

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

**In the Matter of
MICHAEL L. DIAZ,
Respondent**

Proceeding No. D2008-10

FINAL ORDER

Harry I. Moatz, Director of Enrollment and Discipline (OED Director) and Michael L. Diaz (Respondent) have submitted a settlement agreement in the above-identified matter that meets the requirements of 37 C.F.R. § 11.26.

In order to resolve the case without the necessity of a hearing, the OED Director and Respondent have agreed to certain stipulated facts, legal conclusions and sanctions, all of which are set forth below. It was further agreed between the OED Director and Respondent that this agreement resolves any and all disciplinary action by the USPTO arising from the allegations set forth in the Complaint.

Pursuant to that agreement, this Final Order sets forth the following stipulated facts, agreed-upon legal conclusions, mitigating factors, and sanctions.

JURISDICTION

1. At all times relevant hereto, Michael L. Diaz (Respondent) of Plano, Texas, was registered as an attorney to prosecute patent applications before the United States Patent and Trademark Office (USPTO). Respondent's USPTO registration number is 40,588. Respondent is also admitted to practice before the State Bar of Texas.

STATEMENT OF THE CASE

2. The Committee on Discipline met on March 19, 2008, and September 8, 2008, at the request of the OED Director. Based upon evidence brought to its attention, the Committee found probable cause to bring charges against Respondent under 37 C.F.R. §§ 10.23(b)(4), 10.23(b)(5), 10.23(b)(6), 10.23(c)(3), 10.77(c), and 10.112(a) and (b).
3. On September 9, 2008, the OED Director filed a Complaint and Notice of Proceedings under 35 U.S.C. § 32 ("Complaint") charging Respondent with violating 37 C.F.R. §§ 10.23(b)(4), 10.23(b)(6), 10.23(c)(3), 10.77(c), 10.89(c)(6), and 10.112(a) and (b).

4. The parties agree that this proposed settlement agreement resolves any and all disciplinary action by the USPTO arising from the allegations set forth in the Complaint.
5. Respondent acknowledges and agrees that he remains subject to disciplinary action by the USPTO with respect to any violations not addressed in this proposed settlement agreement.
6. Respondent freely and voluntarily enters this proposed settlement agreement and acknowledges that he is not acting under duress or coercion.
7. Respondent acknowledges that he is entitled to have a hearing conducted in accordance with the provisions of 37 C.F.R. §§ 11.34 through 11.57, inclusive. Respondent hereby waives his right to a hearing provided that the USPTO Acting Director agrees to the terms and conditions of this proposed settlement agreement.
8. Respondent is fully aware of the implications of the USPTO Acting Director accepting this proposed settlement agreement. Respondent also understands and agrees that, unless the USPTO Acting Director enters a Final Order in accordance with the terms of this proposed settlement agreement, the disciplinary matter has not been resolved and the proposed settlement agreement is without effect.
9. The OED Director and Respondent also understand and agree that, pursuant to 37 C.F.R. § 11.26, if the USPTO Acting Director rejects this proposed settlement agreement, no reference to the offer of settlement, the contingent acceptance thereof, or the fact that the parties stipulated to facts in support of this proposed settlement agreement shall be admissible in evidence in a disciplinary proceeding unless the OED Director and Respondent agree to such admissibility in writing.
10. The OED Director and Respondent shall each bear their own costs incurred to date and in carrying out the terms of this proposed settlement agreement.

STIPULATED FACTS

11. This Tribunal has jurisdiction of this proceeding under 35 U.S.C. §§ 2(b)(2)(D) and 32, and 37 C.F.R. §§ 10.132 and 10.139.
12. OED began the investigation leading to this complaint after it received information from the USPTO Office of Finance that Respondent had issued several checks that were returned for insufficient funds. Each of these checks was submitted in payment of required fees in several patent applications.
13. On or about May 17, 2006, OED sent Respondent a Request for Statement of Respondent's Position (First Request) about the checks that were returned for insufficient funds.

