

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

In the Matter of:

MERVYN J. VALADARES,

Respondent.

Proceeding No. D2020-19

November 20, 2020

INITIAL DECISION ON DEFAULT

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

PROCEDURAL HISTORY

On June 9, 2020, the OED Director filed a Complaint and Notice of Proceedings Under 35 U.S.C. § 32 (“Complaint”) against Respondent pursuant to 37 C.F.R. §§ 11.32 and 11.34, alleging violations of the USPTO Rules of Professional Conduct (37 C.F.R. §§ 11.101 *et seq.*). The same day the Complaint was filed, the OED Director attempted to serve it upon Respondent pursuant to 37 C.F.R. § 11.35(a)(4), by sending *via* UPS overnight delivery, a copy of the Complaint to the address Respondent had provided to the Office of Enrollment and Discipline (“OED”) as he is required to do pursuant to 37 C.F.R. § 11.11 (the “11.11 address”). On June 12, 2020, the Court issued a Notice of Hearing and Order, requiring Respondent file his Answer on or before July 9, 2020. The Notice also set other pre-hearing deadlines.

The UPS tracking records show that UPS attempted to deliver the package on June 11, 2020, but the intended recipient refused delivery. On June 16, 2020, after learning that the Respondent refused the UPS delivery, counsel for the OED Director spoke with Respondent on the telephone. Respondent confirmed twice that he would accept service *via* email and directed that the email be sent to: [REDACTED]. Counsel for the OED Director emailed a copy of the Complaint and the Court’s Notice of Hearing and Order to Respondent at the email address Respondent provided. Counsel for the OED Director requested that

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

Respondent confirm receipt of the Complaint and also marked the 4:18 p.m. email with a “proof of receipt” notification and a “read receipt” notification. Respondent did not send an email confirming receipt of the Complaint. Counsel for the OED Director did not receive a “read-receipt” notification.

After being unable to serve Respondent by mail, the OED Director served notice on Respondent *via* publication pursuant to 37 C.F.R. § 11.35(b). Notices were published in the USPTO *Official Gazette* for two consecutive weeks, on September 1 and 8, 2020. Respondent was properly served as is required by the Rules. The applicable regulation mandates that Respondent had thirty (30) days from the date of publication of the second Notice in the *Official Gazette* to file an Answer to the Complaint, thus making his Answer due on or before October 8, 2020. *See* 37 C.F.R. § 11.35(b).

On October 9, 2020, when no Answer was filed on or before October 8, 2020, counsel for the OED Director sent a letter to Respondent *via* first-class international postage-prepaid mail and email. The October 9, 2020 letter informed Respondent that the OED Director intended to file a Motion for Default Judgment and Imposition of Disciplinary Sanction against him and invited him to contact counsel on or before October 15, 2020, prior to the motion for default being filed. Respondent did not respond.

On October 26, 2020, the OED Director filed a Default Motion. Pursuant to the Notice of Hearing and Order issued by this Court on June 12, 2020, any party opposing a motion must file his or her opposition within 10 calendar days after the motion is filed, meaning that a response to the Default Motion was due on November 5, 2020. Respondent did not respond to the Default Motion by that date.

As of the date of this decision, Respondent has not filed an Answer to the Complaint, responded to the Default Motion or sought an extension of time to do so, nor otherwise appeared in this matter. In short, the Court has received no communication from or on behalf of Respondent.

APPLICABLE LAW

1. USPTO Disciplinary Proceedings

The USPTO has the “exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it.” Kroll v. Finnerty, 242 F.3d 1359, 1364 (Fed. Cir. 2001). This authority flows from 35 U.S.C. § 2(b)(2)(D), which empowers the USPTO to establish regulations governing patent practitioners’ conduct before the Office, and 35 U.S.C. § 32, which empowers the USPTO to discipline a practitioner who is “shown to be incompetent or disreputable, or guilty of gross misconduct,” or who violates the USPTO’s regulations. The practitioner must receive notice and an opportunity for a hearing before such disciplinary action is taken. 35 U.S.C. § 32.

Disciplinary hearings are conducted in accordance with the USPTO’s procedural rules at 37 C.F.R. part 11, subpart C, and with section 7 of the Administrative Procedure Act, 5 U.S.C. § 556, by a hearing officer appointed by the USPTO. *See* 37 C.F.R. §§ 11.39(a), 11.44. The OED Director has the burden of proving any alleged violations by clear and convincing evidence. 37 C.F.R. § 11.49.

