count 7

35. On January 26, 1999, Respondent's office received a notice of an office action for design patent application 29/081,817 from the PTO, and the office action provided two months to respond. RX 7 at 00773-77. The response to the office action was due March 25, 1999. *Id.* As of February 14, 1999, this office action due had been entered in Respondent's docket system. *See* RX 7 at 00771.

36. Respondent did not file a timely response to the office action for design patent application 29/081,817, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 7 at 16-19, 23. Respondent received a notice of abandonment for this patent application

on September 18, 1999. RX 7 at 00772.

37. Respondent began preparing a petition to revive design patent application 29/081,817 on September 14, 1999. 2 TX Tr. 238; RX 33 at 04298. The petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/081,817 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Seven months were deducted from the patent's term as a result of the abandonment. RX 7 at 757; CX 7 at 14.

Count 8

38. On February 2, 1999, Respondent's office received a notice of office action for design patent application 29/089,819 from the PTO, which required a response by March 28, 1999. RX 8 at 00842-46.

39. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/089,819, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 8 at 20. Respondent received a notice of abandonment for this patent application on September 13, 1999. RX 8 at 00841.

40. Respondent began preparing a petition to revive design patent application 29/089,819 on September 13, 1999. 2 TX Tr. 237-38; RX 33 at 04297. The petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/089,819 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Seven months were deducted from the patent's term as a result of the abandonment. RX 8 at 827; CX 8 at 26.

Count 9

41. Respondent's office received a notice of allowance and issue fee due for design patent application 29/089,828 from the PTO on May 17, 1999. CX 9 at 26.

42. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/089,828, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 9 at 29-30.

43. Respondent began preparing a petition to revive design patent application 29/089,828 on or about September 8, 1999. 2 TX Tr. 236; RX 33 at 04291. The petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/089,828 was subsequently revived and the patent was issued. Stipulations ¶ 1e.

Count 10

44. On or about January 4, 1999, Respondent received a notice of an office action for design patent application 29/089,829 from the PTO at his address. 2 TX Tr. 224. The due date for responding to the action was February 28, 1999. 2 TX Tr. 224-225; RX 10 at 00693, 696. At some time before August 4, 1999, this notice of allowance and issue fee due had been entered in Respondent's docket system. 2 TX Tr. 225-226; *see* RX 10 at 00693. Respondent testified that he may have received notices from his secretary showing a response due in the future, but that he would have responded to it if the notice showed that it was the last chance to respond. 2 TX Tr. 225-226.

45. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/089,829, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 9 at 29-30. Respondent received a notice of abandonment for design patent application 29/089,829 on August 4, 1999. RX 10 at 006594; *see* 2 TX Tr. 212,

217.

46. Respondent had his secretary docket the notice of abandonment and need of a petition to revive, and then began preparing a petition to revive design patent application 29/089,829 on or about September 13, 1999. 2 TX Tr. 218-219, 228-30; RX 33 at 04295-96. The petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/089,829 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Eight months were deducted from the patent's term as a result of the abandonment. CX 10 at 33.

Count 11

47. On February 2, 1999, Respondent's office received a notice of an office action for design patent application 29/089,897 from the PTO, requiring a response by March 28, 1999. RX 11 at 00535.

48. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/089,897, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 11 at 27. Respondent received a notice of abandonment for design patent application 29/089,829 on September 13, 1999. RX 11 at 00534.

49. Respondent began preparing a petition to revive design patent application 29/089,897 on September 14, 1999. 2 TX Tr. 238; RX 33 at 04299. The petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/089,897 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Seven months were deducted from the patent's term as a result of the abandonment. CX 11 at 15.

Count 12

50. On January 4, 1999, Respondent's office received a notice of office action for design

patent application 29/090,025 from the PTO. 2 TX Tr. 225; *see* RX 12 at 00609-13. The due date for responding to the action was February 28, 1999. 2 TX Tr. 224-225; RX 12 at 00606. At some time before August 4, 1999, this notice of allowance and issue fee due had been entered in Respondent's docket system. 2 TX Tr. 225-226; *see* RX 12 at 00606. Respondent testified that he may have received notices from his secretary showing a response due in the future, but that he would have responded to it if the notice showed that it was the last chance to respond. 2 TX Tr. 225-226.

51. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/090,025, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 12 at 21-22. Respondent received a notice of abandonment for design patent application 29/090,025 on August 4, 1999. RX 12 at 00607; 2 TX Tr. 217.

52. Respondent had his secretary docket the notice of abandonment and need of a petition to revive, and then began preparing a petition to revive design patent application 29/090,025 on or about September 13, 1999. 2 TX Tr. 218-219, 227-30; RX 12 at 606; RX 33 at 04295-96. The petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/090,025 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Seven months were deducted from the patent's term as a result of the abandonment. CX 12 at 35-36.

Count 13

53. Respondent's office received a Notice of Missing Parts for design patent application 29/098,613, mailed by the PTO on February 9, 1999, and requiring a response by April 9, 1999. RX 13 at 00928. As of September 13, 1999, this notice of allowance and issue fee due had not

been entered in Respondent's docket system. *See* 1 TX Tr. 103, CX 38; RX 13 at 00929.

54. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098,613, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 13 at 14-15.

55. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,613 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Seven months were deducted from the patent's term as a result of the abandonment. CX 13 at 11.

Count 14

56. Respondent's office received a Notice of Missing Parts for design patent application 29/098,614, mailed by the PTO February 9, 1999, and requiring a response by April 9, 1999. RX 14 at 02024. As of February 19, 1999, this notice to file missing parts had been entered in the docket system, but this patent application was identified with the incorrect responsible attorney. RX 14 at 01979.

57. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098,614, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 14 at 27-28.

58. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,614 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Eight months were deducted from the patent's term as a result of the abandonment. CX 14 at 31.

Count 15

59. Respondent's office received a Notice of Missing Parts for design patent application 29/098,618, mailed by the PTO on February 9, 1999, and requiring a response by April 9, 1999. RX 15 at 01005. As of February 19, 1999, this notice to file missing parts had been entered in the docket system, but this patent application was identified with the incorrect responsible attorney. 1 TX Tr. 137; RX 15 at 1006. As of September 13, 1999, the correct responsible attorney was identified with this patent application and the notice was entered in the docket system. *See* 1 TX Tr. 137.

60. Respondent did not file a timely response to the notice to file missing parts for design patent application 29/098,618, which resulted in abandonment of that patent application. Stipulations ¶ 1d; CX 15 at 18-19.

61. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,618 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Seven months were deducted from the patent's term as a result of the abandonment. CX 15 at 16.

Count 16

62. On February 11, 1999, Respondent's office received a Notice of Missing Parts for design patent application 29/098,626 from the PTO, and requiring a response by April 5, 1999. RX 16 at 01314. As of September 13, 1999, this notice of allowance and issue fee due had not been entered in Respondent's docket system. *See* 1 TX Tr. 103, 133; CX 38.

63. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098, 626, which resulted in abandonment of the patent application. Stipulations ¶ 1d; CX 16 at 20-21.

64. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,626 was subsequently revived and the patent was issued. Stipulations ¶ 1e.

Count 17

65. Respondent's office received a Notice of Missing Parts for design patent application 29/098,631 mailed by the PTO February 3, 1999, and requiring a response by April 3, 1999. RX 17 at 01417. As of September 13, 1999, this notice of allowance and issue fee due had not been entered in Respondent's docket system. *See* 1 TX Tr. 103, 150; CX 38. As of January 28, 1999, the incorrect attorney was identified as the responsible attorney in Respondent's docket system. RX 17 at 01418.

66. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098,631, which led to abandonment of that patent application. Stipulations ¶ 1d; CX 17 at 20-21

. 67. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,631 was subsequently revived and the patent was issued. Stipulations ¶ 1e.

Count 18

68. On February 9, 1999, Respondent's office received a Notice of Missing Parts for design patent application 29/098,634 from the PTO, and requiring a response by April 2, 1999. RX 18 at 1193, 1194; see CX 18 at 37. As of September 13, 1999, this Notice of Missing Parts had not been entered in Respondent's docket system, and the wrong attorney was identified in the docket system as the responsible attorney. *See* 1 TX Tr. 103, 163; CX 38.

69. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098,634, which led to abandonment of that patent application. Stipulations ¶ 1d; CX 18 at 30-31.

70. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,634 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Eight months were deducted from the patent's term as a result of the abandonment. CX 18 at 16.

Count 19

71. Respondent's office received a notice of allowance and issue fee due for design patent application 29/098,638 mailed by the PTO on February 10, 1999, requiring a response by April 10, 1999. RX 19 at 1939, 1940, 1941; CX 19 at 30. As of February 19, 1999, Respondent's docket system identified a different attorney as the responsible attorney for this patent application. 2 TX Tr. 152.

72. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098,638, which led to abandonment of that patent application. Stipulations ¶ 1d; CX 19 at 22-23.

73. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,638 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Eight months were deducted from the patent's term as a result of the abandonment. CX 19 at 6.

Count 20

74. Respondent received a notice of allowance and issue fee due for design patent

application 29/098,645, mailed by the PTO on January 20, 1999, requiring a response by March 20, 1999. CX 20 at 29; RX 20 at 1098. As of September 13, 1999, this notice of allowance and issue fee due had not been entered in Respondent's docket system. See 1 TX Tr. 103, CX 38.

75. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098,645, which led to abandonment of that patent application on October 1, 1999. Stipulations ¶ 1d; CX 20 at 28; RX 20 at 1098.

76. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,645 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Nine months were deducted from the patent's term as a result of the abandonment. CX 20 at 19.

. Count 21

77. On or about January 25, 1999, Respondent's office received a Notice of Missing Parts for design patent application 29/098,650 from the PTO, requiring a response by March 20, 1999. 2 TX Tr. 155; RX 21 at 01622. As of January 28, 1999, Respondent's docket system identified a different attorney as the responsible attorney for this patent application. 2 TX Tr. 152; RX 21 at 01624. As of September 13, 1999, Respondent's docket system correctly identified Respondent as the responsible attorney for this patent application. 2 TX Tr. 157; CX 38.

78. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098,650, which led abandonment of that patent application. Stipulations ¶ 1d; CX 21 at 24. Felsman Bradley received a Notice of Abandonment for this patent application on or about October 7, 1999. RX 21 at 01620.

79. A petition to revive was completed by another attorney at Felsman Bradley.

Stipulations ¶ 1f. Patent application 29/098,650 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Nine months were deducted from the patent's term as a result of the abandonment. CX 21 at 15.

Count 22

80. On or about February 2, 1999, Respondent's office received a Notice to File Missing Parts of Application for design patent application 29/098,678 from the PTO, requiring a response by March 20, 1999. RX 22 at 1524. As of January 28, 1999, Respondent's docket system identified a different attorney as the responsible attorney for this patent application. RX 22 at 01526. As of September 13, 1999, this notice of allowance and issue fee due had not been entered in Respondent's docket system. See 1 TX Tr. 103, CX 38.

81. Respondent did not file a timely response to the Notice to File Missing Parts for design patent application 29/098,678, which led to abandonment of that patent application. Stipulations ¶ 1d; CX 22 at 23. Felsman Bradley received a Notice of Abandonment for this patent application sometime after its mailing date of October 1, 1999. RX 22 at 01522-23.

82. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,678 was subsequently revived and the patent was issued. Stipulations ¶ 1e. Six months were deducted from the patent's term as a result of the abandonment. CX 20 at 19.

