

UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE ADMINISTRATIVE LAW JUDGE

In the Matter of

Daniel P. McCarthy

Respondent

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Proceeding No. D08-14

**Order on Motion for Default Judgment, Initial Decision,
and Imposition of Discipline**

The Director of the Office of Enrollment and Discipline, ("OED Director" or "Director"¹), United States Patent and Trademark Office, ("USPTO"), has filed a Motion for an Initial Decision in this matter ("Motion"), seeking the entry of a default judgment and imposing discipline against the Respondent, Daniel P. McCarthy. For the reasons which follow, this Initial Decision finds that the facts alleged in the five Counts as set forth in the Complaint were established, that the Respondent, Daniel P. McCarthy, is in default, by virtue of failing to file a response to the Complaint and that the requested discipline requested by the OED Director should be imposed.

The OED Director filed the Complaint in this matter on January 8, 2009. That Complaint advised that the Respondent was required to file an Answer within thirty (30) days of the filing. 37 C.F.R. § 11.34(a)(40). The rules for USPTO disciplinary proceedings also provide that "[f]ailure to timely file an answer will constitute an admission of the allegations in the complaint and may result in a default judgment." 37 C.F.R. § 11.36(e). The Respondent received the USPTO Complaint, as evidenced by the signed receipt of the certified mail, on January 13, 2009. That mailing, sent to the Respondent's address in Brighton, Utah, also identifies the docket number in this proceeding, No. DO8 - 14. The Motion states that "[a]s of [February 19, 2009] date of the filing of th[e] motion for default judgment, the Respondent has not answered the Complaint." Motion at 2.

¹Harry I. Moatz is the Director of the Office of Enrollment and Discipline for the United States Patent and Trademark Office.

Given the facts above, the OED Director invokes the provisions for default and requests that this Court find that the Respondent violated 37 C.F.R. § 10.23(b)(4), by engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation; 37 C.F.R. §10.23 (b)(5), by engaging in conduct that is prejudicial to the administration of justice; and 37 C.F.R. § 10.23(b)(6), by engaging in conduct that adversely reflects on his fitness to practice before the United States Patent and Trademark Office. These allegations, as set forth in the Complaint, will be discussed.

The Charges in the Complaint

The Complaint alleges that the Respondent made derogatory and scandalous statements in patent allegations, failed to take appropriate action to remove those statements from the public record, and misrepresented to the OED Director that those statements would be removed. In particular, the Complaint alleges that the Respondent caused to be placed in the public record "derogatory and scandalous statements" regarding John Chen, an applicant and patentee. The background for this stems from the Respondent's filing of a patent application on behalf of Pearce, which application included a statement that "Chen's gel appears to be antic[i]pated by two other prior art patents: U.S. Pat. [number deleted by the Court] issued to Crossland and U.S. Pat. [number deleted by the Court] issued to Hammond et al," and the statement that "[t]he elongation at break value was mysteriously omitted from Table 1 of the '334 patent and other Chen patents. However, reference to Table I of Chen's first two issued patents . . . sets the percent elongation of Chen's 4:1 material at about 1700. Applicant suspects that Chen omitted this data in later patent applications because it was either inaccurate or Chen's improved materials failed to exhibit improved properties over his earlier materials². . . ." Complaint at ¶ 6, pages 2 -3. These are the statements that the OED Director contends, are "derogatory and scandalous."

Respondent filed four patent applications on behalf of Pearce. These were the '979 application, filed on May 3, 1999, the '393 application, filed on August 17, 2001, the '035 application, filed on September 11, 2001, and the '101 application, filed November 8, 2001, and the statements quoted above were contained, in whole or in part, in those applications. The '393 application was published on January 31, 2002, and the offensive remarks cited by the OED Director referenced the inventor John Y. Chen. Thereafter, on June 27, 2002, Mr. Chen complained to USPTO about those remarks. This prompted OED to ask for a response from the Respondent as well as to identify any other patent applications that he had been associated with that contained statements "about the validity of any patents issued to Chen." Complaint at ¶ 14, page 4. Regarding the '393 application, Respondent replied to OED, by letter dated September 28, 2002, that he knew of the statement pertaining to Chen before the application was filed and that it was "clear [to Respondent] how that statement could be interpreted to be a comment regarding patent validity not in compliance with MPEP 608.0 (r)." Complaint at ¶ 15, page 4. While the same letter from the Respondent advised OED that another application, the '035