14. On or about June 14, 2006, OED received Respondent's Response to its First Request (First Response).
15. In his First Response, Respondent stated that he issued each of the returned checks in the mistaken belief that he had a sufficient balance in his bank account to cover each of the checks due to "double entries of deposits" and other problems associated with his accounting system:

... [T]here are several checks that I submitted that have been returned for insufficient funds. In every instance, I believed at that time that I had sufficient funds to cover each and every check. My ledger and online account balance both indicated that I had sufficient funds. Obviously, I did not have sufficient funds. Needless to say, I have had some problems with my accounting procedures in my office. I use the "QuickBooks" software, which allows for the computerized accounting of my operating account. At approximately the time I started bouncing checks, around the December timeframe of last year, I started to download and reconcile my operating account via the Internet. Because of the amount of transactions I have each month, well over one hundred transaction[s] per month, I thought this would be a faster and more accurate way of accounting for all transactions. However, what I was unaware [of] at the time was there is a tendency to download deposits while not counting the deposits against manually entered deposits, which resulted in double entries of deposits. This showed my ledger as having sufficient funds when, in fact, I did not have sufficient funds.
16. On or about January 18, 2007, OED sent Respondent a follow-up Request for Statement of Respondent's Position (Second Request) about the checks that were returned for insufficient funds. In the Second Request, OED asked Respondent, *inter alia*, to provide his firm's financial records regarding the clients affected by Respondent's failure to properly pay USPTO fees.
17. On or about February 14, 2007, OED received Respondent's Response to its Second Request (Second Response).
18. In his Second Response, Respondent admitted "bouncing checks" in several applications "in the time frame of December 2005," but averred that this was merely an unintentional consequence of "double entries of deposits" and other problems associated with his accounting system.
19. With the Second Response, however, Respondent did provide OED with printouts of his on-line bank records. These records show that Respondent deposited each of the monies he received from his clients to pay the fees corresponding to each of

the checks that were returned for insufficient funds into a single bank account, his Washington Mutual Bank Account No. [REDACTED] (WMB Account).

20. At relevant times, Respondent maintained only one bank account for his patent law practice, his WMB Account.
21. Respondent's on-line bank records show that between October 1, 2005, and April 30, 2006, Respondent made payments from his WMB Account that were unrelated to the applications discussed in each of the counts below to, *inter alia*, the following businesses and merchants, *e.g.*, Harry and David (10/24/05), Kohl's (11/14/05), Imperial Garden (12/08/05), Dillards (01/20/06), FTD Florist (02/13/06), 7-Eleven (03/06/06), Lenscrafters (04/24/06).
22. As of this filing, the status of the checks that Respondent submitted to the USPTO is as follows:

Status of Checks/EFTs Issued by Respondent but Declined for Insufficient Funds in Patent Applications

Patent Application No.	NSF Check #	USPTO Fee Code(s)	Date	(Total) Amount	Current Fee Status	NSF Surcharge Paid?
10/874,295	330	1504, 2501	12/13/05	\$1,000	Paid	Paid
09/796,840*	331	2801	12/07/05	\$395	Paid	N/A*
11/333,458	349	2011, 2111, 2311, 8021	01/19/06	\$540	Paid	Paid
	350; 365	1601, 1603, 1702, 2206, 8007	01/18/06; 02/16/06	\$1,766; \$1,816	Paid	Paid for #350 and #365
	357	2011, 2111, 2311	01/21/06	\$500	Paid	Paid
10/747,770	374	1504, 2501	03/07/06	\$1,000	Paid	Paid
11/377,783	375	2011, 2111, 2201, 2202, 2311	03/16/06	\$1,150	Paid	Paid
	377	2005	03/16/06	\$100	Paid	Paid

11/401,028	385	2011, 2111, 2311, 8021	04/10/06	\$540	Paid	Paid
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*Note: Respondent admits that he inadvertently filed check #331 in U.S. Patent Application Serial No. 10/051,641, but actually meant to file check #331 in U.S. Patent Application Serial No. 09/796,840. There is no charge corresponding to Respondent's inadvertence with respect to the filing of check #331 other than its denial of insufficient funds.