Count 23

83. On or about January 26, 1999, Respondent's office received a Notice of Missing Parts for design patent application 29/098,690 from the PTO, requiring a response by March 20, 1999. 2 TX Tr. 161; RX 23 at 1718, 1720. As of September 13, 1999, this Notice had not been

entered in Respondent's docket system. *See* 1 TX Tr. 103, CX 38. Therefore, if Respondent had received a docket report from his secretary between January 26 and September 13, 1999, the Notice of Missing Parts would not have appeared on the docket report.

84. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098,690, which led to abandonment of that patent application. Stipulations ¶ 1d; CX 23 at 16. Felsman Bradley received a Notice of Abandonment for this patent application sometime after its mailing date of October 1, 1999. RX 23 at 01716-17.

85. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,690 was subsequently revived and the patent was issued. Stipulations ¶ 1e.

Count 24

86. On or about January 26, 1999, Respondent's office received a Notice to File Missing Parts for design patent application 29/098,692 from the PTO. RX 24 at 01846. As of September 28, 1999, this Notice to File Missing Parts had not been correctly entered in Respondent's docket system, and the wrong attorney was identified as the responsible attorney in the docket system. 2 TX Tr 164-65.

87. Respondent did not file a timely response to the notice of allowance and issue fee due for design patent application 29/098,692, which led abandonment of that patent application. Stipulations ¶ 1d; CX 24 at 21. Felsman Bradley received a Notice of Abandonment for this patent application sometime after its mailing date of October 1, 1999. RX 24 at 01844-45.

88. A petition to revive was completed by another attorney at Felsman Bradley. Stipulations ¶ 1f. Patent application 29/098,692 was subsequently revived and the patent was

issued. Stipulations ¶ 1e. Six months were deducted from the patent's term as a result of the abandonment. CX 24 at 30.

Count 25

89. Respondent had standing instructions from William Davis not to provide him with copies of every correspondence with the PTO. *See* 2 TX Tr. 210-12. Respondent was to provide his client with a copy of the patent application that was filed, a copy of the issued patent, and anything that needed his attention. *See id.* Mr. Davis was out of the country from September 12-29, 1999. 1 TX Tr. 56-57. Mr. Davis was not out of the country from August through September 11, 1999. 1 TX Tr. 55-56.

90. On September 29, 1999, Respondent sent an e-mail to Mr. Bradley concerning the abandoned applications which included a statement that all applications can be revived and that no client's legal rights will be affected. CX 38; 2 TX Tr. 257-260.

91. On October 1, 1999, Respondent sent William Davis at Quorum International a letter informing him that "on a fairly large number of files," timely action was not taken in response to PTO deadlines. CX 25 at 9. When he wrote the above-mentioned letter, Respondent had just terminated his employment at Felsman Bradley the previous day. *Id.*; 2 TX Tr. 264. The terms "abandoned" or "abandonment" were not used in the above-mentioned letter. *See* CX 25 at 90.

92. In the October 1, 1999 letter to William Davis, Respondent stated, "[a]ll of these problems can be corrected by responding to the Patent Office, and paying a fine, called a Fee for a Petition to Revive. Doing so will automatically fix all of the applications." *Id.* All 24 of the patent applications at issue in this case were revived.

93. Of the 24 patent applications at issue in this case, 18 were revived with terminal

disclaimers. For these eighteen patent applications, the term of each of the patents was shortened by between 3 and 9 months per patent. The remaining six patents were granted with the normal term for design patents (14 years).

III. DISCUSSION AS TO LIABILITY

A. Standard of Proof

The Director has the burden of proving its case by clear and convincing evidence, and the Respondent has the burden of proving any affirmative defense by clear and convincing evidence. 37 C.F.R. § 10.149. Clear and convincing evidence produces in the mind of the trier of fact “an abiding conviction that the truth of its factual contentions are highly probable.” *Colorado v. New Mexico*, 467 U.S. 310, 316 (1984); *Price v. Symsek*, 988 F.2d 1187,1191 (Fed. Cir. 1993). That is, the standard is satisfied if the evidence presented is “much more probable than its non-existence.” *See, Louisiana State Bar Ass'n v. Edwins*, 329 So. 2d 437 (La. 1976); *Guerrini v. Statewide Greivance Comm.*, 2001 WL 417337 (Conn.2001).

The “clear and convincing” standard requires a quantum of proof greater than a “preponderance of the evidence” standard, but something less than proof “beyond a reasonable doubt.” *See, e.g., Addington v. Texas*, 441 U.S. 418, 425. The Director “may be entitled to certain inferences and presumptions to prove its case.” *See, In re Lenoir*, 585 A.2d 771, 784 (D.C. 1991). Accordingly, the clear and convincing standard is a quality of proof, not a quantum of proof. *In re Arabia*, 19 P.3d 113, 121 (Kan.2001).

B. Respondent is Liable for Patent Application Abandonments - Counts 1 through 24

The USPTO rules covering attorney practice clearly mandate that, while practicing before the USPTO, “A practitioner shall not...Neglect a legal matter entrusted to the practitioner.” 37 C.F.R. Sec. 10.77(c). The prohibition against neglecting a client matter constitutes a foundational principle of ethical practice for attorneys in any jurisdiction. *See, e.g.*, Model Code of Professional Responsibility DR 6-101(A)(3). The seriousness with which violations are treated reflects the importance of the rule. *See, e.g.* *In re Brandt*, 1992 WL 524318, *1-2(Comm’r Pat.& T-mks).

The express language of the rule requires in no way that there be some knowing action or intent of ill-will, or malice, on the part of the practitioner. As stated by the Director in *Moatz v. Colitz*, No. 99-04, slip op. at 40 (Comm’r Pat & T-mks. 2002), “[a]s was held in *In re Klein*, 6 USPQ2d 1528, 1583 (1988), a showing of willfulness is not necessary in order to prove neglect.”

It is also well-settled that a patent practitioner entrusted to prosecute a patent application who then lets it go abandoned, without authorization from the client, violates the “no neglect” rule found in 37 C.F.R. Sec. 10.77(c). *See, Barndt*, 1992 WL 524318, *1-2 (abandoning patent attorney suspended from practice); *Small v. Weiffenbach*, 1989 WL 281895, *7-8 (Comm’r Pat. & T-mks. 1989)(finding neglect despite practitioner’s claims that his docketing system did not function effectively and that his secretary failed to notify him of due dates). In *In re Bard*, 1991 Commr. Pat LEXIS 30 (ALJ 1991), the tribunal found that the patent practitioner’s abandonment of patent applications, resulting in a decrease in the resulting patent’s term, caused damage to the patent applicant and violated the “no neglect” rule. *Id.*, at 9-12.

Respondent does not dispute that his client, Quorum, entrusted him with the 24 patent applications which are the subject of this proceeding (Stipulation at 1b and 1c, FW Vol. 2 at 280,

lines 16-23), and that while the applications were under his responsibility, they all went abandoned (Stipulation at 1d). The Director's expert presented uncontroverted testimony that Respondent's 24 abandonments failed to meet the standard of practice for an attorney registered to represent others before the USPTO (DC Trans. at 92, line 17-93, line 2 Meserole opinion).

Respondent was the responsible attorney for each of the patent applications at issue in Counts 1 through 24. Each of these patent applications were abandoned when Respondent failed to respond in a timely manner to an action by the PTO. For each of these counts, Complainant has shown through clear and convincing evidence that Respondent received the notices of office action from the PTO at his address of record. The fact that Respondent delegated to his secretary the task of opening his mail and docketing received notices does not absolve him from liability. As the attorney entrusted by his client to handle the prosecution of these patent applications, Respondent was ultimately responsible for any flaws in the system that he or his firm set up to handle incoming notices (See, however, Findings of Fact as to Sanctions).

As a matter of professional conduct, Respondent failed to act competently by neglecting legal matters entrusted to him. Specifically, Respondent neglected to timely respond to the office actions by the PTO in the patent applications at issue in Counts 1 through 24. The above evidence clearly and convincingly demonstrate that under the circumstances here, abandoning or failing to prosecute these patent applications constituted neglect. It is therefore found that Respondent violated 37 C.F.R. § 10.77(c), as alleged in Counts 1 through 24.

C. Respondent Did Not Knowingly Give False or Misleading Information to a Client - Count 25

Count 25 of the Complaint alleges that Respondent knowingly gave false or misleading information to his client in a letter dated October 1, 1999 relating to the patent applications at

issue in counts 1 through 24, thus violating 37 C.F.R. § 10.23(c)(2)(i). Complainant has the burden of showing by clear and convincing evidence that (1) the information provided to Respondent's client in the October 1, 1999 was false and misleading, and (2) Respondent gave this information to his client knowing that it was false or misleading.

To determine if the statements contained in the October 1, 1999 letter are false or misleading, the letter must be evaluated in its context. *See, e.g., Mobius Management Systems, Inc. v. Fourth Dimension*, 880 F.Supp. 1005 (S.D.N.Y. 1994) (advertisement must be evaluated in its context to determine whether it is false advertising). Because the intended recipient of the letter is Respondent's client, Mr. William Davis, the statements must be viewed in light of past communications and instructions between Respondent and Mr. Davis, Mr. Davis's existing legal knowledge, and the conclusions drawn by Mr. Davis as a result of the letter. The letter must also be evaluated in light of the information available to Respondent when he wrote the letter.

1. Respondent's Client's Legal Rights were not Lost nor Adversely Affected

When referring to the patent applications in Counts 1 through 24, Respondent stated to his client that "[n]o legal rights will be lost or adversely affected." CX 25 at 9. Complainant alleges that because the patent terms on 18 of the 24 patents were truncated by between three and nine months, Respondent's client's legal rights were lost or adversely affected. Complainant's expert witness on patent prosecution testified that a terminal disclaimer fore-shortening a patent's term would adversely affect the patent. DC Tr. 99-100. However, this statement, while generally true about patents, did not take into account the specific situation of Respondent's client and the market situation for his patents.

Respondent's client, Mr. Davis, testified that though the typical term for design patents is

14 years, in his industry, the actual life of a product design is far less, and that “14 years is far greater than anything I would expect to have a need of.” 1 TX Tr. 36. He further testified that the loss of several months or even years from a design patent’s term was not important to him as a patent holder and was not significant in his industry. *See id.* at 34-36. Therefore, from Respondent’s client’s vantage point, the loss of several months to one year from the life of a design patent does not have any effect on his legal rights with the patent.

When Respondent wrote the letter, he was aware of the market conditions and the typical useful life of his client’s design patents because he had advised and prosecuted design patents for this client for several years. 2 TX Tr. 218-20. Respondent was also aware of the process of reviving patent applications and of the time period that would need to be disclaimed before the PTO when reviving the applications; that is, he had begun to receive notices of abandonment for failures to respond to the PTO and had begun petitions to revive, which would lead to a disclaimer of several months. *See* 2 TX Tr. 334-35. Therefore, Respondent knew that the term of each patent would be reduced several months when revived. Given Respondent’s knowledge of his client’s use of patents and the effect that revival would have on Respondent’s ability to enforce his patent rights, his statement that “[n]o legal rights will be lost or adversely affected” was neither knowingly false nor misleading. Though Respondent’s client’s situation and legal rights likely should have been stated with more precise language, this phrase, given the context of the situation, was not knowingly false.

The testimony of Mr. Davis indicates that he fully understood the effect these patent abandonments have had on each of the patented designs in this case, and did not view these abandonments as a loss of any of his legal rights, nor does he feel that Respondent has misled

him in the handling of these matters. *See* 1 TX Tr. 27-30, 38-39. In fact, Mr. Davis continues to retain Respondent as his counsel for patent prosecutions. *Id.* at 42. Though Mr. Davis is not an attorney, he is the party who is most likely to know the full context of this letter, as he would have received both previous and subsequent communications from Respondent on these patent application abandonments. As owner of the patents, he is also the party with the greatest stake in them. His assessment of the truthfulness of the letter in context is therefore persuasive.