In 1985, the USPTO issued regulations based on the ABA Model Code of Professional Responsibility to govern attorney conduct and practice. *See* Practice Before the Patent and Trademark Office, 50 Fed. Reg. 5158 (Feb. 6, 1985) (Final Rule) (codified at 37 C.F.R. §§ 10.20-10.112). These rules set forth the USPTO Code and “clarif[ied] and modernize[d] the rules relating to admission to practice and the conduct of disciplinary cases.” *Id.* In May 2013, the USPTO replaced the USPTO Code with the USPTO Rules, which are fashioned on the ABA’s Model Rules of Professional Conduct. *See* Changes to Representation of Others Before the United States Patent and Trademark Office, 78 Fed. Reg. 20180 (April 3, 2013) (Final Rule) (codified at 37 C.F.R. §§ 11.101-11.901). By updating its regulations, the USPTO sought to “provid[e] attorneys with consistent professional conduct standards, and large bodies of both case law and opinions written by disciplinary authorities that have adopted the ABA Model Rules.”² *Id.* at 20180.

2. Consequences for Failure to Answer Complaint

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

3. Burden of Proof

The OED Director must prove alleged disciplinary violations by “clear and convincing evidence.” 37 C.F.R. § 11.49; *In re Johnson*, Proceeding No. D2014-12 at 2 (USPTO Dec. 31, 2014)³. Likewise, it is Respondent’s burden to prove any affirmative defense by clear and convincing evidence. 37 C.F.R. § 11.49. This standard “protect[s] particularly important interests . . . where there is a clear liberty interest at stake.” *Johnson*, at 3 (quoting *Thomas v. Nicholson*, 423 F.3d 1279, 1283 (Fed. Cir. 2005)) (internal quotation marks omitted). “Clear and convincing evidence” requires a level of proof that falls “between a preponderance of the evidence and proof beyond a reasonable doubt.” *Id.* (quoting *Addington v. Texas*, 441 U.S. 418, 424-25 (1979)) (internal quotation marks omitted). The evidence must be of such weight so as to “produce[] in the mind of the trier of fact a firm belief or conviction, without hesitancy, as to the truth of the allegations sought to be established.” *Id.* (quoting *Jimenez v. DaimlerChrysler Corp.*, 269 F.3d 439, 450 (4th Cir. 2001)) (internal quotation marks omitted). “Evidence is clear if it is certain, unambiguous, and plain to the understanding, and it is convincing if it is

² Thus, useful to understanding the USPTO Rules is the USPTO Code, the Comments and Annotations to the ABA Model Rules, and disciplinary decisions and opinions issued by state bars. *See* Changes to Representation of Others Before the United States Patent and Trademark Office, 78 Fed. Reg. at 20180.

³ Available at: <https://go.usa.gov/x7Yy8>.

reasonable and persuasive enough to cause the trier of facts to believe it.” Id. (quoting Foster v. AlliedSignal, Inc., 293 F.3d 1187, 1194 (10th Cir. 2002)) (internal quotation marks omitted).

FINDINGS OF FACT

As a result of Respondent’s failure to answer the Complaint, Respondent is deemed to have admitted the allegations in the Complaint, which are set forth below as the Court’s findings of fact. See In re Riley, Proceeding No. D2013-04 (USPTO July 9, 2013)⁴ (granting OED Director’s motion for default judgement when respondent failed to answer the complaint).

1. Respondent’s Background

At all times relevant to the Complaint, Respondent has been registered to practice before USPTO. On October 28, 2013, the USPTO granted Respondent recognition to practice before the Office in patent matters pursuant to 37 C.F.R. § 11.6(c)⁵. Respondent’s registration number is 71,987. As part of the USPTO’s recognition to practice process, Respondent, on September 23, 2013, signed a notarized “Oath or Affirmation” wherein he swore or affirmed, *inter alia*, that he would “observe the laws and rules of practice of the United States Patent and Trademark Office.”

Respondent is also admitted to practice law in the State of New York, Registration Number 3930179. As of May 26, 2020, Respondent’s Registration Status with the New York State Bar was listed as “Delinquent,” which means that the “[a]ttorney has failed to file one or more biennial registrations, and is subject for referral for disciplinary action by the Appellate Division, as required by Part 118 of the Rules of the Chief Administrat[ive Judge]” of the New York State Unified Court System.

