

PTO Publishes Proposed New Enrollment and Disciplinary Rules

BY CAMERON WEIFFENBACH AND STEPHEN BECKER

Cameron Weiffenbach, former director of the OED, is of counsel to the international law firm of McDermott, Will & Emery; Stephen Becker, a partner, heads the firm's patent procurement group. Both reside in the firm's Washington, D.C. office.

On December 12, 2003, the PTO published sweeping proposed rules regarding registration to practice before the PTO in patent cases. The proposed rule package also proposes new disciplinary rules patterned after the 1984 American Bar Association Model Rules. This is the first major change in the rules since 1985 when the PTO promulgated its own disciplinary rules and codified regulations regarding registration to practice before the Office in patent cases. The new rules are part of the PTO's 21st Century Strategic Plan Initiatives.

The purpose of this paper is not to present a detailed review of the new proposed rules, but to highlight those rules that are of particular interest to practitioners and prospective applicants for registration.

OUTLINE OF PROPOSED RULES

Part 10 of 37 CFR, titled "Representation of Others Before the Patent and Trademark Office," will be replaced by new Part 11 with four subparts. Subpart A (§§ 11.1-11.3) is general information such as definitions of terms used in the new rules, duties and responsibilities of the Director of the Office of Enrollment and Discipline, suspension of the rules and qualified immunity. New rule § 11.3 permits suspension of the rules in Part 11, except for the disciplinary rules (§§ 11.100-11.806), disciplinary jurisdiction (§ 11.19) and interim suspension and discipline based on reciprocal discipline (§ 11.24). Subpart B (§§ 11.4-11.18) pertains to recognition to practice before the PTO in patent and non-patent cases. Subpart C (§§ 11.19-11.62) sets forth detailed regulations pertaining to procedures for conducting

investigations by OED and for conducting disciplinary proceedings. This subsection also defines disciplinary jurisdiction and sanctions for disciplinary action. Subpart D (§§ 11.100-11.806) sets forth the rules of professional conduct.

FUNCTION DEFINED FOR COMMITTEE ON ENROLLMENT

As with the old rules, the new rules provide for a Committee on Enrollment. However, under the proposed new rules, the Committee has defined powers. If an applicant is found by the OED Director not to possess good moral character and repute, the OED Director cannot render a final decision without approval of a majority of the Committee (§ 11.7(j)). Also, the applicant may request a hearing before the Committee. Under the old rules, the powers of the Committee were to advise the OED Director, but the nature of the advice was not defined.

APPLICANTS FOR REGISTRATION REQUIRED TO KEEP APPLICATION UPDATED

Proposed new rules §§ 11.7(b)(2) and 11.8(e) require that until the applicant for registration is registered, he or she has an obligation "to keep his or her application current and must update responses whenever there is an addition to or a change to information previously furnished to the OED Director" on the original application for registration. For example, if the applicant is convicted of a traffic offense that would have been required to be reported on the original application for registration, the applicant has a duty to report the new information to OED. Proposed new rule § 11.7(d)(1) also allows the OED Director to waive the registration examination for former patent examiners who have less than 4 years in the PTO provided, *inter alia*, they received a "certification of legal competency and negotiation authority" while in the Office. There would be no automatic registration after 4 years service in the PTO

as a patent examiner. The former examiner with 4 or more years experience would have to show satisfactory competence as an examiner (§ 11.7(d)(2)). Proposed new rule § 11.7(d)(3) provides for registration of former employees of the PTO who had not served in the examining corps.

Proposed new rule §11.7(d)(4) sets a time limit for making application for registration for which a waiver can be obtained. Under the proposed rule, a former PTO employee must submit his or her application for registration within two years from the date of separation from the PTO. After the two year period has expired, the former employee will be required to take and pass the registration examination.

REGISTRATION EXAMINATION

The PTO envisions that the PTO registration examination will be contracted out and administered by an outside contractor. The registration examination would be taken on a computer terminal and would constitute a certain number of questions randomly taken from a bank of multiple choice questions. The only reference material that would be available to the applicant during the examination are PTO policies and MPEP on the computer terminal. The questions will not be published. An applicant who fails the examination will no longer be able to request a regrade of their examination papers. Proposed new rule §11.7(e) provides that within two months after an applicant fails the examination, the unsuccessful applicant may under supervision, inspect, but not copy, the questions incorrectly answered. The proposed rules do not specify where the questions can be inspected. Unsuccessful applicants can retake the examination an unlimited number of times upon payment of the required fees.

PROPOSED RULES DETAIL PROCEDURES FOR CONDUCTING INVESTIGATION OF MORAL CHARACTER

Proposed new rules §11.7(g) to 11.7(j) set forth procedures and guidelines for conducting an investigation of moral character and good reputation of an applicant for registration. Proposed new rule §11.7(h) defines the standard of "moral character" as being "the possession of honesty and truthfulness, trustworthiness and reliability, and a professional commitment to the legal process and the administration of justice."