2. Method of Correction with PTO

Complainant also takes issue with Respondent's statement: "All of these problems can be corrected by responding to the Patent Office, and paying a fine, called a Fee for a Petition to Revive. Doing so will automatically fix all of the applications." CX 25 at 9. Though Complainant has shown that revival of a patent application will often lead to a fore-shortened patent term and additional fees, Complainant has failed to show by clear and convincing evidence that responding to the PTO with a petition to revive and paying the requisite fees will not "automatically fix" or restore the abandoned patent applications to their previous status. *See* DC Tr. 99. The evidence presented by Complainant in its case-in-chief indicates that by following the procedures outlined in 37 C.F.R. § 1.137(b) for revival of a patent application that was unintentionally abandoned, a patent application will be revived. *Id.* at 36-42. The steps included in reviving an unintentionally abandoned patent application include: a reply to the original office action that led to the abandonment, payment of the revival petition fee, a statement that the entire delay was unintentional, and a terminal disclaimer, if required. 37 C.F.R. § 1.137(b). Therefore, this statement describing the method of correction for the abandonments was neither knowingly false nor misleading.

3. Timing and Characterization of the “Docketing Screw Up”

Respondent never used the words “abandoned” nor “abandonment” in his October 1, 1999 letter to William Davis, but noted that there was a “docketing screw up” and that “[o]n a fairly large number of files, timely actions were not taken with regard to Patent Office deadlines.” CX 25 at 9. By the date of the letter all 24 of the patent applications at issue had been abandoned, and Respondent was aware of at least 9 of the abandonments. 2 TX Tr. 231-234, 243. Complainant contends that the characterization of the events as a “docketing screw up” rather than directly stating that the applications had been abandoned is knowingly false or misleading.

Failure to include the words “abandoned” or “abandonment,” terms of art which were accurate descriptions for the status of the patent applications referenced in the letter, does not necessarily lead to the conclusion that the letter was knowingly false or misleading. Respondent’s statement that there was a “docketing screw up” and that “timely actions were not taken” on PTO deadlines for “a fairly large number of files” is accurate with respect to all of the applications which Respondent knew had gone abandoned as well as with respect to any which he was not yet aware had gone abandoned. Respondent simply did not add in the letter, with respect to those applications that he knew had gone abandoned, the fact that they had. However, an inference could be drawn by anyone with rudimentary knowledge of patent procedure that failure to meet a PTO deadline may result in abandonment. Indeed, Mr. Davis testified at the hearing that as a result of his experience with the firm in patent applications, he has gained some knowledge of the patent prosecution process, and he testified as to his understanding on October 1, 1999 of abandonment and revival of a patent application. 1 TX Tr. 11, 12-13, 63. He testified

that “To me, the letter [dated October 1, 1999] was very clear. There were some applications that had gone abandoned.” 1 TX Tr. 30. He testified further that “they could be – that those abandonments could be corrected, and that we would ultimately be able to achieve some patents on those applications.” 1 TX Tr. 25. He also testified that the terminology regarding abandonment “probably wasn’t material to me,” and that “the bottom line to me was that there was some error made, that . . . correction actually could be undertaken and the error to be resolved to my satisfaction,” and that “my sole concern was whether we could revive the applications.” 1 TX Tr. 27, 64-65.

Complainant further alleges that because the first abandonments were discovered in early August 1999 and a pattern of docketing errors was suspected by early September 1999, Respondent’s statement that the “docketing screw up” was discovered “last week” is knowingly false or misleading. The evidence shows that only two abandonments were discovered in August, nine or ten failures to respond to PTO notices by the due dates were discovered the first week of September, and failures to respond to PTO Notices to File Missing Parts were discovered in the second week in September. The statement in the letter that a docketing problem was discovered “last week” in circumstances where only two abandonments were discovered in August and several missed deadlines were discovered two or three weeks before the letter does not lead to the conclusion that Respondent knew that they resulted from a “docketing screw up” or problems with the docketing system. Respondent acknowledged at the hearing that “it’s possible that it [discovery of the docketing screw up] was two weeks instead of one week before this [letter to Mr. Davis].” 2 TX Tr. 272.

However, Complainant has not shown by clear and convincing evidence that Respondent

knew the *source* of the abandonments and missed deadlines, *i.e.* that there was a problem with data entry into the docketing system, several weeks rather than one week prior to the letter. While Respondent was aware of some of the abandonments from the notices he received from the PTO, he was not fully aware of the scope of the problem because he was removed from working on this client's matters during his last few weeks at Felsman Bradley. When he wrote the letter, Respondent did not have access to the documents that form the time-line for this situation.

Complainant has therefore not carried its burden of proof in showing that this statement was knowingly false or misleading, and that Respondent "knowingly giving false or misleading information . . . to . . . a client in connection with any . . . business before the Office [PTO]" in violation of 37 C.F.R. § 10.23. Accordingly, it is concluded that Respondent is not liable under Count 25 for violating 37 C.F.R. § 10.23(c)(2)(i) as alleged in the Complaint.

IV. FINDINGS OF FACT AS TO SANCTIONS

1. Respondent has been elected to serve as Treasurer, Vice-President and then President of the Dallas/Fort Worth Intellectual Property Law Association. Respondent has lectured in the area of patent law and has served on several state and local bar committees. FWII Tr. Pg. 168, ln. 19-25.

2. Respondent has maintained an unblemished disciplinary record in all jurisdictions and before all tribunals, federal, state and administrative, before which he is licensed to practice, including the USPTO. FWII Tr. Pg. 169, ln. 4, 7, 12, 17.

3. Respondent has developed and maintained a professional reputation as a competent and thorough practitioner. FWI Tr. Pg. 83, ln. 4-11; Pg. 208, ln. 1-25; Pg. 209, ln. 1-8; Pg. 257,

ln. 17-25; Pg. 258, ln. 1-3; Pg. 259, ln. 1-6.

4. Respondent has developed a reputation among his clients for being reliable and for providing competent service. FWI Tr. Pg. 38, ln. 20-22; Pg. 39, ln. 2-5, ln. 8, ln. 12-17; FWII Tr. Pg. 160, ln. 23; Pg. 161, ln. 6-10.

5. Since the filing of the Complaint and Notice of Proceedings (“Complaint”) on December 26, 2001 herein, Respondent has not been the subject of any complaints, and has continued to maintain his unblemished record.

6. The Petitions to Revive each of these applications were granted by the USPTO, and patents issued in each of the files at issue in this case in due course. CX1-24.

7. For each revived application and patent issued, Quorum concluded that it sustained no prejudice whatsoever. FWI Tr. Pg. 25, ln. 25; Pg. 26, ln. 18-19, ln. 23-25; Pg. 27, ln. 1, ln. 5-7; Pg. 35, ln. 1-3, ln. 7-8, ln. 24-25; Pg. 36, ln. 1.

8. Once the abandonment of these application files had been discovered, Respondent accepted full responsibility for what had occurred. FWI Tr. Pg. 203, ln. 2-4, ln. 6-9; Pg. 204, ln. 12; Pg. 205, ln. 3-6, ln. 8; Pg. 242, ln. 12-13; Pg. 245, ln. 9; FWII Tr. Pg. 264, ln. 23-25; Pg. 265, ln. 9-11; Pg. 267, ln. 19-22; Pg. 268, ln. 1-11, ln. 17-25; CX38; RX25. Upon the discovery of the abandonment of these application files and the facts relating there to, it was Respondent’s clear intention to absorb the complete costs involved in reviving these applications. FWI Tr. Pg. 203, ln. 2-4, ln. 6-9; Pg. 204, ln. 12; Pg. 205, ln. 3-6, ln. 8; Pg. 242, ln. 12-13; Pg. 245, ln. 9; FWII Tr. Pg. 264, ln. 23-25; Pg. 265, ln. 9-11; Pg. 267, ln. 19-22; Pg. 268, ln. 1-11, ln. 17-25; CX38; RX25.

9. Respondent personally absorbed the entire cost of reviving each patent application at

issue in this case, totaling approximately \$20,000.00. FWII Tr. Pg. 277, ln. 8-9.

10. Upon Respondent's first discovery on or around August 4, 1999, of two (2) patent applications having gone abandoned, Respondent instructed his secretary, Ms. Teresa Dena, to docket the matters in the Felsman Docket System and to pull the files so that preparation of Petitions to Revive those patent applications could commence. FWII Tr. Pg. 227, ln. 15-17, 19-23; RX33, Bates 4291-4299. Although Respondent had commenced preparing the appropriate Petitions to Revive, Respondent wished to discuss the situation with his client, Mr. William Davis, apprise Mr. Davis' of the situation, and obtain Mr. Davis' authorization prior to filing Petitions to Revive. FWII Tr. Pg. 227, ln. 15-17, 19-23; RX33, Bates 4291-4299.

11. In early September, 1999, while Respondent was conducting his monthly Docket Report review with Ms. Dena, Respondent discovered another patent application which had gone abandoned. FWII Tr. Pg. 231, ln. 10-14. FWII Tr. Pg. 227, ln. 15-17, 19-23; RX33, Bates 4291-4299.

12. Upon Respondent's discovery in September, 1999, of additional patent applications which had gone abandoned, Respondent instructed his secretary, Ms. Dena, to immediately begin preparing Petitions to Revive these as well. FWII Tr. Pg. 228, ln. 20-23; Pg. 230, ln. 7-12, ln. 23; Pg. 231, 2; Pg. 235, ln. 9-20; Pg. 236, ln. 4-8, ln. 10, ln. 20-22; Pg. 237, ln. 6-7, ln. 12-13, ln. 21-23; Pg. 238, ln. 5-6, ln. 13-14; Pg. 239, ln. 15, ln. 18-24; Pg. 240, ln. 2; RX33, Bates 4291-4299.

13. Respondent had begun preparation of Petitions to Revive nine (9) of the inadvertently abandoned patent applications, the total he had discovered at that point. However, Respondent was unable to finalize and file any of these Petitions to Revive because his partner, James Bradley, the Billing Attorney for Quorum International, removed all Quorum files from

Respondent's office and actively prevented Respondent from having any further involvement in, or doing any further work on, the Quorum files, including the filing of Petitions to Revive. FWI Tr. Pg. 238, ln. 23-25; Pg. 239, ln. 1-3; Pg. 240, ln. 24-25; Pg. 241, ln. 3; FWII Tr. Pg. 240, ln. 5-6, ln. 10-11; Pg. 241, ln. 1, ln. 3, 5-6, 9-12; Pg. 330, ln. 9-10; RX33, Bates 4291-4299.

14. Because Mr. Bradley caused all Quorum files to be removed from Respondent's office, Respondent was precluded from having any further access to, or doing any further work on, those files. FWI Tr. Pg. 238, ln. 23-25; Pg. 239, ln. 1-3; Pg. 240, ln. 24-25; Pg. 241, ln. 3; FWII Tr. Pg. 240, ln. 5-6, ln. 10-11; Pg. 241, ln. 1, ln. 3, 5-6, 9-12 Pg. 330, ln. 9-10, ln. 12-14.

15. Mr. Bradley removed all Quorum files from Respondent's office in or around the middle of September, 1999. Pg. 330, ln. 9-10, ln. 12-14.

16. On or around August 4, 1999, when Respondent received the first two of what would be twenty-four Notices of Abandonment from the USPTO, Respondent was unaware of what had caused those abandonments. FWII Tr. Pg. 319, ln. 7-9; Pg. 364, ln. 13-15.