2. Respondent’s misconduct related to the Ryan patent application

Jason “Jake” Ryan retained Respondent to draft and prosecute a patent application for his invention relating to a cut resistant hockey sock. On July 27, 2015, Respondent filed U.S. Patent Application No. 14/810,115 (“the ’115 application” or “application”), titled “Cut-Resistant Hockey Sock” listing Mr. Ryan as the inventor. The ’115 application included a power of attorney appointing Respondent as attorney of record. In the ’115 application, Respondent identified “[Respondent’s Full Name], [Respondent’s Last Name] Law Professional Corporation, 38 Auriga Drive, Suite 200, Ottawa, ON, K2E 8A5, CANADA” (“the 38 Auriga Drive address”) as the mailing address that the USPTO was to use when sending correspondence to him about the ’115 application.

⁴ Available at: <https://go.usa.gov/xV9Ku>.

⁵ Practitioners granted recognition to practice before the Office in patent matters pursuant to 37 C.F.R. § 11.6(c) are not authorized to practice trademark law and non-patent matters before the USPTO.

On August 11, 2015, the USPTO mailed a Notice to File Missing Parts to Respondent at the 38 Auriga Drive address. On August 14, 2015, Respondent informed Mr. Ryan, *via* email, that he had filed the '115 application. Attached to the August 14, 2015 email was a copy of the '115 application as filed, the USPTO Confirmation Receipt, and the August 11, 2015 Notice to File Missing Parts. On August 31, 2015, Respondent responded to the August 11, 2015 Notice of Missing Parts.

On February 2, 2017, the USPTO published the '115 application, which made its contents publicly available to everyone, including Mr. Ryan. After reviewing the published application, Mr. Ryan noticed that the word "Kevlar" had been left out of the patent application. Mr. Ryan contacted Respondent numerous times asking why the word "Kevlar" had been omitted from the patent application. Respondent did not respond to Mr. Ryan's numerous requests for information concerning the failure to include the word "Kevlar."

On July 24, 2017, Respondent sent an email to Mr. Ryan regarding the '115 application assuring Mr. Ryan that, "Everything is on track with this file." Respondent, however, did not respond to Mr. Ryan's requests about the wording of the '115 application.

On September 6, 2017, the USPTO mailed an Office action to Respondent at the 38 Auriga Drive address, which informed Respondent that new, corrected drawings were required to be submitted for the '115 application. Respondent received the Office action, but he did not inform Mr. Ryan of it, the options for responding to it, or the potential consequences to Mr. Ryan's intellectual property rights for failing to respond to it. Respondent did not respond to the September 6, 2017 Office action.

The September 6, 2017 Office action set a shortened statutory period for reply of three months from the mailing date of the Office action; *i.e.*, December 6, 2017. Because Respondent did not file a response within the three-month period to reply, and did not file a request for extension of time to file a response within six months, the '115 application became abandoned as of December 7, 2017.

On April 10, 2018, the USPTO mailed a Notice of Abandonment to Respondent to the 38 Auriga Drive address. The Notice of Abandonment informed Respondent that the '115 application had gone abandoned due to the "Applicant's failure to timely file a proper reply to the Office letter mailed on 06 September 2017" and that "No reply has been received" to the September 6, 2017 Office action. Respondent received the April 10, 2018 Notice of Abandonment, but he did not inform Mr. Ryan of it, the options for taking action in response to it, or the potential consequences to Mr. Ryan's intellectual property rights for failing to take action in response to it.

On October 3, 2018, Mr. Ryan googled the '115 application and learned from <https://patents.google.com> that it had gone abandoned. After learning about the abandonment of his application, Mr. Ryan emailed Respondent that same day and explained that a Google search of the '115 application showed that it was abandoned and asked Respondent to "[p]lease advise."

On October 4, 2018, Respondent emailed Mr. Ryan in response, “I’ll look into this today and reply.” However, Respondent did not reply to Mr. Ryan and did not provide any further information about the abandonment of the ’115 application to Mr. Ryan.

On October 11, 2018, having received no further communication from Respondent regarding the abandoned ’115 application, Mr. Ryan sent a follow-up inquiry to Respondent using the October 4, 2018 email string. Respondent did not reply to Mr. Ryan’s follow-up inquiry.

On May 28, 2019, Mr. Ryan sent another follow-up email to Respondent regarding the status of the ’115 application. The email states, *inter alia*, “You were to follow up. This should be a priority.” Respondent did not reply to this email.

Respondent never responded to the April 10, 2018 Notice of Abandonment, nor did he otherwise take reasonable steps to protect Mr. Ryan’s intellectual property interests in the ’115 application. The last communication that Mr. Ryan received from Respondent was the October 4, 2018 response to Mr. Ryan’s October 3, 2018 email. The ’115 application remained abandoned as of June 9, 2020.