23. There is no evidence that Respondent misappropriated client funds.

Patent Application U.S. Serial No. 10/874,295

24. Respondent is the attorney of record in Patent Application U.S. Serial No. 10/874,295 (the '295 application).
25. On or about November 28, 2005, the USPTO mailed Respondent a Notice of Allowance and Fees Due in the '295 application, indicating that a \$700 issue fee and \$300 publication fee were required for the '295 application to issue as a patent. The Notice set a three month period for response and stated that the application "**SHALL BE REGARDED AS ABANDONED**" if the fee were not paid within three months. (Emphasis original.) The notice also expressly warned Respondent that the three month period for timely payment of the issue and publication fees "**CANNOT BE EXTENDED**." (Emphasis original.)
26. Sometime between November 28, 2005 and December 6, 2005, Respondent billed his client, [REDACTED], for the outstanding issue and publication fees.
27. On or about December 6, 2005, [REDACTED] paid Respondent the \$1,000 to cover both the issue fee and the publication fee.
28. Respondent deposited the \$1,000 into his WMB Account on December 6, 2005.
29. On December 17, 2005, Respondent filed a response to the Notice of Allowance and Fees Due in the '295 application, along with a check for \$1,000 drawn on his WMB Account, check #330, to pay the outstanding issue and publication fees.
30. On or about December 14, 2005, the USPTO processed check #330, but the check was returned for insufficient funds on December 29, 2005.
31. On February 29, 2006, the '295 patent application went abandoned under 35 U.S.C. § 155 for failure to timely pay the issue fee.

32. On May 30, 2006, Respondent paid the outstanding issue and publication fees in the '295 application through his deposit account with the USPTO, and filed a Petition under 37 C.F.R. § 1.137(b) to revive the '295 application for unintentional delay.
33. Respondent avers that he paid the fees and costs associated with the petition to revive the '295 application for unintentional delay.
34. Respondent paid the \$50 fee required by 37 C.F.R. § 1.21(m) for dishonored check #330.

Patent Application U.S. Serial No. 09/796,840

35. Respondent is the attorney of record in Patent Application U.S. Serial No. 09/796,840 (the '840 application). Respondent is also the attorney of record in U.S. Patent Application Serial No. 10/051,641 (the '641 application).
36. On or about September 15, 2005, the USPTO mailed Respondent a Final Rejection in the '840 application.
37. Respondent deposited \$2,485.94 into his WMB Account on November 10, 2005.
38. On December 7, 2005, Respondent filed an Amendment and Response to the September 15, 2005 Final Rejection in the '840 application.
39. On December 7, 2005, Respondent also filed a Request for Continued Examination in the '641 application, along with a check for \$395 drawn on his WMB Account, check #331, to pay the Request for Continued Examination fee required under 37 C.F.R. § 1.17(e).
40. In his First Response, Respondent admitted that he meant to file check #331 along with the December 7, 2005, Request for Continued Examination in the '840 application, but instead erroneously filed the request and check #331 in the '641 application. The record supports Respondent's assertion. The '641 application had been abandoned since May 31, 2005. Accordingly, there was no ongoing examination to be continued in the '641 application as of December 7, 2005.
41. On or about December 14, 2005, the USPTO processed check #331, but the check was returned for insufficient funds on December 29, 2005.
42. On January 12, 2006, Respondent filed a proper Request for Continued Examination in the '840 application, along with a payment of \$395 to pay the fee under 37 C.F.R. § 1.17(e).

43. Respondent paid the \$50 fee required by 37 C.F.R. § 1.21(m) for dishonored check #331.

Patent Application U.S. Serial No. 11/333,458

44. Respondent is the attorney of record in Patent Application U.S. Serial No. 11/333,458 (the '458 application).
45. On or about August 22, 2005, his client, [REDACTED], paid Respondent \$4,500, including the monies for the payment of fees that would be incurred with the filing of the '458 application.
46. A portion of the \$4,500 paid by [REDACTED] was to cover Respondent's attorney fees.
47. Respondent deposited the \$4,500 into his WMB Account on August 22, 2005.
48. On January 17, 2006, Respondent filed the '458 application with the USPTO, along with a check for \$540 drawn on his WMB Account, check #349, to pay the \$150 small entity filing fee, the \$250 search fee, the \$100 examination fee, and the \$40 assignment recordation fee.
49. On or about January 19, 2006, the USPTO processed check #349, but the check was returned for insufficient funds on January 31, 2006.
50. On or about February 24, 2006, the USPTO sent Respondent a Notice to File Missing Parts in the '458 application, indicating that the basic filing, search, and examination fees had not been paid. The Notice set a **"TWO MONTHS"** (emphasis original) period for response, and indicated that this time period could be extended by one month increments by paying extension fees.
51. On May 24, 2006, *i.e.*, one month after a response to the February 24, 2006 Notice to File Missing Parts was due, Respondent submitted payment to the USPTO for the outstanding fees in the '458 application by check. Respondent also submitted \$65 to purchase a one month extension of time to file a response to the February 24, 2006 Notice to File Missing Parts.
52. On May 24, 2006, Respondent also paid the \$50 fee required by 37 C.F.R. § 1.21(m) for dishonored check #349.
53. Respondent avers that he personally paid the \$65 fee for the one month extension of time that was required by the late response to the February 24, 2006 Notice to File Missing Parts.