17. On or around August 4, 1999, when Respondent received the first two of what would be twenty-four Notices of Abandonment from the USPTO, it had not occurred to him that there could or would be other abandonments in other case files. FWII Tr. Pg. 319, ln. 5-9. On or around August 4, 1999, Respondent did not undertake a review of each of his Quorum files because he believed that the problem was limited to two isolated applications. FWII Tr. Pg. 361, ln. 4-6.

18. It was not until in or around early September, 1999, that Respondent became aware that other patent applications had gone abandoned. FWII Tr. Pg. 231, ln. 10-14. Upon discovering that three patent applications had gone abandoned in early September, 1999,

Respondent began to suspect a larger problem and instructed his secretary to conduct a complete manual review of all Quorum files. FWII Tr. Pg. 232, ln. 19-25. Respondent further requested that another secretary, Ms. Candy Sanders, assist Ms. Dena in conducting this complete review of all Quorum files. FWII Tr. Pg. 352, ln. 4-6, ln. 10-12.

19. Upon conducting this review, Respondent learned that there were five Quorum applications where the Issue Fees had not been paid and five Quorum applications where USPTO Office Actions had not been responded to in a timely fashion. FWII Tr. Pg. 234, ln. 22-25. It was not until Respondent conducted this complete review of Quorum files in or around early September, 1999 that he became aware of the fact that USPTO Office Actions had not been responded to in a timely fashion. FWII Tr. Pg. 349, ln. 25; Pg. 350, ln. 1-4, ln. 9-18.

At no prior time, including during the original six month response period, had Respondent been aware that certain USPTO Office Actions had not been responded to timely. FWII Tr. Pg. 350, ln. 9-18; Pg. 364, ln. 13-15.

20. Respondent never became aware of the full extent of the problems with the twenty-four patent applications at issue in this case until after he left the Felsman Firm at the end of September, 1999. FWII Tr. Pg. 355, ln. 14-16. Within a reasonable time period after Respondent learned of the errors that had occurred regarding these applications, Respondent attempted to contact his client, William Davis of Quorum International, by telephone. FWII Tr. Pg. 235, ln. 9-20; Pg. 256, ln. 4-5, ln. 7-10, ln. 13-19. Respondent was unable to speak to Mr. Davis directly because Mr. Davis was out of the country from September 12, through September 29, 1999, and for several days prior to October 1, 1999 was in transit back to the United States. FWI Tr. Pg. 14, 16-17, Stipulation Pg. 56, ln. 13-16, ln. 22-22; Pg. 57, ln. 1; FWII Tr. Pg. 256,

ln. 4-5, ln. 7-10; Pg. 257, ln. 10-19; RX25.

21. Although Respondent was unable to speak to Mr. Davis directly, he left Mr. Davis a voice mail message informing him that he, Respondent, had identified problems with certain Quorum patent applications. FWII Tr. Pg. 256, ln. 4-5, ln. 7-10; Pg. 257, ln. 10-19; RX25.

Respondent thereafter more fully informed Mr. Davis of what he had discovered at that point by letter dated October 1, 1999, advising him, *inter alia*, that:

- a) Timely responses to USPTO Office Actions had not been filed on a fairly large number of files;
- b) Each of the abandoned patent applications could be revived, and that Mr. Davis would not be charged for pursuing the revival of the applications;
- c) The legal rights about which Mr. Davis was primarily concerned would neither be lost nor adversely affected. FWI Tr. Pg. 25, ln. 17-21; Pg. 26, ln. 18-19; Pg. 30, ln. 18-22; RX25.

22. Within a reasonable time period after Respondent learned what had transpired with each of these applications, Respondent notified his partners, including Mr. James Bradley, of the abandonments. FWII Tr. Pg. 256, ln. 24; Pg. 257, ln. 6-9; CX38. On September 29, 1999, Respondent sent a detailed email to his partners discussing how to best address and resolve the abandonment of those patent applications of which he was then aware, and provided his partners with the facts known to Respondent as of that time. FWII Tr. Pg. 257, ln. 15-19; CX 38.

In Respondent's September 29, 1999, email to his partners, Respondent accepted responsibility and stated he would bear all costs for the abandonment of these patent applications. FWII Tr. Pg. 258, ln. 8-14; CX38. In Respondent's September 29, 1999, email to his partners, Respondent advised his partners that some of these abandoned patent applications did not appear on Respondent's Docket and that Mr. Bradley had been incorrectly designated as the Responsible

Attorney. FWII Tr. Pg. 258, ln. 20-22; CX38.

23. In Respondent's September 29, 1999, email to his partners, Respondent also advised his partners that he had discovered problems with other patent applications, but had not yet been able to determine the cause of those problems. FWII Tr. Pg. 259, ln. 1-6, ln. 14-20; CX38. In Respondent's September 29, 1999, email to his partners, Respondent advised them that some of the patent applications had gone abandoned for failure to timely pay Issue Fees although Ms. Dena had standing orders to pay all Quorum Issue Fees immediately. FWII Tr. Pg. 233, ln. 13-22; CX38.

24. In Respondent's September 29, 1999, email to his partners, Respondent also advised his partners of his belief that immediate and full disclosure should be made to the client, Mr. Davis of Quorum, and that once all of the facts had been unearthed, Mr. Davis should be provided with a full explanation. FWII Tr. Pg. 269, ln. 12-25; Pg. 270, ln. 1-8; CX38.

25. Within a reasonable time period after Respondent learned of what had transpired with each of these applications, but not later than September 29, 1999, Respondent notified Mr. Bradley of the abandonment of each of the Quorum applications. FWII Tr. Pg. 256, ln. 24.

26. Prior to November 30, 1999, the only Felsman Firm attorney from whom Mr. Davis ever received any notice of the abandonments of the patent applications at issue in this case was Respondent. FWI Tr. Pg. 68, ln. 19.

27. Despite Mr. Bradley's continuing responsibility to Quorum as his client, Mr. Bradley's continuing to accept legal fees for the legal work performed by Respondent for Quorum, and Mr. Bradley's removal of the Quorum files from Respondent's office in mid-September, 1999, Mr. Bradley failed to provide any notice to Quorum of the abandonments of

the patent applications at issue in this case until November 30, 1999. FWI Tr. Pg. 68, ln. 19.

28. Quorum International, the client whose patent applications went inadvertently abandoned, was a company which negotiates design contracts for the manufacture, import, and distribution of residential lighting fixtures and ceiling fans. FWI Tr. Pg. 6, ln. 16-18.

29. The life span of Quorum's lighting fixtures and ceiling fans ranges from anywhere from less than one year to five years. FWI Tr. Pg. 15, ln. 8-10, ln. 13-23; Pg. 36, ln. 6-10; Pg. 47, ln. 19-21.

30. Quorum's product line has such a short life span because trends in home decorating come and go quickly and the product which Quorum sells must tie into those trends. FWI Tr. Pg. 15, ln. 4-10.

31. Quorum does not revive older designs which had been discontinued because the nature of the fashion business required that Quorum create something new. FWI Tr. Pg. 48, ln. 21-23; Pg. 49, ln. 3-4.

32. The actual life span of any of Quorum's product line is far less than the coverage afforded in a design patent. FWI Tr. Pg. 36, ln. 6-10

33. Quorum's president, Bill Davis, is responsible for identifying Quorum's legal needs and for obtaining legal services for the company. FWI Tr. Pg. 8, ln. 5-6, ln. 9.

34. Mr. Davis retained the Felsman Firm in the early 1990's, first utilizing the services of James Bradley and then working with Respondent, while Respondent was a partner at the Felsman Firm and after Respondent left the Firm. FWI Tr. Pg. 8, ln. 19-22.

35. From 1999 to the present time, Quorum has looked exclusively to Respondent to provide its legal services and there has been no interruption in Respondent's providing such

legal services to Quorum since that time. FWI Tr. Pg. 10, ln. 24-25; Pg. 11, ln. 3.

36. During the course of Mr. Davis's tenure as president of Quorum, he has gained knowledge about, and familiarity with, the patent prosecution process, including an understanding of the necessity of seeking patent coverage within one year of introducing a product to the marketplace, and the meaning, import and effect of a terminal disclaimer. FWI Tr. Pg. 11, ln. 9, ln. 12-17; Pg. 12, ln. 18-22.

37. At the time of the abandonment of the patent applications at issue in this case, Mr. Davis was aware of the meaning, import and effect of a terminal disclaimer, and understood that if a patent application became abandoned for whatever reason, upon revival of that application and issuance of the patent, the terminal disclaimer would reduce the end life of that patent. FWI Tr. Pg. 12, ln. 18-22; Pg. 13, ln. 13-14.

38. Upon being notified by Respondent of the abandonment of the patent applications at issue in this case, and after reviewing Respondent's October 1, 1999 letter to him, Mr. Davis understood that some Quorum patent applications had gone abandoned, and that those abandonments could be corrected and that the patents would ultimately issue. FWI Tr. Pg. 25, ln. 17-21; Pg. 30, ln. 18-22.

39. After receiving Respondent's October 1, 1999 letter, Mr. Davis had no concerns regarding the abandonment of the patent applications at issue in this case since his only concern was that the applications be revived and the patents ultimately issued for those patent applications; he was not concerned about any loss of life on the end of those patents. FWI Tr. Pg. 25, ln. 25; Pg. 26, ln. 18-19, ln. 23-25; Pg. 27, ln. 1, ln. 5-7; Pg. 35, ln. 1-3, ln. 7-8, ln. 24-25; Pg. 36, ln. 1.

40. None of the patent applications inadvertently abandoned and at issue in this case pertained to products for which Mr. Davis felt some urgency about getting patent protection. FWI Tr. Pg. 66, ln. 24-25; Pg. 67, ln. 1-5; Pg. 77, ln. 5.

41. For those patent applications referenced in Counts 2, 3, 9, 16, 17 and 23, no terminal disclaimer period was imposed upon the patents ultimately issued to Quorum. FWII Tr. Pg. 359, ln. 2-4; CX 2, 3, 9, 16, 17 and 23.

42. For those patent applications at issue in this case and upon which a terminal disclaimer period was imposed upon the patents ultimately issued to Quorum, those terminal disclaimer periods were not relevant to Quorum or to Mr. Davis, and had no relevance to, or impact upon, the client, Quorum. FWI Tr. Pg. 27, ln. 5-7; Pg. 35, ln. 1-3, 7-8, ln. 24-25; Pg. 36, ln. 1.

43. Although William Messerole, an expert witness testifying for the Director, testified “If the life of the patent is shortened by [those] actions, then under the circumstances the value of the patent diminishes,” Mr. Messerole agreed that the value of a patent is defined by the inventor or assignee of the inventor, in this case Quorum International. DCI Tr. Pg. 93, ln. 5-14; DCI Tr. Pg. 118 ln. 2-4, 10.

44. For those patent applications abandoned which are at issue in this case upon which a terminal disclaimer period was imposed upon the patents ultimately issued to Quorum, Quorum placed no value whatsoever upon the period of time by which the patent life was shortened. FWI Tr. Pg. 27, ln. 5-7; Pg. 35, ln. 1-3, 7-8, ln. 24-25; Pg. 36, ln. 1.

45. At all times relevant hereto, the Felsman Firm employed approximately thirty attorneys and filed over one thousand patent applications each year. FWII Tr. Pg. 197, ln. 20-21.

46. The standards of practice in intellectual property law require that a firm the size of Felsman maintain a Docket Clerk and that the Docket Clerk be an experienced, senior member of the law firm staff who is thoroughly familiar with the use and function of the Firm's Docket System. FWII Tr. Pg. 142, ln. 2-7, 17-25.