3. Respondent’s misconduct related to the Ryan patent

Respondent also represented Mr. Ryan in connection with the prosecution and eventual issuance of U.S. Patent No. 8,864,397 (“the ’397 patent” or “the patent”). On October 2, 2014, Respondent informed Mr. Ryan by email that the ’397 patent would issue on October 21, 2014, and that “[t]here are 3 maintenance fees owing in the US after grant – we’ll provide details in our reporting letter.”

On June 4, 2018, the USPTO sent a maintenance fee reminder to Respondent at the 37 C.F.R. § 1.363 “fee address for maintenance fee purposes” of record at the USPTO, which was Respondent’s 38 Auriga Drive address. Respondent received the June 4, 2018 maintenance fee reminder. However, Respondent did not inform Mr. Ryan about the maintenance fee reminder, did not explain options for responding to the maintenance fee reminder, and did not explain the potential consequences to Mr. Ryan’s intellectual property rights for failing to respond to the maintenance fee reminder or failing to pay the maintenance fee. On October 21, 2018, the ’397 patent expired due to non-payment of the three-and-a-half-year maintenance fee.

On November 26, 2018, the USPTO mailed to Respondent a notification of expiration for the ’397 patent to the 38 Auriga Drive address. Respondent received the November 26, 2018 notification of expiration. However, Respondent did not inform Mr. Ryan of the notification of expiration, did not provide Mr. Ryan with any advice about options that could be taken in response to the notification of expiration, and did not inform Mr. Ryan of the potential consequences to Mr. Ryan’s intellectual property rights if no action were taken in response to the notification of expiration. On June 20, 2019, Mr. Ryan’s successor counsel informed him of the expiration of the ’397 patent.

CONCLUSIONS OF LAW

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

Count I: Misconduct related to the Ryan Patent Application

a. 37 C.F.R. § 11.103 provides that a practitioner “shall act with reasonable diligence and promptness in representing a client.” Respondent violated this provision as charged in Count I when he (1) failed to counsel or advise Mr. Ryan about the September 6, 2017 Office action and April 10, 2018 Notice of Abandonment issued in the ’115 application; (2) failed to respond to the September 6, 2017 Office action, causing the ’115 application to become abandoned without Mr. Ryan’s knowledge or consent; and (3) did not take reasonable steps to revive the application or otherwise to protect Mr. Ryan’s interests in the ’115 application.

b. 37 C.F.R. § 11.104(a)(3) provides that a practitioner shall “keep the client reasonably informed about the status of the matter.” Respondent violated this provision as charged in Count I when he failed to inform Mr. Ryan about (1) the September 6, 2017 Office action, the options for responding to the Office action, and the potential consequences to Mr. Ryan’s intellectual property rights if no response to the Office action is filed; and (2) the April 10, 2018 Notice of Abandonment in the ’115 application, the options for responding to the April 10, 2018 Notice of Abandonment, and the potential consequences to Mr. Ryan’s intellectual property rights for failing to take any action in response to the April 10, 2018 Notice of Abandonment.

c. 37 C.F.R. § 11.104(a)(4) provides that a practitioner shall “promptly comply with reasonable requests for information from the client.” Respondent violated this provision as charged in Count I when he failed to substantively respond to Mr. Ryan’s numerous email communications requesting information, including those dated October 3, 2018; October 11, 2018; and May 28, 2019.

d. 37 C.F.R. § 11.104(b) provides that a “practitioner shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation.” Respondent violated this provision as charged in Count I when he failed to explain to Mr. Ryan (1) the September 6, 2017 Office action, options for responding to the Office action, and potential consequences to Mr. Ryan’s intellectual property rights if no response to the Office action is filed; and (2) the April 10, 2018 Notice of Abandonment in the ’115 application, options for responding to the Notice of Abandonment, and the potential consequences to Mr. Ryan’s intellectual property rights for failing to take any action in response to the April 10, 2018 Notice of Abandonment.

e. 37 C.F.R. § 11.804(c) provides that “[i]t is professional misconduct for a practitioner to . . . [e]ngage in conduct involving dishonesty, fraud, deceit or misrepresentation.” Respondent violated this provision as charged in Count I when he concealed from Mr. Ryan that he knew about the April 10, 2018 Notice of Abandonment, and instead told Mr. Ryan that he would look into it and respond Mr. Ryan’s inquiry when he had no intention to do so.

f. 37 C.F.R. § 11.804(i) provides that “[i]t is professional misconduct for a practitioner to . . . [e]ngage in other conduct that adversely reflects on the practitioner’s fitness to practice before the Office.” Respondent violated this provision as charged in Count I when he engaged in the conduct described above.

g. 37 C.F.R. § 11.804(a) provides that “[i]t is professional misconduct for a practitioner to . . . [v]iolate or attempt to violate the USPTO Rules of Professional Conduct. . . .” Respondent violated this provision as charged in Count I when violated USPTO Rules of Professional Conduct 37 C.F.R. §§ 11.103, 11.104(a)(3), 11.104(a)(4), 11.104(b), 11.804(c), and 11.804(i).