²The last sentence of ¶6 of the Complaint simply repeats, verbatim, the next to the last sentence. Therefore, the Court deleted this repetition from the quoted material.

application, had similar statements regarding Chen, there was no mention of the same problem in the '979 application, nor in the '101 application. These omissions were made in spite of Respondent's representation that a search had been made of other patent applications with this issue. Further, the same September 2002 from the Respondent suggested that he would file paperwork to correct the '393 and '035 applications, and petition to have the statement expunged from Publication Number US2002/0013407. While the Respondent did file amendments to the '393 and '035 applications to remove the offensive statements, and attempted to have the statements removed from the '393 published application, the petition to remove the language from the publication was incorrectly filed, and consequently USPTO could not act on it. The Complaint relates that Respondent made no further attempt to address the '393 publication, nor did Respondent ever address the same issue regarding the '979 and the '101 applications. Complaint at ¶ 21, page 5. Subsequently, the '101 application was published with the offensive statements included.³ The '979 application containing the offensive remarks was then issued as a patent (Patent Number 6,413,458) on July 2, 2002, but Respondent never took steps to remove those remarks from that patent.

There were additional incidents in which the offending remarks were repeated. These were in the '396, the '127, the '128 and the '136 applications, as quoted above. These were compounded by the publication of those applications.⁴ Subsequently, Mr. Chen filed another grievance about the Respondent, this time concerning offending remarks in Patent Numbers 7,060,213 and 6,413,458. These matters were brought to the Respondent's attention in a June 22, 2006 letter from OED. OED notified the Respondent at that time that his January 9, 2003 failed to cause USPTO to delete the offending statements because the petition did not conform with USPTO procedures. Complaint at ¶ 33. While the Respondent filed a response, on August 20, 2006, that he would be attempting to remove the offending statements and that he would be also be filing a supplemental response in "about two months" (i.e. from August 20th), no further response was provided, nor did Respondent submit any filing to remove the statements from the patent applications. Complaint at ¶ 36.

The OED Director relates that, as of the filing date of this Complaint, the Respondent has not taken the actions necessary to remove the offending remarks. Complaint at ¶¶ 37 – 39. The Complaint asserts that the above-described actions constitute various violations of the USPTO Disciplinary Rules. More particularly, the OED Director contends that by signing and filing the '396, '127, '128, and '136 applications, Respondent engaged in conduct prejudicial to the administration of justice, in violation of 37 C.F.R. § 10.23(b)(5), (Count I); that the same conduct violated 37 C.F.R. § 10.23(b)(6), as conduct adversely reflecting on Respondent's fitness to practice law before the USPTO, (Count II); that Respondent's failure to remove the offending

³Publication Number 2003/0096899.

⁴USPTO relates that the '127, '128 and '136 applications were published on November 18, 2004, the '396 application was published on January 27, 2005, and the '101 application published on June 13, 2006. See Complaint at ¶¶ 28, 29, 30.

remarks, though representing that he would take such action, constituted conduct involving dishonesty, fraud, deceit or misrepresentation, in violation of 37 C.F.R. § 10.23(b)(4) (Count III); that by failing to remove the offending statements from the USPTO filings Respondent violated 37 C.F.R. § 10.23(b)(5) (Count IV), as such was conduct prejudicial to the administration of justice; and by failing to remove those same comments, that failure also violated 37 C.F.R. § 10.23(b)(6), (Count V), as conduct adversely reflecting on Respondent's fitness to practice law before the USPTO. For these 5 (five) Counts, the OED Director requests an Order "reprimanding Respondent, placing him on probation, and/or suspending him from practice before the USPTO in trademark and all other non-patent cases or matters."⁵ Complaint at 10-11.