47. The standards of practice in intellectual property law require that the Docket System include delivery of docketed information and print outs of deadlines to the responsible attorney, and must include a system of checks and balances to insure that nothing, including due dates for responses to Office Actions issued by the USPTO, are inadvertently missed. FWII Tr. Pg. 142, ln. 2-7, 17-25.

48. The Docket System utilized at the Felsman Firm fell below the standards of practice in the intellectual property law area as those standards apply to an adequate Docket System. FWII Tr. Pg. 143, ln. 22-25; Pg. 144, ln. 1-6, ln. 10-14.

49. The Docket System utilized at the Felsman Firm fell below the standards of practice in the intellectual property law area as those standards apply to an adequate Docket System insofar as that system failed to incorporate an adequate system of checks and balances to insure that nothing, including due dates for responses to Office Actions issued by the USPTO, were inadvertently missed. FWII Tr. Pg. 146, ln. 13-18.

50. The Felsman Firm Billing Attorney, while he might not participate in the day to day legal work performed for the client, nevertheless received a percentage of all legal fees generated by the Responsible Attorney for that client. FWI Tr. Pg. 91, ln. 18-25.

51. The Felsman Firm Billing Attorney, while he might not participate in the day to day legal work performed for the client, nevertheless had ethical responsibilities to that client. FWI

Tr. Pg. 91, ln. 18-25; Pg. 92, ln. 1-3.

52. The Felsman Firm Billing Attorney, while he might not participate in the day to day legal work performed for the client, nevertheless maintained ultimate control of the client and the client's files and had the last word in what work was to be done for that client. FWII Tr. Pg. 241, ln. 9-12.

53. At all times relevant hereto, Respondent's partner, James E. Bradley, was the Billing Attorney for Quorum. FWI Tr. Pg. 117, ln. 6-11.

54. At all times relevant hereto, Respondent was the Responsible Attorney for Quorum. FWI Tr. Pg. 117, ln. 12-14.

55. The function of the Felsman Docket System was to track the status of the patent applications filed by Felsman Firm attorneys, to provide reminders of due dates pertaining to those patent applications, and to reflect the current status of those patent applications. FWI Tr. Pg. 84, ln. 3-10; FWII Pg. 245, ln. 22-25.

56. Felsman Firm secretaries, including Respondent's secretaries, were tasked with the responsibility of entering data into the Felsman Docket System for Respondent and other firm attorneys so that the Responsible firm attorneys could keep track of due dates in patent applications and access the current status of those applications. FWI Tr. Pg. 85, ln. 6-8; Pg. 247, ln. 3, 5-7; Pg. 256, ln. 17-23; FWII Tr. Pg. 72, ln. 21; Tr. Pg. 86, ln. 8; Pg. 188, ln. 6-13; Pg. 195, ln. 23; Pg. 196, ln. 6.

57. Felsman Firm secretaries, including Respondent's secretaries, were also tasked with the responsibility of updating the Felsman Docket System by docketing receipt of Office Actions from the USPTO, and maintaining the status of information on firm patent cases. FWI Tr. Pg.

85, ln. 6-8; Pg. 247, ln. 3, 5-7; Pg. 256, ln. 17-23; FWII Tr. Pg. 72, ln. 21; Tr. Pg. 86, ln. 8; Pg. 188, ln. 6-13; Pg. 195, ln. 23; Pg. 196, ln. 6.

58. At all times relevant hereto, it was the office policy of the Felsman Firm that Felsman Firm secretaries, including Respondent's secretaries, were instructed to and trained regarding, updating the Docket System each time new activity occurred in any Felsman Firm patent case, including receipt of Office Actions from the USPTO. FWI Tr. Pg. 108, ln. 8-13.; FWII Tr. Pg. 47, ln. 9-25; Pg. 49, ln. 6-7; Pg. 72, ln. 21; Pg. 80, ln. 1-3; Pg. 82, ln. 15-25; Pg. 86, ln. 5-8.

59. The Felsman Docket System Models were similar to templates in that, upon the opening of a patent application file, the application filing date would be entered into the Docket System Model as a "trigger date," which trigger date would then automatically generate follow up dates, dues dates and any upcoming events. FWII Tr. Pg. 74, ln. 10-20.

60. The function of the Felsman Docket System Models was to ensure that due dates for responses to Office Actions from the USPTO were correctly entered into the Docket System by automatically calculating upcoming due dates upon the entry of a "trigger date" into the system. FWI Tr. Pg. 144, ln. 15-18.

61. Felsman Firm secretaries, including Respondent's secretaries, were trained and instructed to enter all "trigger dates" into the appropriate Felsman Docket System Model to prevent errors which could result from the manual entry of data, and maintain consistency in the data entry throughout the Felsman Docket System. FWII Tr. Pg. 63, ln. 17; Pg. 64, ln. 10-12; Pg. 5

62. At all times relevant hereto, Respondent's secretaries were instructed to utilize the Felsman Docket System Models to keep track of Respondent's patent application files, due dates

and filing deadlines, and to maintain the current status of Respondent's patent application files.

FWII Tr. Pg. 187, ln. 6; Pg. 189, ln. 7-18

63. Felsman Firm secretaries, including Respondent's secretaries, were tasked with the responsibility of maintaining, keeping current, printing out, and filing in each patent application file, updated copies of Docket Sheets. FWI Tr. Pg. 107, ln. 4-10; PG. 108, ln. 4-9; Pg. 110, ln. 15-18; FWII Tr. Pg. 24, ln. 12-13; Pg. 79, ln. 16-25; Pg. 80, ln. 1-3; Pg. 82, ln. 15-25.

64. The Docket Sheets were used by Felsman Firm attorneys, including Respondent, as a printed reference in each file to enable the attorney to determine the status of, and upcoming deadlines pertaining to their patent cases. FWI Tr. Pg. 109, ln. 4-25; FWII Tr. Pg. 79, ln. 16-25; Pg. 80, ln. 1-10; Pg. 82, ln. 15-25.

65. Felsman Firm secretaries, including Respondent's secretaries, were instructed to, trained regarding, and tasked with the responsibility of keeping current copies of the Docket Sheets printed out and affixed to the left hand side of each patent application file so that anyone reviewing the file would have immediate access to the current status of the history of activity on the patent application. FWI Tr. Pg. 108, ln. 4-9; Pg. 109-110.

66. Respondent utilized the Felsman Docket System Docket Sheets to keep track of his patent application files, their due dates and filing deadlines, and to maintain the current status of his patent application files. FWII Tr. Pg. 187, ln. 6; Pg. 189, ln. 7-18

67. Docket Reports were to be printed out and given to the Felsman Firm attorney responsible for that patent file so that the attorney would be aware of upcoming deadlines, due dates, and filing requirements. FWII Tr. Pg. 80, ln. 15-24.

68. Respondent utilized the Felsman Docket System Docket Reports to monitor his

patent application files, due dates and filing deadlines, and to maintain the current status of his patent application files. FWII Tr. Pg. 187, ln. 6; Pg. 189, ln. 7-18

69. At all relevant times and consistent with the Felsman Firm's policy, Ms. Miller trained Felsman Firm secretaries, including Respondent's secretaries, how to operate and run the Felsman Docket System. FWI Tr. Pg. 108, ln. 18-19; Pg. 247.

70. Once Felsman Firm secretaries were trained by Ms. Hanson on the use and function of the Felsman Docket System, use and function of the Felsman Docket System Models, and use and function of the Docket Sheets, the Felsman Firm did not provide regular and routine follow up training. FWII Tr. Pg. 27, ln. 3.

71. The Felsman Docket System did not contain any system to "double check" that the system was being properly used and data was being properly entered. FWII Tr. Pg. 9, ln. 9.

72. To properly and correctly utilize the Felsman Docket System, users had to be experienced in the use of that Docket System. FWII Tr. Pg. 110, ln. 5.

73. Felsman Firm attorneys, including Respondent, did not attempt to run their own reports from the Felsman Docket System. FWI Tr. Pg. 256, ln. 17-23; Pg. 257, ln. 1-3; FWII Tr. Pg. 195, ln. 11-12, ln. 14-17; Pg. 196, ln. 6; Pg. 200, ln. 8-9.

74. The Felsman Docket System prevented users of that system from viewing on their computer monitor Docket Reports since the Docket Reports were designed to be printed and not displayed on a monitor. FWII Tr. Pg. 201, ln. 18.

75. Respondent attempted to persuade his partners in the Felsman Firm to change the way the Felsman Docket System was utilized in the firm. FWII Tr. Pg. 196, ln. 10-14.

76. Respondent attempted to persuade his partners in the Felsman Firm to eliminate the

role of Firm secretaries in inputting of data into the Felsman Docket System and hire an experienced docket clerk whose dedicated function would be data entry into the Felsman Docket System rather than having each individual secretary perform that function. FWII Tr. Pg. 197, ln. 1-4.

77. Respondent's partners in the Felsman Firm rejected his recommendation that the Felsman Firm eliminate the role of Firm secretaries in the inputting of data into the Felsman Docket System, and hire an experienced docket clerk whose dedicated function would be data entry instead of having each individual secretary perform that function. FWII Tr. Pg. 197, ln. 7.

78. Respondent relied upon monthly Docket Reports to keep him advised of upcoming deadlines and due dates for responses to Office Actions from the USPTO in his patent cases. FWII Tr. Pg. 50, ln. 8-24; Pg. 51, ln. 4-20; Pg. 199, ln. 1-14, ln. 20-24; Pg. 202, ln. 1-10, ln. 20-23; Pg. 203, ln. 25; Pg. 204, ln. 1-4, ln. 6-8; Pg. 208, ln. 3-10.

79. Respondent instructed his secretary to print out his Docket Reports at or around the first of each month, to run the Docket Report from the beginning of the year through the end of the current month to pick up all due dates for the past months, to highlight all items that were coming due through the previous four (4) months, including briefs, responses to Notice of Missing Parts from the USPTO and other Office Actions. FWII Tr. Pg. 50, ln. 8-24; Pg. 51, ln. 4-20; Pg. 53, ln. 4-6; Pg. 199, ln. 1-14, ln. 20-24; Pg. 202, ln. 1-10, ln. 20-23; Pg. 203, ln. 25; Pg. 204, ln. 1-4, ln. 6-8; Pg. 208, ln. 3-10.

80. It was Respondent's expectation, upon receiving his monthly Docket Reports from his secretary, that all due dates for responses to Office Actions from the USPTO, and all other time sensitive matters, coming up in files on which he was the Responsible Attorney would be

reflected on his monthly Docket Reports. FWII Tr. Pg. 202, ln. 20-23.

81. Once the Docket Report was printed and highlighted, Respondent instructed his secretary to then pull all of patent files which had responses to Office Actions from the USPTO coming due and to give him both the Docket Reports and the applicable files. FWII Tr. Pg. 51, ln. 10-11; Pg. 53, ln. 12-17.

82. If Respondent's secretary ran a Docket Report from the Docket System for all files on which Respondent was Responsible Attorney, the resulting Docket Report would show only those patent application files on which Respondent was listed as the Responsible Attorney. FWI Tr. Pg. 117, ln. 24; Pg. 118, ln. 3-4; Pg. 124, ln. 11-14.

83. At all times relevant hereto, Felsman Firm attorneys were each assigned their secretary by the Felsman Firm, and the Felsman Firm office manager was responsible for interviewing and screening firm secretaries. FWII Tr. Pg. 25, ln. 15-25; Pg. 177, ln. 14-25; Pg. 180, ln. 18-19

84. During his tenure with the Felsman Firm, Respondent relied heavily upon his administrative staff to assist him in tracking the status of his patent application files, due dates, and other such matters. FWIIPg. 35, ln. 23, 25; Pg. 36, ln. 1-2.