PCT Patent Application Serial No. PCT/US06/01712

54. On or about January 17, 2006, iTex paid Respondent the \$1,766 to cover the fees associated with the filing of PCT Patent Application Serial No. PCT/US06/01712 (the '712 application).
55. On information and belief, Respondent deposited the \$1,766 into his WMB Account on January 17, 2006.
56. On January 18, 2006, Respondent filed the '712 application in the USPTO, accompanied by a PCT Request bearing Respondent's signature. Included with the application was a check for \$1,766 drawn on Respondent's WMB Account, check #350, to pay the \$1,086 international filing fee, the \$300 PCT transmittal fee, the \$300 search fee, the \$100 examination fee, and the \$80 cost for obtaining a copy of the application as filed.
57. On or about January 23, 2006, the USPTO processed check #350, but the check was returned for insufficient funds on January 27, 2006.
58. On or about February 15, 2006, the USPTO sent Respondent a Notification Concerning the Payment of Prescribed Fees in the '712 application, informing Respondent that check #350 was returned for insufficient funds on January 27, 2006 and, thus, there were \$1,766 in outstanding fees due in the '712 application. The Notice also informed Respondent that he was required to pay a \$50 fee under 37 C.F.R. § 1.21(m) for dishonored check #350, bringing the total of outstanding fees to \$1,816.
59. On or about February 16, 2006, Respondent filed with the USPTO a check for \$1,816 drawn on his WMB Account, check #365, in the '712 application to pay the \$1,766 previously due in outstanding fees, as well as the \$50 fee required by 37 C.F.R. § 1.21(m) for dishonored check #350.
60. On or about March 1, 2006, the USPTO processed check #365, but the check was returned for insufficient funds on March 13, 2006.
61. On or about March 20, 2006, the USPTO sent Respondent a Notification Concerning the Payment of Prescribed Fees in the '712 application, informing Respondent that his prior payment was returned for insufficient funds. The Notification also informed Respondent that, in addition to the fees previously due and owing, he was also required to pay the \$50 fee under 37 C.F.R. § 1.21(m) for dishonored check "#000350 [*sic* 365?]."
62. On or about May 5, 2006, the USPTO sent Respondent an Invitation to Pay Prescribed Fees Together with Late Payment Fee in the '712 application, informing Respondent that the total amount of outstanding fees in the '712 application was then \$2,293, including the monies previously due in the '712

application, the \$50 fee under 37 C.F.R. § 1.21(m) for dishonored check #350, and a \$557 late payment surcharge. The Notification further indicated that an \$80 fee for the priority document was also due, bringing the total amount of fees then due to \$2,373.

63. On June 5, 2006, Respondent properly paid \$2,373 in outstanding fees in the '712 application.
64. Respondent avers that he personally paid the \$557 late payment surcharge.
65. Respondent paid the \$50 fee under 37 C.F.R. § 1.21(m) for dishonored check #365.

Patent Application U.S. Serial No. 11/359,281

66. Respondent is the attorney of record in Patent Application U.S. Serial No. 11/359,281 (the '281 application).
67. On or about January 25, 2006, his client, [REDACTED], paid Respondent \$500 for the payment of fees that would be incurred with the filing of the '281 application.
68. Respondent deposited the \$500 into his WMB Account on January 25, 2006.
69. On February 21, 2006, Respondent filed the '281 application with the USPTO, along with a check for \$500 drawn on his WMB Account, check #357, to pay the \$150 small entity filing fee, the \$250 search fee, and the \$100 examination fee.
70. On or about February 21, 2006, the USPTO processed check #357, but the check was returned for insufficient funds on March 1, 2006.
71. On or about March 22, 2006, the USPTO sent Respondent a Notice to File Missing Parts in the '281 application, indicating that the basic filing, search, and examination fees had not been paid. The Notice also informed Respondent that an additional \$65 surcharge was due.
72. On May 22, 2006, Respondent submitted proper payment to the USPTO for the outstanding fees in the '281 application.
73. On May 22, 2006, Respondent also paid the \$50 fee required by 37 C.F.R. § 1.21(m) for dishonored check #357.
74. Respondent avers that he personally paid the \$65 surcharge for filing an incomplete application.