On January 12, 2009, an Order of Designation was issued, designating the undersigned as the presiding administrative law judge in this proceeding. Respondent was sent a copy of the Order of Designation, via regular mail, at two separate addresses; 2053 Pinetree Village, Brighton, UT 84121 and P.O. Box 71550, Salt Lake City, UT 84171-0550. The OED Director's Motion for Default Judgment and Imposition of Discipline was mailed to the Respondent on February 19, 2009, via certified mail to the Respondent's Pinetree Village address and via regular mail to the Salt Lake City Post Office box address. The Motion notes that Respondent was required to file an Answer within 30 days of the date of the Complaint and that, per Exhibit 1, as attached to the Motion, the Respondent received the certified mail of the Complaint on January 13, 2009, but that Respondent has never filed an Answer to the Complaint. Motion at 2.

In its argument in support of its Motion for Default Judgment, Initial Decision, and Imposition of Discipline, OED correctly notes that by Respondent's failure to file an answer to the complaint, he is deemed to have admitted the allegations in that Complaint and that a decision by default judgment may be entered against him. 37 C.F.R. § 11.36. Having complied with the USPTO procedural rules regarding professional responsibility and discipline, 37 C.F.R. § 11.32 *et seq.*, and further finding that the Respondent did not file any response to Motion, the Court finds that the allegations in the Complaint are deemed admitted and that a default judgment be entered. Accordingly, per the Complaint and the Motion, the Court finds that the Respondent engaged in: conduct involving dishonesty, fraud, deceit, or misrepresentation; conduct that is prejudicial to the administration of justice; and conduct that adversely reflects on fitness to practice before the USPTO.

There remains the issue of an appropriate sanction for the "derogatory and scandalous statements in the patent applications, the failure to take appropriate steps to remove those statements, and the misrepresentation that those steps would be taken, all as set forth above. 37 C.F.R. §11.54 (b) lists four factors to be considered in determining the sanction imposed:

⁵The Complaint omits a request that Respondent be suspended from *patent* matters before the USPTO, but this is merely a clerical omission, as the context of the Complaint makes clear. Further, the Motion for Default includes suspension from patent matters along with trademark, and other non-patent law before the USPTO.

whether the practitioner violated a duty owed to the client, to the public, to the legal system or to the profession; whether the practitioner acted intentionally, knowingly or negligently regarding the offending conduct; the amount of actual or potential injury caused by the misconduct; and the existence of any aggravating or mitigating factors. The OED Director's Motion applies each of these factors to the now admitted facts, the essence of which have been related in this Order and Initial Decision. As noted in the Motion, the offending statements "attack Mr. Chen's credibility and integrity by suggesting Mr. Chen purposefully omitted important data [and] statements that Mr. Chen's patent appears to have been 'anticipated' by other prior art patents [operated to] question[] the validity of the patent issued to Mr. Chen by USPTO." Motion at 5. The cases cited by USPTO support the proposition that attorneys who place objectionable information in court filings engage in misconduct, and that such conduct may be sanctioned. Regarding the factor of acting intentionally, the OED Director notes that the conduct was intentional, that the Respondent had an opportunity to rectify the offending remarks and that he failed to do so, despite advising the USPTO that such action would be taken. Given the intentional nature of the violations, the Court agrees with the OED Director that a period of suspension, not simply a public reprimand, is in order. As to the third factor, the Director notes, accurately, that the offending comments constituting the basis for the violations, not having been rectified, are both actual and continuing. The last factor, any mitigation, is also addressed by the Director, who notes that it did not uncover any other applications containing offending remarks regarding Mr. Chen.

The Court believes that the OED Director has fairly evaluated the four factors to be considered in any sanction and it adopts that analysis. Accordingly, it concurs with the request that, having found the Respondent to be in default, **a suspension for three months** from the practice of patent, trademark, and other non-patent law before the USPTO, commencing thirty (30) days from the date of this Initial Decision is appropriate and further **the Court directs the Respondent to take all necessary actions to remove the offending statements from the public records**, as set forth earlier in this Initial Decision. Importantly, the OED Director observes that the 30 day interval before the suspension begins serves an important purpose. This is because the Respondent must act to take the remedial actions to remove all the offending statements from the public record. A failure by the Respondent to take those steps would be significant as it would raise an issue of the Respondent's fitness for the resumption of practice before the USPTO. Accordingly, a failure by the Respondent to take the corrective steps would work against the Respondent in any reinstatement petition he may subsequently file.

So Ordered.



William B. Moran
United States Administrative Law Judge

Dated: March 30, 2009
Washington, D.C.