85. From October, 1998 to September, 1999 Respondent had three turnovers in his secretarial staff because the secretaries who worked for him during that period of time proved incapable of performing. FWII Tr. Pg. 27, ln. 21-22.

86. One such secretary, Ms. Morie, required extra training because she was struggling with the Felsman Docket System. FWII Tr. Pg. 92, ln. 21-25.

87. During the last two or three weeks of September, 1999, upon Respondent's discovery

of the abandonments of several of the patent applications at issue in this case, he became concerned that another secretary, Ms. Dena, had not actually understood how to properly utilize the Felsman Docket System. FWII Tr. Pg. 352, ln. 1, ln. 14-19.

88. The inquiries Ms. Dena made of firm staff led to the conclusion that Ms. Dena did not understand how to use the Felsman Firm Docket System in particular or, indeed, perform intellectual property secretarial work in general. FWII Tr. Pg. 29, ln. 7-9.

89. Ms. Costner was also familiar with Ms. Dena's work as Respondent's secretary and doubted Ms. Dena's competence. FWII Tr. Pg. 55, ln. 10.

90. Ms. Morie was responsible for entering the identity of the Billing Attorney and the Responsible Attorney in the Felsman Firm Docket System. FWII Tr. Pg. 245, ln. 7, 13.

91. For many of the files in question, Respondent's partner, James Bradley, was incorrectly entered into the Felsman Firm Accounting and Docket Systems as both the Billing Attorney and the Responsible Attorney. FWI Tr. Pg. 123, ln. 25; Pg. 124, ln. 1; Pg. 127, ln. 14; Pg. 128, ln. 8-14; Pg. 134, ln. 3-4; Pg. 135, ln. 9-10; Pg. 139, ln. 1-2, FWII Tr. Pg. 242, ln. 24-25; Pg. 243, n. 1-2; RX13-24.

92. The designation of Mr. Bradley as the Responsible Attorney for these files was a data entry error since Respondent should have been designated as the Responsible Attorney in the Felsman Docket System. FWI Tr. Pg. 123, ln. 25; Pg. 124, ln. 1; Pg. 128, ln. 10-14; Pg. 134, ln. 3-4; Pg. 135, ln. 9-10; Pg. 139, ln. 1-2; Pg. 154, ln. 3-5, ln. 14-16; Pg. 155, ln. 5-6; Pg. 158, ln. 9-17, FWII Tr. Pg. 248, ln. 10-20.

93. When Ms. Morie opened each of these files as new matters for an existing client, she incorrectly designated Mr. Bradley as the Responsible Attorney in the Felsman Firm Docket

System. FWII Tr. Pg. 244, ln. 25; Pg. 245, ln. 4, 7, 13.

94. The erroneous designation of Mr. Bradley as the Responsible Attorney for these files had the affect that any Docket Report run by Respondent's secretary for due dates between March 9, 1999 and April 10, 1999 would fail to show these matters on Respondent's Docket. FWI Tr. Pg. 124, ln. 11-14; Pg. 128, ln. 10-14; Pg. 144, ln. 4-6, ln. 9; Pg. 153, ln. 5; Pg. 156, ln. 21-22, ln. 25; Pg. 157, ln. 1; Pg. 162, ln. 8-9; Pg. 164, ln. 7, ln. 9-10; Pg. 166, ln. 8-12; Pg. 253, ln. 13-20; FWII Tr. Pg. 84, ln. 17-19; Pg. 86, ln. 21-23; Pg. 258, ln. 20-22.

95. This erroneous designation of Mr. Bradley as the Responsible Attorney for these files had the result that any Docket Report run by Respondent's secretary seeking due dates for the months of March and April, 1999 would not show these matters on Respondent's Docket. FWII Tr. Pg. 84, ln. 17-19.

96. Respondent was never provided with a Docket Sheet which indicated upcoming due dates for response to USPTO Office Actions regarding these files. FWII Tr. Pg. 245, ln. 16.

97. Respondent was not aware that the Docket System erroneously identified Mr. Bradley as the Responsible Attorney for these files. FWII Tr. Pg. 245, ln. 20.

98. Respondent did not discover that Ms. Morie had erroneously identified Mr. Bradley as the Responsible Attorney for these files until approximately September 14, 1999. FWII Tr. Pg. 246, ln. 14-15.

99. Prior to the period from September 8 and 13, 1999, Respondent had not been aware that Notices to File Missing Parts had been mailed from, or that responses were due to, the USPTO because Respondent was not listed as the Responsible Attorney for these files. FWII Tr. Pg. 243, ln. 13-17; Pg. 249, ln. 21-23.

100. Prior to September 14, 1999, Respondent never saw a Docket Sheet or Docket Report on these files because he was not listed as the Responsible Attorney. FWII Tr. Pg. 232, ln. 19-25; Pg. 233, ln. 6-7; Pg. 243, ln. 13-17; Pg. 245, ln. 16-20; Pg. 246, ln. 1-2. At no time did Mr. Bradley, or anyone else in the Felsman Firm, ever advise Respondent that he, Mr. Bradley, had been improperly designated as the Responsible Attorney for these files. FWII Tr. Pg. 246, ln. 8, 16.

101. This erroneous designation of Mr. Bradley as the Responsible Attorney for these files caused the due dates for Response to the Notice to File Missing Parts to not be brought to Respondent's attention in a timely fashion in turn causing those applications to be inadvertently abandoned as a result. FWII Tr. Pg. 232, ln. 19-25; Pg. 233, ln. 6-7; Pg. 243, ln. 13-17; Pg. 245, ln. 20; Pg. 246, ln. 1-2; Pg. 279, ln. 5-10; RX13-24.

102. The failure to properly docket the Notices of Allowance and Issue Fee due and to invoke the proper Docket System Model in certain patent application files resulted in Respondent being unaware that the Issue Fees for these patent application were due during the month of May, 1999. FWI Tr. Pg. 118, ln. 3-11, ln. 15; FWII Tr. 78, ln. 4-5, ln. 9; Pg. 119, ln. 17; Pg. 250, ln. 23-24; Pg. 251, ln. 1, 4, 18, 22, 25; Pg. 252, ln. 1.

103. Respondent did not become aware that Issue Fees were due, and had not been paid, in each of these patent applications until August, 1999. FWII Tr. Pg. 245, ln. 16.

104. As a result of the failures to properly docket the Notices of Allowance and Issue Fee due and to invoke the proper Docket System Model in these patent application files, the Issue Fees due were not timely paid and the patent applications went unintentionally abandoned. FWII Tr. Pg. 232, ln. 17; Pg. 279, ln. 5-10.; RX1 and 6.

105. The documentary evidence and testimony presented in this case demonstrate that Ms. Morie failed to properly docket the due date for the Notice to File Missing Parts into the Felsman Firm Docket System. FWI Tr. Pg. 125, ln. 5-23; Pg. 133, ln. 11; Pg. 161, ln. 17, ; RX13, 16, 17, 18, 22, 23.

106. The failure to docket the due dates for Responses to the Notices to File Missing Parts in these files resulted in the omission of each of these matters from any Docket Reports run by either Ms. Morie or Ms Dena for Respondent for due dates between March 9, 1999 and April 10, 1999. FWI Tr. Pg. 125, ln. 20, 23; Pg. 144, ln. 4-9; Pg. 153, ln. 5; Pg. 162, ln. 8-9; Pg. 163, ln. 9-12, 25; Pg. 164, ln. 1-3, ln. 22; Pg. 166, ln. 8-12; FWII Tr. Pg. 84, ln. 5-6, ln. 17-19; Pg. 86, ln. 21-23.

107. The failure to docket the due dates for Responses to the Notices to File Missing Parts resulted in the due dates for these Notices to File Missing Parts not being brought to Respondent's attention in a timely fashion which, in turn caused, those applications to become abandoned. FWI Tr. Pg. 125, ln. 20, 23; Pg. 144, ln. 4-9; Pg. 153, ln. 5; Pg. 162, ln. 8-9; Pg. 163, ln. 9-12, 25; Pg. 164, ln. 1-3, ln. 22; Pg. 166, ln. 8-12; FWII Tr. Pg. 84, ln. 5-6, ln. 17-19; Pg. 86, ln. 21-23.

108. The failure to docket the due dates for Responses to the Notices to File Missing Parts had the effect that the due dates for Response to the Notice to File Missing Parts were not brought to Respondent's attention in a timely fashion, and those applications went abandoned as a result. FWI Tr. Pg. 125, ln. 20, 23; Pg. 144, ln. 4-9; Pg. 153, ln. 5; FWII Tr. Pg. 84, ln. 5-6, ln. 17-19; Pg. 86, ln. 21-23; RX13, 16, 17, 18, 22, and 23; Pg. 279, ln. 5-10.

109. Respondent first discovered that Responses had not been filed to the Notices to File

Missing Parts in September, 1999. FWII Tr. Pg. 233, ln. 6-7; Pg. 234, ln. 21-25; Pg. 243, ln. 13-17.

110. Firm secretaries failed to enter the "trigger dates" for the USPTO Office Actions issued in those patent applications files addressed in Counts 3-5, 7-10 and 12 into the Felsman Docket System and failed to invoke the appropriate Felsman Docket System Model. FWII Tr. Pg. 114, ln. 23; Pg. 115, ln. 8-11, ln. 19-25; Pg. 116, ln. 1-3; Pg. 117, ln. 15-19; Pg. 118, ln. 12

111. The failure to enter the "trigger dates" of the USPTO Office Actions issued in those patent applications files addressed in Counts 3-5, 7-10 and 12 into the Felsman Docket System, and failure to invoke the appropriate Felsman Docket System Model, due dates to the USPTO Office Actions were not brought to Respondent's attention in a timely fashion and those patent applications went abandoned. FWII Tr. Pg. 225, ln. 20; Pg. 279, ln. 5-10.

112. Upon receipt at the Felsman Firm of the USPTO Office Action regarding the patent application addressed in Count 20 by the Felsman Firm, Ms. Morie's erroneous entry of the due date into a data field was not in accordance with her training by Ms. Miller, and had the effect that the due date for response to the USPTO Office Action would not show up on any reports printed for Respondent by his secretary for due dates to USPTO Office Actions in the month of March, 1999. FWII Tr. Pg. 83, ln. 9; Pg. 84, ln. 3, ln. 5-6.

113. The erroneous entry of the due date into a data field resulted in the due date for response to the USPTO Office Action not being brought to Respondent's attention in a timely manner further causing the application to become abandoned. FWII Tr. Pg. 84, ln. 3, ln. 5-6; Pg. 225, ln. 20; Pg. 279, ln. 5-10.

114. At no time prior to the due date for responses to the USPTO Office Actions at issue

in each of the twenty-four patent applications at issue in this case did Respondent ever receive notice that the due dates for response to same were approaching. FWII Tr. Pg. 225, ln. 20; Pg. 279.

115. There is insufficient evidence to demonstrate that Respondent ever intentionally neglected any of the patent applications at issue in this case. FWII Tr. Pg. 279, ln. 7, 10.

116. The evidence adduced at the hearing in this case establishes that the abandonments of the applications at issue in this case resulted primarily from clerical, ministerial and administrative errors.

117. The evidence adduced at the hearing in this case establishes that the abandonment of each of the patent applications at issue in this case was seemingly inadvertent, and that the USPTO has in place procedures to remedy the inadvertent abandonment of patent applications (Petitions to Revive) since these were errors which can occur in patent prosecution.

118. The evidence adduced at the hearing in this case establishes that, while Respondent's conduct may constitute a violation of 37 C.F.R. 10.77(c), the fact that the abandonments were inadvertent, and resulted from primarily from clerical and ministerial errors, that Respondent accepted full and complete responsibility for the abandonments, that Respondent assumed the full financial responsibility for reviving these patent applications, that each of the patent applications were revived and patents issued in due course, that the terminal disclaimer period imposed was of no consequence whatsoever to Quorum, and that Quorum was not substantially harmed are compelling facts in mitigation to be considered by the Tribunal.