Patent Application U.S. Serial No. 10/747,770

75. Respondent is the attorney of record in Patent Application U.S. Serial No. 10/747,770 (the '770 application).
76. On or about December 7, 2005, the USPTO mailed Respondent a Notice of Allowance and Fees Due in the '770 application, indicating that a \$700 issue fee and \$300 publication fee were required for the '770 application to issue as a patent. The Notice set a three month period for response and stated that the application "**SHALL BE REGARDED AS ABANDONED**" if the fee were not paid within three months. (Emphasis original.) The notice also expressly warned Respondent that the three month period for timely payment of the issue and publication fees "**CANNOT BE EXTENDED.**" (Emphasis original.)
77. On or about February 18, 2006, his client, [REDACTED], paid Respondent the \$1,000 to cover both the issue fee and the publication fee.
78. Respondent deposited the \$1,000 into his WMB Account on February 21, 2006.
79. On March 7, 2006, Respondent filed a response to the Notice of Allowance and Fees Due in the '770 application, along with a check for \$1,000 drawn on his WMB Account, check #374, to pay the outstanding issue and publication fees.
80. On or about March 20, 2006, the USPTO processed check #374, but the check was returned for insufficient funds on April 3, 2006.
81. Consequently, the '770 patent application was considered abandoned under 35 U.S.C. § 155 for failure to timely pay the issue fee as of March 8, 2006.
82. On May 30, 2006, Respondent submitted the outstanding issue and publication fees in the '770 application to the USPTO, and filed a Petition under 37 C.F.R. § 1.137(b) to revive the '770 application for unintentional delay. Respondent also paid the \$50 fee required by 37 C.F.R. § 1.21(m) for dishonored check #374.
83. Respondent avers that he personally paid the fees and costs associated with the petition to revive the '770 application for unintentional delay.

Patent Application U.S. Serial No. 11/377,783

84. Respondent is the attorney of record in Patent Application U.S. Serial No. 11/377,783 (the '783 application).
85. On March 16, 2006, Respondent filed the '783 application with the USPTO, along with a check for \$1,150 drawn on his WMB Account, check #375, to pay the \$150 small entity filing fee, the \$250 search fee, the \$100 examination fee, and the \$550 fee for claims in excess of twenty.

86. On or about March 20, 2006, his client, [REDACTED], paid Respondent \$3,150, including \$1,150 to cover the fees associated with the filing of the '783 application.
87. A portion of the \$3,150 paid by [REDACTED] was to cover Respondent's attorney fees.
88. Respondent deposited the \$3,150 into his WMB Account on March 20, 2006.
89. On or about March 21, 2006 the USPTO processed check #375, but the check was returned for insufficient funds on April 3, 2006.
90. On or about April 12, 2006, the USPTO sent Respondent a Notice to File Missing Parts in the '783 application, indicating that the basic filing, search, and examination fees had not been paid. The Notice also informed Respondent that additional fees due included the \$150 basic filing fee, a \$65 surcharge, and the \$50 fee required by 37 C.F.R. § 1.21(m) for dishonored check #375.
91. On May 24, 2006, Respondent submitted payment to the USPTO for the outstanding fees in the '783 application by check.
92. On May 24, 2006, Respondent also paid the \$50 fee required by 37 C.F.R. § 1.21(m) for dishonored check #375.
93. Respondent avers that he personally paid the \$65 surcharge for filing an incomplete application.

Provisional Patent Application U.S. Serial No. _____

94. Respondent is the attorney of record in Provisional Patent Application U.S. Serial No. _____ (the _____ application).
95. On or about March 15, 2006, his client, [REDACTED], paid Respondent \$1,500, including \$100 to cover the fees that would be incurred by filing the '116 application.
96. A portion of the \$1,500 paid by [REDACTED] was to cover Respondent's attorney fees.
97. On information and belief, Respondent deposited the \$1,500 into his WMB Account on March 15, 2006.
98. On March 16, 2006, Respondent filed the '116 application with the USPTO, along with a check for \$100 drawn on his WMB Account, check #377, to pay the small entity filing fee for filing a provisional patent application.

99. On or about March 21, 2006, the USPTO processed check #377, but the check was returned for insufficient funds on April 3, 2006.

100. USPTO regulations provide:

37 C.F.R. § 1.53(g) Completion of application subsequent to filing - Provisional application.

(1) If a provisional application which has been accorded a filing date pursuant to paragraph (c) of this section does not include the cover sheet required by § 1.51(c)(1) or the basic filing fee (§ 1.16(d)), and applicant has provided a correspondence address (§ 1.33(a)), applicant will be notified and given a period of time within which to pay the basic filing fee, file a cover sheet (§ 1.51(c)(1)), and pay the surcharge required by § 1.16(g) to avoid abandonment.