The proposed rules do not define “good reputation.” The proposed new rules set forth in detail the evidence that would be constitute a *prima facie* lack of moral character. Such evidence would include a conviction of a felony or misdemeanor; drug or alcohol abuse; lack of candor; suspension, disbarment or resignation in lieu of disciplinary action from a State bar. Proposed new rule §11.7(i) sets forth factors to be considered when evaluating rehabilitation of an applicant seeking a moral character determination.

LIMITED RECOGNITION

An applicant who successfully passes the registration examination, or for whom the examination was waived, and who possess moral character and good repute will no longer be given limited recognition until his or her registration is final (§ 11.9(a)). In other words, OED will no longer issue a provisional registration number (i.e., the “P” number).

Limited recognition will continue to be granted to resident aliens so long as the Immigration and Naturalization Service or the U.S. State Department “has authorized the resident alien to be employed in the capacity of representing a patent applicant by preparing and prosecuting the applicant’s patent application” (§ 11.9(b)(1)). In the comments section of the proposed rules, this would mean that the visa petition would have to describe that the alien is authorized to be employed in the capacity of representing patent applicants before the PTO. For example, aliens admitted for the purpose of training (H-3 visa) or temporarily for business (B-1 visa) would not be eligible for registration. However, persons with H-1 and L-1 visas would be eligible. Therefore, it will be important that law firms and corporations, who utilize aliens to assist them in prosecuting patent applications for a client, insure that the visa petition be drafted with particularity in order to be certain that the alien will be permitted by OED to take the registration examination.

ANNUAL FEE TO MAINTAIN REGISTRATION

We have all heard rumors about the imposition of an annual fee. The proposed rules provide for such a fee. However, under the proposed rules, failure to timely pay this annual fee each year could result in catastrophic consequences for the practitioner.

Proposed rule § 11.8(d) will require an annual fee of \$100 for all registered practitioners who wish to remain active on the register of patent attorneys and agents. The payment of the fee will be staggered dependent on the practitioner’s last name. Last names beginning with A-E will be required to pay the fee each year in the period from January 1 to March 31. In a similar manner, the annual fee for practitioners with last names beginning with F-K will be required to pay the fee from April 1 to June 30 each year; those with last names beginning with L-R will be required to pay the fee from July 1 to September 30 each year; and those with last names beginning with T-Z will be required to pay the fee from October 1 to December 31 each year.

Failure to pay the fee will subject the practitioner to an administrative suspension. The practitioner can be reinstated by paying the annual fee as well as a reinstatement fee of \$100 (§ 11.11(b)(2)(iii)). Persons newly registered will not be liable for the annual fee during the calendar year they are first registered (§11.8(d)).

If administratively suspended, the practitioner “may no longer practice before the Office in patent matters or in any way hold himself or herself out as being registered to practice before the Office in patent matters” (§ 11.11(b)(2)(ii)). Any practice before the Office during the period of suspension will subject the practitioner to discipline (§ 11.11(b)(6)).

If administratively suspended, a practitioner would remain responsible for paying subsequent annual fees and completing the required continuing training programs (§ 11.11(b)(4)). Requirements for continuing training programs are discussed *infra*.

A registered practitioner may resign, if not under investigation for a violation of a disciplinary rule at the time of resignation (§11.11(e)). Under proposed new rule § 11.11(e), a practitioner who has resigned is required to “continue to file a change of address for five years thereafter in order that he or she may be located in the event information regarding the practitioner’s conduct comes to the attention of the OED Director, or any complaint is made about his or her conduct while he or she engaged in practice before the Office.” Therefore, for five years after the practitioner resigns, he or she is subject to disciplinary action.

Upon reinstatement, a practitioner can be subject to a delinquency fee of \$50 “for

each rule violated” at the time of reinstatement (§ 11.11(b)(1)(ii)). The proposed rules and the comments do not explicitly identify what “rule” or rules would be subject to the delinquency fee. However, it appears that the fee may be imposed for failure to pay the annual fee, failure to comply with the mandatory continuing training requirement of §11.12 (a) while suspended, and failure to keep the OED notified of any change of address after resignation.

A practitioner can voluntarily request, in writing, to be endorsed as being inactive on the register and pay an annual inactive fee of \$25 (§ 11.11(d)(4)). However, if the practitioner is delinquent in paying the annual fee, the request will be denied. Even though a practitioner is inactive on the register, the practitioner will still be subject to investigation and discipline for conduct prior to, during or after the period of inactivation (§11(d)(3)). A practitioner leaving private practice to be employed by the PTO will be required to comply with Disciplinary Rule § 11.116 for withdrawal from patent and trademark applications and notify the OED in writing of employment at the PTO “on the first day of said employment” (§11.11(c)). For such persons, the OED will be endorsed on the register as inactive and the payment of the annual fee is waived. The new rules also make the same exemption for a practitioner who becomes a judge who is not engaged in the practice of law (§11.11(c)(2)).