Count II: Misconduct related to the Ryan Patent

a. 37 C.F.R. § 11.103 provides that a practitioner “shall act with reasonable diligence and promptness in representing a client.” Respondent violated this provision as charged in Count II when he (1) failed to inform and advise Mr. Ryan in 2018 about the ’397 patent maintenance fee and the USPTO’s June 4, 2018 maintenance fee reminder for the ’397 patent; (2) failed to inform and advise Mr. Ryan about the November 26, 2018 notification of expiration and the expiration of the ’397 patent; and (3) failed to pay the maintenance fee for the ’397 patent, such that the ’397 patent expired without Mr. Ryan’s knowledge or consent.

b. 37 C.F.R. § 11.104(a)(3) provides that a practitioner shall “keep the client reasonably informed about the status of the matter.” Respondent violated this provision as charged in Count II when he failed to inform Mr. Ryan about (1) the requirement to pay the ’397 patent maintenance fee in 2018; (2) the issuance of the June 4, 2018 maintenance fee reminder for the ’397 patent; (3) Respondent’s not paying the three and one half year maintenance fee, (4) the November 26, 2018 notification of expiration in the ’397 patent; and (5) the ’397 patent expiration.

c. 37 C.F.R. § 11.104(b) provides that a “practitioner shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation.” Respondent violated this provision as charged in Count II when he failed to explain to Mr. Ryan: (1) how to proceed when the ’397 patent maintenance fee came due, options for responding to the maintenance fee reminder, or the potential consequences to Mr. Ryan’s intellectual property rights for failing to respond to the maintenance fee reminder, and failing to pay the maintenance fee; and (2) Mr. Ryan’s options on how to proceed in light of the expiration, options for responding to the notification of expiration and the expiration, or the potential consequences to Mr. Ryan’s intellectual property rights if no action is taken in response to the expiration.

d. 37 C.F.R. § 11.804(i) provides that “[i]t is professional misconduct for a practitioner to . . . [e]ngage in other conduct that adversely reflects on the practitioner’s fitness to practice before the Office.” Respondent violated this provision as charged in Count II when he engaged in the conduct described above.

e. 37 C.F.R. § 11.804(a) provides that “[i]t is professional misconduct for a practitioner to . . . [v]iolate or attempt to violate the USPTO Rules of Professional Conduct. . . .” Respondent violated this provision as charged in Count II when violated USPTO Rules of Professional Conduct 37 C.F.R. §§ 11.103, 11.104(a)(3), 11.104(b), and 11.804(i).

SANCTIONS

The OED Director asked the Court to sanction Respondent by entering an order excluding him from practice before USPTO. The primary purpose of legal discipline is not to punish, but rather “is to protect the public and the administration of justice from lawyers who have not discharged, will not discharge, or are unlikely properly to discharge their professional duties to clients, the public, the legal system, and the legal profession.” In re Brufsky, Proceeding No. D2013-18 at 8 (USPTO June 23, 2014)⁶ (citing Matter of Chastain, 532 S.E.2d 264, 267 (S.C. 2000)).

In determining an appropriate sanction, USPTO regulations require this Court consider the following four factors: (1) whether the practitioner has violated a duty owed to a client, the public, the legal system, or the profession; (2) whether the practitioner acted intentionally, knowingly, or negligently; (3) the amount of the actual or potential injury caused by the practitioner’s conduct; and (4) the existence of any aggravating or mitigating factors. *See* 37 C.F.R. § 11.54(b). *See also* In re Halling, Proceeding No. D2019-10 (USPTO June 13, 2019)⁷; In re Whitney, Proceeding No. D2018-48 (USPTO Mar. 15, 2019)⁸; In re Lau, Proceeding No. D2016-37 (USPTO May 1, 2017)⁹; and In re Schwedler, Proceeding No. D2015-38 (USPTO Mar. 21, 2016).¹⁰

1. Respondent violated a duty owed to his client, the public, and the legal profession

The practitioner-client relationship is a fiduciary relationship in which the practitioner owes the client a duty to represent his or her interests diligently and in good faith. *See* Moatz v. Bender, Proceeding No. D00-01, at 20 (USPTO Sept. 30, 2003)¹¹ (“Respondent owed a fiduciary duty individually to each of his clients.”); Carter v. ALK Holdings, Inc., 605 F.3d 1319, 1325 (Fed. Cir. 2010) (referencing patent practitioner’s expected fiduciary duties to clients); *see also* In re Petition of Bd. of Law Examiners, Examination of 1926, 210 N.W. 710, 711 (Wis. 1926) (“An attorney occupies a fiduciary relationship towards his client. It is one of implicit confidence and of trust. . . . There is no field of human activity which requires fuller realization with respect to fiduciary relationship than that which exists between the lawyer and his client.”).