101. OED informed Respondent that check #377 had been declined for insufficient funds on or about May 17, 2006, in the First Request.

102. In the First Request, OED also asked Respondent whether his client “ha[d] authorized nonpayment;” and if not, to “advise as to what, if any, corrective measures [had] been undertaken” to pay the outstanding \$100 filing fee, and prevent abandonment of the application.

103. On June 14, 2006, in his First Response, Respondent indicated that his “client did not authorize nonpayment.”

104. In his First Response, Respondent also indicated that he had “requested a filing receipt/Notice to File Missing Parts to correct this deficiency in fees,” and that “[u]pon receipt of this notice, I will pay via certified check the balance owed.”

105. Seven months later, on or about January 18, 2007, OED sent Respondent the Second Request, which asked Respondent to explain why he had “not taken corrective measures to avoid abandonment of the [] application.”

106. On February 14, 2007, in his Second Response, Respondent indicated that he requested and received a Replacement Filing Receipt in the application, but that it included no notice of non-payment of the \$100 basic filing fee.

107. In his Second Response, Respondent also stated that, despite the lack of payment indicated on the Replacement Filing Receipt, he contacted the USPTO by telephone and was told that “all requisite times, including payment, were received by the USPTO and the patent application was considered current and active.”

108. A replacement payment was made in the application on September 15, 2008.
109. Respondent has paid the \$50 fee under 37 C.F.R. § 1.21(m) for dishonored check #377.

Patent Application U.S. Serial No. 11/401,028

110. Respondent is the attorney of record in Patent Application U.S. Serial No. 11/401,028 (the '028 application).
111. On or about April 6, 2006, his client, [REDACTED], paid Respondent \$1,000, including monies for the payment of fees that would be incurred with the filing of the '028 application.
112. Respondent deposited the \$1,000 into his WMB Account on April 6, 2006.
113. On April 10, 2006, Respondent filed the '028 application with the USPTO, along with a check for \$540 drawn on his WMB Account, check #385, to pay the \$150 small entity filing fee, the \$250 search fee, the \$100 examination fee, and the \$40 assignment recordation fee.
114. On or about April 12, 2006, the USPTO processed check #385, but the check was returned for insufficient funds on April 24, 2006.
115. On or about May 9, 2006, the USPTO sent Respondent a Notice to File Missing Parts in the '028 application, indicating that the basic filing, search, and examination fees had not been paid. The Notice set a **"TWO MONTHS"** (emphasis original) period for response, and indicated that this time period could be extended by one month increments by paying extension fees. The notice also indicated that payment of a \$65 surcharge would also be required.
116. On June 1, 2006, Respondent submitted payment to the USPTO for the outstanding fees in the '028 application by check. Respondent also submitted \$65 to cover the surcharge for filing an incomplete application, and the \$50 fee required by 37 C.F.R. § 1.21(m) for dishonored check #385.
117. Respondent paid the \$65 surcharge for filing an incomplete application.

JOINT LEGAL CONCLUSIONS

118. Based upon the foregoing stipulated facts, Respondent acknowledges that his conduct violated the following Disciplinary Rules of the USPTO Code of Professional Responsibility:

- a. Rule 10.23(b)(4), 10.23(b)(6), 10.23(c)(3), and 10.89(c)(6), by presenting the USPTO with checks drawn on a bank account having insufficient funds; and
- b. Rule 10.77(c) by failing to timely pay fees to the USPTO for which the client had given money to Respondent.

MITIGATING FACTORS

119. Respondent makes the following declaration regarding facts in mitigation of the disciplinary violations outlined above:

- a. Within 90 days of receiving notice from the USPTO that the checks he had presented had been drawn on a bank account having insufficient funds, Respondent paid the patent application fees for which the checks were originally presented, as well as fees arising from the untimely payment of those fees.
- b. After the Complaint was filed in this action, Respondent paid the USPTO all outstanding fees required by 37 C.F.R. § 1.21(m) for the processing of dishonored checks.
- c. All of the checks Respondent submitted to the USPTO that were drawn on an account having insufficient funds were submitted within a limited 4-month period between December 13, 2005 and April 10, 2006.
- d. Respondent has not submitted any checks drawn on an account having insufficient funds since April 10, 2006.
- e. After the Complaint was filed in this action, Respondent took 15.50 credit hours of continuing legal education (CLE) courses, including 6.75 ethics hours, in the following courses:

Date	Title	Credit Hours	Ethics Hours
1/15/2009	Law Practice Management Consultations	3.75	1.00
10/31/2008	A Guide to the Basics of Law Practice 2008	4.00	4.00
10/3/2008	Establishing a Paperless Law Practice	2.00	0.00
10/2/2008	Overcoming the Fear of Financial Statements	2.00	0.00
9/22/2008	Ethics for Small Law Firms	0.75	0.75
9/21/2008	Managing Your Firm IOLTA Accounts	1.00	1.00
9/21/2008	Managing the Back Office of Your Law Practice	2.00	0.00

- f. Respondent has hired Gisella Bradley, a consultant who previously managed the Law Practice Management Program of the Texas State Bar,

to assist him in his efforts to improve the management of his law practice. In furtherance of this effort, he has accomplished the following:

- (1) Financial bookkeeping and bank arrangements. Respondent has established an IOLTA account, and at the time, is using a manual ledger at the recommendation of the consultant. In addition, Respondent has purchased new financial software and practice management software. Respondent's new software is capable of performing the ledger functions for both the IOLTA and operating accounts. All new clients and any new transactions with old clients are being converted to the new system.
- (2) Fee/engagement letters. Respondent utilizes new fee/engagement and closing letters that have been reviewed by the consultant and other Texas attorneys.
- (3) Document tasks and policies. Respondent has set up checklists for both financial reporting and USPTO transactional procedures. Specifically, the checklists he has instituted require Respondent to reconcile his trust and operating accounts by certain monthly deadlines.

g. There is no evidence that Respondent misappropriated client funds.

SANCTIONS

Respondent agreed, and it is:

120. **ORDERED** that Respondent be suspended from practicing patent, trademark and other non-patent law before the USPTO for two (2) years from the date of this Final Order and further directs that all two (2) years of the suspension be immediately stayed.
121. **ORDERED** that Respondent serve a two-year probationary period beginning with the date of the entry of this Final Order.
122. **ORDERED** that, at Respondent's own expense, Respondent hire Gisela B. Bradley to review Respondent's legal practice to prepare and submit a report to the OED Director at six months, 12 months, 18 months and 24 months after the date this Final Order is signed. The report shall indicate whether Respondent is in compliance with the Texas Disciplinary Rules of Professional Conduct regarding: (a) maintaining funds he receives from his clients in IOLTA accounts, (b) utilizing fee and engagement letters, and (c) managing his law practice trust and operating accounts. If Respondent is not in compliance, the report shall identify each disciplinary rule implicated and briefly explain the manner in which Respondent's conduct does not comply therewith. In the event that Ms. Bradley

cannot be hired, Respondent shall provide the OED Director with the name, address, and resume of another law office practice management consultant for the OED Director's approval to conduct the review and prepare the report. If the proffered consultant is not approved, the Respondent shall proffer another law office practice management consultant for the OED Director's approval, and Respondent shall continue to do so until the OED Director approves a consultant. Nothing herein shall extend the deadlines for Respondent to cause the reports to be timely submitted except that the deadlines may be extended by written agreement of the Respondent and the OED Director.

123. **ORDERED** the OED Director shall publish this Final Order.
124. **ORDERED** that the OED Director shall publish the following Notice in the *Official Gazette* on the date this Final Order is signed:

Notice of Suspension

Michael L. Diaz, of Plano, Texas, a patent attorney whose registration number is 40,588, has been suspended from practice before the Office for a period of two years with the entirety of the suspension stayed and placed on probation by the USPTO for a period of two years, for not complying with 37 C.F.R. §§ 10.23 (b)(4), 10.23(b)(6), 10.23(c)(3), and 10.89(c)(6) by presenting the USPTO with ten checks drawn on a bank account having insufficient funds, and 37 C.F.R. § 10.77(c) by failing to timely pay fees to the USPTO for which the client had given money to Respondent. During a four-month period in 2006, Respondent presented the USPTO with ten checks totaling \$8,807.00 that were drawn on a bank account having insufficient funds. Within 90 days of receiving notice of the insufficient funds, Respondent submitted payment to the USPTO for all outstanding fees for which these checks were originally presented, and paid all fees and expenses incurred in connection with having presented the checks. This action is taken pursuant to the provisions of 35 U.S.C. § 32 and 37 C.F.R. §§ 11.26 and 11.59. Disciplinary decisions involving practitioners are posted for public reading at the Office of Enrollment and Discipline's Reading Room located at:
<http://des.uspto.gov/Foia/OEDReadingRoom.jsp>.