CONTINUING EDUCATION REQUIREMENT

Proposed rule § 11.12 sets forth a mandatory continuing education requirement. According to the rule the requirement shall be completed “as required from time-to-time by the USPTO Director.” The USPTO Director will “announce each fiscal year [October 1 to September 30] whether an education program will be required, and the dates for the program” (§ 11.12(a)). Under the proposed rule “[n]o more than one mandatory continuing education program would be required each fiscal year and the requirement may be as infrequent as once every three years” (§ 11.12(a)).” The program can be given by a sponsor approved by OED or the program will be a USPTO program delivered on the internet. At the IPO Conference held in Washington, DC on December 8, 2003, Mr. Harry Moatz,

the Director of OED, stated that the internet program will have reading material with questions embedded in the material and that the practitioner will not be able to go to the next question until the previous question is answered correctly. According to the Mr. Moatz, the internet program will be set up such that the practitioner cannot fail.

Proposed rule § 11.13 sets forth the criteria for eligibility of a continuing education program, and the procedures and standards for approving sponsors who deliver programs. However, under proposed rule § 11.13(g)(4), a law firm, professional corporation or a corporate law department would not be eligible to become an approved sponsor.

OTHER PROPOSED RULES

Other new rules include the following: (1) practitioners under proposed rule § 11.11(a) would be required to notify OED of any change of in the practitioner's business postal, email address and telephone number "within 30 days of the date of the change"; (2) pursuant to the same rule, practitioners will also be required to provide OED with the State bar identification number; (3) new proposed rule §11.16 would empower OED to examine financial books and records of a practitioner, even though the practitioner is not under investigation for alleged ethical misconduct, for compliance with the PTO Rules of Professional Conduct (failure to comply will subject the practitioner to discipline (§ 11.22(1))); (4) former patent examiners will only be restricted from prosecuting applications they "participated personally or substantially as an employee" of the PTO (the bar would extend to any lineage of such applications) (§ 11.10); and (5) practitioners may be subject to disability proceedings if the cause of the alleged misconduct is due to a mental or physical impairment or disability (§ 11.28).

OED INVESTIGATIONS OF ALLEGED ETHICAL MISCONDUCT

As for investigations of complaints alleging ethical misconduct, proposed new rule § 11.22 sets forth in detail the OED procedures for screening complaints and for conducting investigations, including limiting any request for an extension of time to a single request and only for 30 days. The old rules do not specify how investigations were to be conducted, and in

the past, OED has been fairly liberal in granting requests for extensions of time to respond to OED requests for information. Also, under proposed new rule § 11.22(j)(2), OED may request information from a non-complaining client of the practitioner after either obtaining permission from the practitioner or after making a showing of good caused to the USPTO Director.

INTERIM SUSPENSIONS

A practitioner who has been suspended or disbarred by a disciplinary court or who has resigned from a bar in lieu of a disciplinary proceeding is required under proposed new rule § 11.24(a) to notify OED of such suspension, disbarment or resignation within 10 days after the suspension, disbarment or resignation is effective. A certified copy of the record of the disciplinary action will be filed with the USPTO Director, who will enter an order for an interim suspension of the practitioner from practice before the PTO during the period of suspension, disbarment or resignation. The practitioner will be given the opportunity to show cause why an identical disciplinary action should not be entered.

A practitioner will also be subject to an interim suspension if convicted of committing a serious crime involving moral turpitude anywhere in the world or any crime in which the practitioner is subject to confinement or imprisonment. The practitioner will be given the practitioner the opportunity to show cause why an order for discipline should not be entered.

During the period of interim suspension, the practitioner shall be disqualified from practicing before the Office in patent, trademark and other non-patent cases.

PTO RULES OF PROFESSIONAL CONDUCT

The PTO Rules of Professional Conduct are patterned after the ABA Model Rules. The source of the proposed rules is a mixture of model rules directly from among the ABA Model Rules, from other jurisdictions, from the previously adopted PTO Disciplinary Rules, and from disciplinary rules adopted by other Federal agencies. The rules have been tailored to be specific to practice before the PTO in patent, trademark and other non-patent cases. The rules for the most part use the subtitles as they appear in the ABA Model Rules. The rule package includes a concordance to show

the principle source for the proposed disciplinary rule and the counterpart of the proposed rule in Part 10.

CONCLUSION

Comments regarding the proposed rules must be submitted to the PTO by February 10, 2004. Comments can be submitted through the internet and addressed to ethicsrules.comment@uspto.gov or they can be mailed to the PTO at the following address:

Mail Stop OED-Ethics Rules
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Comments can also be submitted by facsimile to 703 306-4134, marked to the attention of Harry I. Moatz. 