⁶ Available at: <https://go.usa.gov/x7Ydg>.

⁷ Available at: <https://go.usa.gov/x747a>.

⁸ Available at: <https://go.usa.gov/xyEDK>.

⁹ Available at: <https://go.usa.gov/x747W>.

¹⁰ Available at: <https://go.usa.gov/x7479>.

¹¹ Available at: <https://go.usa.gov/x7475>.

In a fiduciary relationship “there has been a special confidence reposed in one who in equity and good conscience is bound to act in good faith and with due regard to the interests of the one reposing confidence.” McCants v. Nat’l Collegiate Athletic Ass’n, 201 F. Supp. 3d 732, 747 (M.D.N.C. 2016) (quoting Dalton v. Camp, 353 N.C. 647, 548 S.E.2d 704, 707–08 (2001)). “Common to all [fiduciary] relationships is a heightened level of trust and the duty of the fiduciary to act in the best interests of the other party.” Id. (quoting Dallaire v. Bank of Am., N.A., 367 N.C. 363, 760 S.E.2d 263, 266 (2014)).

Respondent breached the fiduciary duty he owed to his client when he agreed to represent Mr. Ryan in the ’115 application and then intentionally prejudiced Mr. Ryan’s patent application. Respondent plainly violated the fiduciary practitioner-client relationship when he: failed to counsel or advise Mr. Ryan about the September 6, 2017 Office action and April 10, 2018 Notice of Abandonment issued in the ’115 application; failed to respond to the September 6, 2017 Office action, which caused the ’115 application to go abandoned without Mr. Ryan’s knowledge or consent; failed to take reasonable steps to revive the application or otherwise to protect Mr. Ryan’s interests in the ’115 application; failed to inform Mr. Ryan about the options for responding to either the Office Action and Notice of Abandonment, and the potential consequences to Mr. Ryan’s intellectual property rights if no responses were filed; failed to substantively respond to Mr. Ryan’s numerous email communications requesting information about the ’115 application; failed to explain what was happening in the ’115 application to the extent reasonably necessary for Mr. Ryan to make informed decisions about it; and told Mr. Ryan that he would look into the April 10, 2018 Notice of Abandonment and respond Mr. Ryan’s inquiry when he had no intention to do so.

Respondent also breached the fiduciary duty he owed Mr. Ryan when he retained the fee address for maintenance fee purposes of record at the USPTO and intentionally prejudiced Mr. Ryan’s patent. Respondent plainly violated the fiduciary practitioner-client relationship when he failed to: inform and advise Mr. Ryan in 2018 about the need to pay ’397 patent maintenance fee and the USPTO’s maintenance fee reminder for the ’397 patent; pay the maintenance fee for the ’397 patent, such that the ’397 patent expired without Mr. Ryan’s knowledge or consent; inform and advise Mr. Ryan about the expiration of the ’397 patent and about the November 26, 2018 Notification of Expiration; and explain what was happening with the ’397 patent to the extent reasonably necessary for Mr. Ryan to make informed decisions about it.

Aside from violating his fiduciary duty to his client, Respondent also violated the specific duties imposed by USPTO’s regulations. Each attorney licensed to practice before USPTO must sign an oath or affirmation that he will observe the laws and rules governing USPTO practice. Respondent violated this oath when he failed to adhere to the USPTO Rules of Professional Conduct and failed to participate in the disciplinary proceedings, thereby violating the duty he owed both to his client and to the legal profession (specifically, the patent bar) to act in a professional manner in accordance with the patent bar’s rules and with the oath he had signed.

Respondent also violated duties he owed to the legal system, the public, and the legal profession by failing to participate in these disciplinary proceedings. “[A] lawyer’s failure to cooperate in disciplinary investigations weakens the public’s perception of the legal profession’s

ability to self-regulate,” and “harms the legal profession by undermining the integrity of the attorney disciplinary system.” In re Disciplinary Action against Brost, 850 N.W.2d 699, 705 (Minn. 2014). When Respondent failed to file an Answer to the Complaint, he flouted this Court’s authority and imperiled the orderly functioning of the disciplinary process. See In re Lau, supra.