119. The evidence adduced at the hearing in this case establishes that, while Respondent's conduct may constitute a violation of 37 C.F.R. 10.77(c), the facts in mitigation

are sufficient to militate against imposition of the sanction sought by the Director of the Office of Enrollment and Discipline in this case.

120. Mr. John E. Kittle, Director of the Industrial Design Examining Group, testified for the Director of OED that in order for a patent application to be revived under 37 C.F.R. 1.137(d) the applicant must aver that the abandonment was unintentional. DC Tr. Pg. 45, ln. 4.

121. Mr. Kittle further testified that, in order to ensure that an abandonment was indeed unintentional, the Commissioner of Patents has the authority to require additional information if he deems it necessary. DC Tr. Pg. 45, ln. 19.

122. Mr. Kittle testified that, with respect to each and every one of the Petitions to Revive the patent applications inadvertently abandoned in this case, each was granted upon the first request, without the necessity of the Commissioner seeking any additional information regarding the circumstances of the inadvertent abandonments. DC Tr. Pg. 51, ln. 7, 12-13. Mr. Kittle also testified that a terminal disclaimer is not intended to be punitive in nature, but instead is imposed to account for the period of patent protection that the patent holder would otherwise have had if the inadvertent abandonment had not occurred. DC Tr. Pg. 56, ln. 20-22; Pg. 57, ln. 1-5.

123. Mr. Kittle testified that imposition of a terminal disclaimer was “an equity issue” in place to avoid manipulation of the patent application process whereby one might attempt to achieve a longer period of patent coverage than he might otherwise be able to obtain. DC Tr. Pg. 57, ln. 13.

124. In the case at bar, each Petition to Revive was automatically granted, without further inquiry. CX-24. During his meeting with Mr. Bradley and other members of the Felsman Firm on November 30, 1999, Mr. Bradley never advised Mr. Davis that anything contained in

Respondent's October 1, 1999 letter to Mr. Davis was inaccurate or incomplete. FWI Tr. Pg. 33, ln. 4, ln. 8, ln. 14; Pg. 34, ln. 7.

125. Another of Respondent's former partners, Max Ciccarelli, was present during Mr. Davis's meeting with Mr. Bradley on November 30, 1999, and understood from Mr. Davis that Respondent's statement in his October 1, 1999 letter that "no client rights would be adversely affected" was consistent with Mr. Davis's priorities and concerns. FWI Tr. Pg. 207, ln. 14-18.

The statement in Respondent's October 1, 1999 letter to Mr. Davis that "no client rights would be adversely affected" was limited to the issue critical to Mr. Davis, which was the revival of the inadvertently abandoned applications at issue in this case and the issuance of the patents. FWII Tr. Pg. 261, ln. 10-18.

126. The statement in Respondent's October 1, 1999 letter to Mr. Davis that "no client rights would be adversely affected" was not intended to be a general statement of the law as to all client rights potentially at issue, but instead was limited to those priorities and issues of concern to Quorum and Mr. Davis only, specifically the revival of the inadvertently abandoned applications at issue in this case. FWII Tr. Pg. 263, ln. 15-20.

127. Following his meetings on November 30, 1999 with Mr. Bradley of the Felsman Firm, and later that day with Respondent, Mr. Davis's understanding regarding the inadvertent abandonments of the patent applications at issue in this case, the process to revive those applications, Respondent's acceptance of full financial responsibility for that revival, and the imposition of terminal disclaimers on patents ultimately issued, was the same understanding which Mr. Davis had following his receipt and review of Respondent's October 1, 1999 letter. FWI Tr. Pg. 37, ln. 2-6.

128. Following his meetings on November 30, 1999, with Mr. Bradley of the Felsman Firm, and later that day with Respondent, Mr. Davis was content that the matter was resolved. FWI Tr. Pg. 37, ln. 2-6.

129. The complaint in this case was filed by Respondent's former partner, Daniel Venglarik. See Complaint dated November 30, 1999.

130. In his complaint letter, Mr. Venglarik represented to the Director of OED that each of the patent applications at issue in this case were "pres[ent] . . . within [Respondent's] docket." The evidence adduced at the trial of this case established that this was false.

131. At the time that Mr. Venglarik wrote his complaint letter to the OED, he knew that the Felsman Docket System identified James Bradley as the Responsible Attorney for twelve (12) of the inadvertently abandoned applications, yet he failed to disclose this fact. FWIII Tr. Pg. 13-22; Pg. 30, ln. 4-5, 13.

132. In his complaint letter, Mr. Venglarik represented to the Director of OED that Respondent failed to notify both Mr. Davis and firm members of the inadvertently abandoned patent applications at issue in this case. See Complaint Letter.

133. At the time that Mr. Venglarik wrote his November 30, 1999 complaint letter to the OED, he was aware of and had reviewed Respondent's September 30, 1999 e-mail to the Felsman Firm partners notifying them of what had occurred, yet he failed to disclose this fact. FWIII Tr. Pg. 41, ln. 11.

134. Mr. Venglarik similarly failed to disclose in his complaint letter to the OED that Respondent had written to Mr. Davis on October 1, 1999 regarding what had occurred. FWIII Tr. Pg. 36-37.

135. In his complaint letter, Mr. Venglarik represented to the Director of OED that the Felsman Firm “is reviving the abandoned applications at our own expense.” See Complaint Letter.

136. At the time that Mr. Venglarik wrote his complaint letter to the OED, he was aware of the fact that Respondent had accepted full and complete financial responsibility for the revival of the applications at issue in this case, yet he failed to disclose this fact. FWIII Tr. Pg. 46, ln. 18.

137. The identical allegations of ethical misconduct were presented to, and reviewed by, the State Bar of Texas which, after a hearing on the merits, exonerated Respondent and concluded that Respondent had not committed any ethical misconduct. RX25, 26, 27, and 29. At the hearing held by the State Bar of Texas, Mr. Venglarik testified in person. RX25, 26, 27 and 29. Even if the disposition of the matter by the State Bar of Texas does not constitute an equitable or legal bar to these proceedings, it is relevant since the dismissal of the Texas complaint was handed down after a full hearing of the identical issues under consideration here, and after application of the Rules of Professional Conduct essentially identical to those charged by the OED in these proceedings.

V. DISCUSSION AS TO SANCTIONS

In this proceeding, the Director seeks to indefinitely suspend Respondent from practice before the USPTO (amended to 3-5 years suspension from practice per its Reply Brief at 51), because of docketing errors and clerical mistakes which occurred within a six month period of time in 1999. Although the Tribunal has concluded the Respondent bears ultimate responsibility

for such oversights, and that he failed to live up to certain responsibilities as a practitioner in the conduct of his practice, the facts elicited from the evidentiary hearing do not support the sanction sought by the Director.

The facts show that it wasn't until September 1999, that Respondent discovered the full extent of the oversights and errors regarding deadlines relating to several of the Quorum patent applications. At that point, the record discloses that Respondent accepted full responsibility to his client, Quorum, and to his partners for what had occurred. Thus, without regard to the circumstances as to how such errors occurred, Respondent has demonstrated that he intended, from the first, and in fact did, assume full personal and financial responsibility, absorbing the total \$20,000 expense of reviving each of the applications at issue in this case. Complainant however, does cite to evidence where Respondent admitted that at least as to some of the abandonments, he cannot point to someone's else's clerical error to explain them, and that it is "possible" he "looked at something and just missed it". (FW Vol. 2 at 363-64) (Reply Brief at 10).

Nevertheless, through his efforts, the record establishes that each and every one of the applications at issue in this case was revived, and that the patents issued to Quorum International in due course. CX1-24. However, as Complainant points out in its Reply Brief, even if revived, an abandonment slows down the patent prosecution and therefore delays issuance of the patent (Reply Brief at 8).

Respondent, upon discovering the errors, immediately began to prepare Petitions to Revive with the intention of filing them with the USPTO after discussing the matter with his client, Mr. Davis and receiving Mr. Davis' authority to proceed. In mid-September, 1999,

however, Respondent asserts that his work on the Petitions to Revive was interrupted by his partner, Mr. Bradley, who ordered all Quorum files removed from Respondent's office. Respondent was thereafter forbidden from having any further involvement with, or doing any further work on, any Quorum files being handled by the Felsman Firm, and he was thus prevented from completing and filing the Petitions to Revive. Complainant however, argues that no one ever *testified* that Mr. Bradley removed Quorum files from Respondent's office, and that Respondent himself stated that some Quorum files may have been in his office in mid-to-late September (Reply Brief at 14).

Counsel for the Director argues in its March 4, 2003, brief that Respondent should be sanctioned for the "cumulative loss of patent term for his client of over 123 months." See Director's Brief, Page 47 (See also Reply Brief at 9). Such argument however, does not account for the fact that Respondent by mid-September 1999, was deprived of any access to most, if not all of the Quorum files and his efforts and intentions to rectify the situation were seriously impeded..

Counsel for the Director further implores this Tribunal not to reward Mr. Hill "for being lucky" that terminal disclaimers had no relevance to Mr. Davis, who, the Director contends, was willing to "overlook" the "resultant harm to the company's patent rights." Director's Brief, Page 3. However, the Tribunal cannot escape the plain and simple truth, that the terminal disclaimers imposed as a result of the revival of some of the Quorum patents had little, if any, relevance to either Quorum or to Mr. Davis, given the rapidly changing trends in home furnishings and the simple fact that the life span of Quorum products for which design patent coverage is obtained is usually no more than five years.

As established by Mr. Messerole, the Director's expert, the value of any patent is defined by the holder of that patent. Here, the patent holder, Quorum, assigned little value to the shortened life of these patents. Thus, the Tribunal concludes that there was minimal "resultant harm to the company's patent rights," as testified to by Mr. Davis' testimony.

Rather, after a thorough review of the record, the evidence and testimony presented in this case established that of the twenty-four applications at issue in this case, twelve applications were mistakenly docketed in the Felsman Firm's Docket System to James Bradley when the files were opened, and of those twelve, seven Notices to File Missing Parts issued by the USPTO were never entered into the system at all. The evidence further shows that of the total of twenty-four, two involved cases in which a Notice of Allowance and Issue Fee Due was received by the Felsman Firm but never entered into the system. Such a failure, seemingly created by acts of omission by the firm's secretary(s) to document the receipt of these USPTO Office Action, and enter the data into the system, had the practical effect as if such documents had never even been received by the firm..

The record also demonstrates, that an additional eight applications, bringing the total to twenty-two, were not entered into the system correctly and that Mr. Hill was never made aware of the deadline for response to the Office Actions issued in those applications prior to the relevant deadline. .

The record further reflects that a firm the size of the Felsman Firm, which handled a large volume of patent matters, required, *as a standard of practice*, an effective, well functioning Docket System, which tracks deadlines and due dates (See expert testimony of Richard Robinson). The Tribunal acknowledges the testimony of Mr. Robinson, who concluded that the

Felsman Docket System fell below the standards of practice in the intellectual property law area as those standards apply to an adequate Docket System.

Moreover, the evidence in this case establishes that responses to the USPTO Office Actions in each of the twenty-four patent applications at issue in this case were all due between February 28, 1999 and August 17, 1999, at a time when Respondent's secretarial support staff was not performing in a satisfactory manner. The Tribunal cannot help but take notice of the fact that for the duration of his career, Respondent prosecuted patent applications before the USPTO without major incident. Yet, within a single six month period, twenty-four deadlines were missed. These errors exactly corresponded with the time frame when Respondent's secretarial assistance was deemed inadequate. Despite these multiple mistakes in missing filing deadlines, Respondent immediately took full responsibility for the oversights and personally bore the full costs of reviving these applications. These facts are therefore to be considered by the Tribunal in determining what sanction would be appropriate in this case.