125. **ORDERED** that the OED Director, in accordance with 37 C.F.R. § 11.59, shall give notice of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in the State where the practitioner is admitted

to practice, to courts where the practitioner is known to be admitted, and the public.

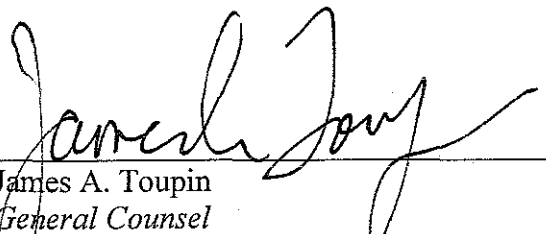
126. **ORDERED** that:

- a. in the event that the OED Director is of the opinion that Respondent, during the 24-month probationary period, failed to submit a complete and timely report to the OED Director in compliance with this Final Order and/or failed to comply with any Disciplinary Rule of the USPTO Code of Professional Responsibility, the OED Director shall issue to Respondent an Order to Show Cause why Respondent should not be suspended for up to two (2) years, send the Order to Show Cause to Respondent at the last address of record Respondent furnished to the OED Director pursuant to 37 C.F.R. § 11.11(a), and grant Respondent fifteen (15) days to respond to the Order to Show Cause; and
- b. in the event after the 15-day period for response and consideration of the response, if any, received from Respondent, the OED Director continues to be of the opinion that Respondent, during the 24-month probationary period, failed to submit a complete and timely report to the OED Director in compliance with this Final Order and/or failed to comply with any Disciplinary Rule of the USPTO Code of Professional Responsibility, the OED Director shall: (a) deliver to the USPTO Acting Director or his designate for imposition of an immediate suspension: (i) the Order to Show Cause, (ii) Respondent's response to the Order to Show Cause, and (iii) evidence causing the OED Director to be of the opinion that Respondent, during the 24-month probationary period, failed to submit a complete and timely report to the OED Director in compliance with this Final Order and/or failed to comply with any Disciplinary Rule of the USPTO Code of Professional Responsibility, and (b) request that the USPTO Acting Director suspend Respondent for up to two (2) years.

127. **ORDERED** that, in the event that the USPTO Acting Director suspends Respondent pursuant to this Final Order and Respondent seeks a review of the USPTO Acting Director's decision to suspend Respondent, any such review shall not operate to postpone or otherwise hold in abeyance the immediate suspension of Respondent.
128. **ORDERED** that, if Respondent is suspended during any portion of the two-year probationary period pursuant to the terms of this Final Order, Respondent shall comply with 37 C.F.R. § 11.58.
129. **ORDERED** that, if Respondent is suspended during any portion of the two-year probationary period pursuant to the terms of this Final Order, the OED Director shall comply with 37 CFR § 11.59.

130. **ORDERED** that nothing in the proposed Settlement Agreement or this Final Order shall limit the number of times during his probation that Respondent may be suspended pursuant to this Final Order.
131. **ORDERED** that nothing in the proposed Settlement Agreement or this Final Order shall prevent the Office from seeking discipline against Respondent in accordance with the provisions of 37 C.F.R. §§ 11.34 through 11.57 for the same misconduct that would otherwise cause a suspension pursuant to any part of this Final Order.
132. **ORDERED** that the record of this disciplinary proceeding, including this Final Order, be considered (1) when addressing any further complaint or evidence of the same or similar misconduct brought to the attention of the Office, and/or (2) in any future disciplinary proceeding (a) as an aggravating factor to be taken into consideration in determining any discipline to be imposed and/or (b) to rebut any statement or representation by or on Respondent's behalf.
133. **ORDERED** that within 30 days of the date of this Final Order the OED Director prepare and file a motion to dismiss the Complaint and Notice of Proceedings Under 35 U.S.C. § 32 pending against Respondent.
134. **ORDERED** that all parties shall bear their own costs.

13 March 2009
Date


James A. Toupin
General Counsel
United States Patent and Trademark Office

On behalf of
John Doll
Acting Under Secretary of Commerce For
Intellectual Property and Acting Director
of the United States Patent And
Trademark Office

cc: Harry I. Moatz
OED Director