2. Respondent acted intentionally and knowingly

Respondent’s misconduct with respect his client was intentional and knowing.

Respondent knowingly accepted the representation of his client and consistently neglected his client’s patent application and patent by not responding to communications from the Office, knowing that such action would ultimately lead to the application going abandoned and the patent expiring if not properly addressed. Neglect of a client matter is a serious ethical violation. See In re Hamill, Proceeding No. D2019-16 at 17 (USPTO Nov. 4 2019)¹² (citing Comm. on Prof’l Ethics & Conduct v. Freed, 341 N.W.2d 757,759 (Iowa 1983)) (“We view respondent’s retreat from the obligation he assumed as a serious matter, to be equated with the conduct of a surgeon who, without transferring responsibility, drops his scalpel and abandons his patient in the course of an operation.”); In re Jaynes, 278 N.W.2d 429, 434 (N.D. 1979) (“Neglecting a client’s case after accepting it is a very serious violation of the Code of Professional Responsibility.”); In re Gardner, 39 A.D.2d 84, 85 (N.Y. 1972) (“[N]eglect of a client’s interests is a most serious dereliction.”). Consequently, USPTO has excluded practitioners for abandoning clients. USPTO has also suspended and excluded practitioners who neglected their client’s applications. See, e.g., In re Campbell, Proceeding No. D2014-11 (USPTO Apr. 29, 2014)¹³; In re Shippey, Proceeding No. D2011-27 (USPTO Oct. 14, 2011)¹⁴; In re Hormann, Proceeding No. D08-04 (USPTO July 8, 2009)¹⁵.

Despite requests for information from his client, Respondent intentionally failed to communicate with his client about the status of his patent application and patent. Respondent intentionally failed to explain the status of the patent application and patent to his client so that Mr. Ryan could make informed decisions about them and the representation itself. Respondent failed protect his client’s interests. Respondent was dishonest with his client. Lastly, Respondent failed to participate in this disciplinary proceeding. There can be no dispute that Respondent acted intentionally, knowingly, and negligently.

Respondent’s abandonment of his client’s applications is a grave violation of the USPTO ethics rules. The USPTO considers “[a]bandonment of a case or client after being paid for legal services [to be] a significant ethical violation for which attorneys have been disbarred.” See In re Shippey, supra at 12. The USPTO has suspended and excluded practitioners who neglected

¹² Available at: <https://go.usa.gov/x7YGj>.

¹³ Available at: <https://go.usa.gov/x7YGv>

¹⁴ Available at: <https://go.usa.gov/x7Y7r>.

¹⁵ Available at: <https://go.usa.gov/x7Y7Y>.

their clients' applications. See, e.g., In re Campbell, *supra*; In re Shippey, *supra*; In re Hormann, *supra*.

Further, a lawyer's duty to communicate honestly with a client is fundamental. See In re Hamill, *supra* at 18 (“[B]ecause respondent also deliberately concealed his neglect to protect his personal interests, thereby sacrificing his clients' welfare to preserve his own[, w]e view his actions as the equivalent of misappropriating funds from these clients, an offense that, absent sufficiently mitigating circumstances, requires our most severe sanction.”) (citing Cincinnati Bar Assn. v. Deaton, 806 N.E.2d 503, 509 (Ohio 2004) (citations omitted)). In this case, despite requests for information from his client, Respondent intentionally failed to communicate with his client about the status of his patent application. Respondent intentionally failed to explain the status of the patent application and the patent to his client so he could make informed decisions about the patent application, patent, and the representation itself. The USPTO has suspended and excluded practitioners who acted knowingly, intentionally, or negligently by, *inter alia*, failing to advise a client of important office communications in violation of the ethics rules. See, e.g., In re Hamill, *supra*; In re Myers, Proceeding No. D2015-33 (USPTO Dec. 31, 2015)¹⁶ (practitioner excluded for, *inter alia*, allowing multiple patent applications to become abandoned without client consent, failing to notify the client of important Office communications, and failing to withdraw as attorney of record); In re Schaefer, Proceeding No. D2007-01 (USPTO Apr. 30, 2007)¹⁷ (similar misconduct; suspension); Moatz v. Rosenberg, Proceeding No. D2006-07 (USPTO Mar. 7, 2007)¹⁸ (practitioner excluded for, *inter alia*, neglecting legal matters entrusted to him, failing to notify a client of important Office communications, and effectively withdrawing from employment in a proceeding before the USPTO without permission from the Office and without having taken reasonable steps to avoid prejudice to the client).