The first indication that Mr. Hill had of any problem with his Quorum files was on or around August 4, 1999 when he received two Notices of Abandonment. Believing the problem to be an isolated one, he began the process of reviving these applications, and believes that, more likely than not, he attempted to contact Mr. Davis to apprise him of the situation and secure his authority to file the Petitions to Revive. Although the Director argues that Mr. Davis was knowingly misled by Respondent in advising Mr. Davis of the filing errors, such allegation does not take into account the long-standing and professional relationship Mr. Davis had with Respondent. As such, the timing and content of Respondent's notification to his client of the problem he had discovered, cannot presumptively be construed against Respondent as the

Director asserts.

Rather, the Tribunal concludes that the correspondence written by Respondent to Mr. Davis on Friday, October 1, 1999, concerning the abandoned applications, though inarticulately worded, appeared to be directed only to those issues Respondent knew to be of concern to Mr. Davis, i.e., the patents would ultimately issue at no cost to Quorum. As noted in Respondent's testimony, the information contained in his letter was *intended* to only lay out the basic status of the applications, leaving a detailed discussion for when it was convenient to further discuss the matter. The evidence shows that the real concerns that Mr. Davis had after the eventual meetings on November 30, 1999, first with Mr. Bradley, and then Respondent, were essentially the same outlined in Respondent's letter, i.e., would a patent ultimately issue to cover him for at least five years and would Quorum have to pay any additional money as a result of the abandonments.

It is in this context that the Tribunal must consider the statements made by Respondent when he notified Mr. Davis that "no client rights will be lost or adversely affected," and reassured Davis that "You will not, of course, be charged for any of the fees to revive these applications." Such statements clearly appear to be limited specifically to those issues and priorities Respondent knew were the sole concern of Mr. Davis: the revival of the inadvertently abandoned applications. Respondent testified that when he wrote his October 1, 1999 letter to Mr. Davis, that it set forth an accurate statement of those issues of concern to Mr. Davis and Quorum.

In this light, the Tribunal concludes that Respondent's statement that "no client rights would be adversely affected" was not intended as a general statement of the law and clearly was not a misrepresentation of the law. Most compelling on this point was Mr. Davis's testimony

that Mr. Hill's October 1, 1999 letter was then, and still is, fully satisfactory and in accord with Mr. Davis's expectations as the client.

Furthermore, the Tribunal is troubled regarding the circumstances in which the Complaint in this proceeding was filed. Respondent's former partner, Daniel Venglarik who, with full knowledge of the true facts underlying the inadvertently abandoned applications at issue here, failed to properly present such facts to the Felsman Firm attorney hired to advise the firm, and to the Director.

Mr. Venglarik admitted that, as a professional and as Respondent's partner, he never spoke with Respondent about the matter before filing his complaint. This fact alone creates great doubt in the Tribunal's mind as to whether there were ulterior motivations to undermine Respondent's role in the Felsman Firm and clouds both the testimony of Venglarik and Bradley and much of the evidence against Respondent.

In determining the proper sanction in this case, the Tribunal has reviewed the cases cited by the Director to support the sanction sought here, i.e., an indefinite suspension of Respondent's license to practice, or a suspension of not less than 3-5 years (Reply Brief at 51). The Director's cited authority underscores the precept that the conduct must be truly egregious to justify the sanction sought by the Director. In considering an appropriate sanction, the Tribunal concludes that the level of misconduct presented by the facts of the cited cases are simply not present in the instant matter.

The Code of Federal Regulations offers this Tribunal guidance in determining the penalty that may be imposed upon a finding of misconduct and counsels consideration of the following:

“(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.” 37 C.F.R. §10.154 (b).

A. Public Interest

With regard to the “public interest,” the Director concedes that the purpose of attorney discipline in these matters is not punishment but protection of the public. Director’s Brief, Pg. 51 (emphasis added). This Tribunal concludes on the basis of the evidentiary record that Respondent poses no harm to the general public and that the Director’s position on this factor is unsupported. As an attorney registered to practice before the PTO, Respondent has a duty to represent his clients in a competent fashion. 37 C.F.R. § 10.77. When an attorney fails to act competently, both the public interest and the integrity of the legal profession are harmed to some degree. However, the nature of the violations in Counts 1 through 24 confine the ill effects of Respondent’s neglect largely to his specific client. Other potential violations, such as misrepresentations before the PTO have a much larger impact on the public interest, because they speak to the integrity of the patent system as a whole. The violations found in this proceeding, however, resulted primarily from inadvertently missed deadlines which, though negligent, do not have far-reaching effects on the public interest or the patent system as a whole.

B. Seriousness of the Violations

The unintentional abandonment of patent applications are serious violations. *See Small v. Weiffenbach*, 1989 WL 281895 at *9 (Comm’r Patent & Trademarks 1989). The unintentional abandonment of a patent application has the potential for shortening the life of the patent or, if

not revived, the loss of exclusive patent rights altogether. In this case, Respondent's failure to discover errors or omissions in his office's docketing system led to the abandonment of 24 patent applications. However, the patent applications were subsequently revived soon after the abandonment and the patents were issued.

C. Deterrent Effects Deemed Necessary

As to the factor of deterrence, the imposition of a serious sanction in this case would have no meaningful deterrent effect upon Respondent, who the Tribunal finds, despite Complainant's assertion (Reply Brief at 40), has never attempted to minimize what happened or his role in these events. Respondent has maintained an unblemished disciplinary record in all jurisdictions and tribunals, federal, state, and administrative, before which he is licensed to practice, including the United States Patent and Trademark Office ("USPTO"). The Tribunal is confident that such a situation will never again arise in cases under Respondent's control and that he will be most vigilant in prosecution of his patent cases in the future. Respondent appears to have taken reasonable steps necessary to avoid such a recurrence,³ and he is on notice to remedy those areas in which he has been found lax.

D. The Integrity of the Legal Profession

Applying §154 notations to the "integrity of the legal profession," this factor should ultimately be viewed in a light most favorable to Respondent. The record reflects that it was Respondent who first reported the problem to Mr. Davis and who rectified the situation by

³ The record shows that Respondent has hired an assistant to assist him in designing a new Docket System for the firm of Hill & Hunn, which system was characterized as user friendly, accurate, dependable, and vastly superior to the one employed by the Felsman Firm. FWII Tr. Pg. 32-34.

paying for the costs to revive the abandoned applications. Complainant argues that such notification to Mr. Davis was “tardy” and was both false and incomplete (Reply Brief at 41). However the Tribunal has previously discussed the context that such notification was given to Mr. Davis and finds that it was not false and with respect to the client’s interests, not misleading. Rather, despite the timing of such notification, which to some extent was complicated by Mr. Davis’s absence from the country, and which Complainant states was not done within a “reasonable time period”(Reply Brief at 15), such conduct, by and large, speaks well for Respondent and reflects what the profession should expect of an attorney who discovers the types of mistakes which occurred in this case. This and other “extenuating circumstances”reverberate throughout this record and are properly noted by the Tribunal in determining an appropriate sanction against Respondent

E. Extenuating Circumstances

All of the abandonments in Counts 1 through 24 in this case stem from a problem in data entry into Felsman Bradley’s docketing system. However, Respondent’s method of tracking patent applications was flawed in that it inherently allowed several opportunities for human error. First, the information on the responsible attorney was never checked once it was entered in the system. This error directly led to many of the abandonments, because if Respondent was not listed as the responsible attorney, he did not receive information on his docket about those patent applications. Complainant argues however, that the docketing system errors alleged by Respondent can only be viewed to show “extenuating circumstances” under Part 10.154(b)(5) and in no way impaired his notice of USPTO office action and due dates or his timely ability to respond (Reply Brief at 4).

Second, Respondent delegated the opening of his mail and the docketing of incoming mail to his support staff. It is clear from the evidence presented that once the mail was opened and docketed (whether correctly docketed or not), Respondent did not necessarily immediately respond to or even review the PTO notice until shortly before a response was due. This practice was inadequate and led to unreasonable over-reliance on the docket system, because an error in data entry would lead to missed deadlines.

Third, rather than reviewing the docket system printouts or going into the docket system himself, Respondent reviewed an “attorney-friendly” monthly schedule prepared by his secretary. This additional step beyond the information presented in the docket system introduced yet another opportunity for human error. Respondent was therefore lax in his responsibility to at least periodically look at his docket system or the docket system printouts. Had he done so, he may have been able to catch some of the data entry errors prior to the patent applications being abandoned.

Respondent was, however, limited in his ability to control the data entry process and access to the docket system. Respondent testified that after he purchased a new computer, he was unable to access the docketing system directly, and had to ask a member of his support staff to access the system for him. Furthermore, when the firm initially purchased the docket system, Respondent advocated hiring a docket clerk who was tasked solely with data entry on the docket system. During the time of the patent application filings and abandonments, Respondent had three different secretaries, and this high turnover rate paired with the learning curve each new secretary ultimately contributed to many of the problems now in issue.

The record reflects that Respondent has no prior disciplinary record and there is no

evidence that he acted in bad faith and/or obstructed the disciplinary proceedings. There is also no evidence that Respondent participated in the submission of false evidence or engaged in other deceptive practices during the disciplinary process. Rather than refusing to acknowledge the wrongful nature of conduct, Respondent acknowledged early in the process that he was fully responsible for the abandonments regardless of the cause. Respondent made full restitution, and his action resulted in the successful prosecution of the revival petitions which resurrected these patent applications and resulted in the issuance of the patents sought by his client

Every other factor identified under 37 C.F.R.10.154(b) similarly supports the imposition of no more than a minimal sanction. The Tribunal has taken a hard look at the arguments put forth by Complainant in its post hearing briefs which argue for a significant suspension sanction in this case (Reply Brief at 38, et seq.), and cannot agree that the noted conduct, under the high standard of proof required, and under all the circumstances, justifies the sanctions recommended by Complainant.

The Tribunal looks favorably on the fact that Respondent, despite the questionable conduct of his firm's partners against him, has taken full responsibility for his actions with respect to the abandoned applications, paid the complete cost incident to revival of the applications, and has never once asserted that the situation was not serious. The fact that Mr. Davis has continued to utilize the legal services of Respondent, despite the allegations against him, speak loudly to as to the confidence and trust his clients still have in Respondent as a patent practitioner.

VI. ORDER OF REPRIMAND

In arriving at the above findings, this Tribunal has carefully reviewed the evidence,

exhibits, and testimony presented by both Respondent and Complainant, and has given consideration to Respondent's years of practice before the Patent and Trademark Office as well as the absence of any prior discipline imposed by any bar association or the USPTO.

Now, therefore, this Tribunal, having fully considered the record of the case and the arguments of counsel, and being fully advised, hereby finds Respondent Kenneth C. Hill, of Fort Worth, Texas (PTO Registration Number 29,650) to be in violation of 37 C.F.R. § 10.77(c) as alleged in Counts 1 through 24 of the Complaint. Pursuant to 37 C.F.R. §§ 10.139 and 10.154, this Tribunal **REPRIMANDS** Respondent for failing to act competently by neglecting legal matters entrusted to him for 24 different patent applications. Count 25 of the Complaint is dismissed.

So Ordered

A handwritten signature in black ink, reading "Stephen J. McGuire", written over a horizontal line.

Stephen J. McGuire
Administrative Law Judge

September 11, 2003
Washington, D.C.