Respondent was intentionally dishonest with his client when he concealed his knowledge about the April 10, 2018 Notice of Abandonment and instead told Mr. Ryan that he would look into it and respond Mr. Ryan's inquiry when he had no intention to do so. The USPTO has excluded practitioners who were intentionally dishonest with their clients in violation of the ethics rules. See, e.g., In re Hamill, *supra*

Respondent's acts and omissions leading to the alleged violations of the Rules of Professional Conduct set forth above were willful. In addition to his misconduct in connection with the client, Respondent did not answer the Complaint per the Court's Notice of Hearing and Order or otherwise communicate with counsel for the OED Director, and did not respond to the Court's order to file an answer. Respondent also failed in his obligation to keep his address up to date with the OED Director pursuant to 37 C.F.R. § 11.11(a). For all of these reasons, a severe sanction is warranted.

¹⁶ Available at: <https://go.usa.gov/x74A4>.

¹⁷ Available at: <https://go.usa.gov/x74sr>.

¹⁸ Available at: <https://go.usa.gov/x74s4>.

3. Respondent's conduct caused actual injury to his client

Respondent caused injury to his client through his lack of diligence, lack of communication about the status of his application and patent, and his failure to advise the client so he could make informed decisions about the application and patent. Respondent's failure caused actual injury because his actions resulted in the patent application going abandoned and the patent expiring. Even if the application could be revived, the client may lose valuable intellectual property rights in the form of a shortened patent life. He may also have delays in marketing and selling of his product as a consequence of Respondent's neglect and the resultant abandonment. Having caused the client both actual and potential injury, Respondent should receive a significant sanction.

4. Aggravating and mitigating factors exist in this case

The American Bar Association, STANDARDS FOR IMPOSING LAWYER SANCTIONS (2019), ("STANDARDS" or "STANDARD") set forth aggravating and mitigating factors for the Court to consider in determining an appropriate sanction. Citing Standard § 9.22, the OED Director contended that the following aggravating factors warrant a more severe sanction in this case: a dishonest or selfish motive; bad faith obstruction of the disciplinary proceeding by intentionally failing to participate in this proceeding; and substantial experience in the practice of law. This Court agrees.

The first aggravating factor is a "dishonest or selfish motive." See STANDARDS § 9.22(b). Respondent acted with a dishonest and selfish motive when he refused to substantively communicate with Mr. Ryan about the status of the patent application, thereby attempting to conceal his neglect of Mr. Ryan's application and the application's abandonment.

The second aggravating factor is "bad faith obstruction of the disciplinary proceeding by intentionally failing to comply with rules or orders of the disciplinary agency." See STANDARDS § 9.22(e). Respondent's complete failure to participate in this disciplinary proceeding after receiving the Complaint and being served by publication shows a bad faith obstruction of the disciplinary proceeding.

The third aggravating factor is whether the Respondent has "substantial experience in the practice of law." See STANDARDS § 9.22(i). Respondent has seven years of experience practicing before the USPTO and should have known better than to engage in the misconduct demonstrated in this case.

CONCLUSION

Because Respondent has failed to answer the Complaint or otherwise appear in this matter, Respondent is found to be in **DEFAULT**. Based on the facts hereby admitted, this Court finds that Respondent has violated the USPTO Rules of Professional Conduct as alleged. The OED Director requests that the Court sanction Respondent by excluding him from practice before the USPTO in patent, trademark, or other non-patent matters. After analyzing the factors

enumerated in 37 C.F.R. § 11.54(b), this Court concludes that Respondent's misconduct warrants the sanction of exclusion.

Accordingly, Respondent shall be **EXCLUDED** from practice before the U.S. Patent and Trademark Office in patent, trademark, and other non-patent matters.¹⁹

So **ORDERED**,

ALEXANDER
FERNANDEZ

Digitally signed by: ALEXANDER
FERNANDEZ
DN: CN = ALEXANDER FERNANDEZ
C = US O = U.S. Government OU =
Department of Housing and Urban
Development, Office of the Secretary
Date: 2020.11.20 12:22:48 -05'00'

Alexander Fernández
United States Administrative Law Judge

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

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

¹⁹ An excluded practitioner is eligible to apply for reinstatement no earlier than five years from the effective date of the exclusion. See 37 C.F.R. § 11.60(b). Eligibility is predicated upon full compliance with 37 C.F.R. § 11.58.