

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

In the Matter of

Sung I. Oh,

Respondent

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Proceeding No. 2010-19

FINAL ORDER

Harry I. Moatz, Director of Enrollment and Discipline (OED Director), and Sung I. Oh (Respondent) have submitted a proposed settlement agreement in this 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 their proposed settlement agreement resolves any and all disciplinary action by the United States Patent and Trademark Office ("USPTO") arising from the allegations set forth in the Complaint.

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

Jurisdiction

Respondent of West Covina, California, is an attorney registered to practice patent law before the Office (Registration Number 45,583) and is subject to the USPTO Disciplinary Rules set forth at 37 C.F.R. § 10.20 *et seq.* The USPTO Director has jurisdiction over this matter pursuant to 35 U.S.C. §§ 2(b)(2)(D) and 32, and 37 CFR §§ 11.20 and 11.26.

Stipulated Facts

Background

1. Respondent of West Covina, California, is an attorney registered to practice patent law before the Office (Registration Number 45,583) and is subject to the USPTO Disciplinary Rules set forth at 37 C.F.R. § 10.20 *et seq.*

Civil Action Against XXX for Fraudulent Invention Promotion Business

2. In 1997, the U.S. Federal Trade Commission ("FTC") charged XXX and others with fraudulent business practices in connection with their invention promotion business. *See FTC v. International Product Design* (Case Docket No. 1:97-cv-01114) (E.D. Va. 1997).

3. The civil action culminated in a November 18, 1998, stipulated order that prohibited Mr. XXX and others from falsely representing: (1) the likelihood that their invention promotion services will result in financial gain, (2) their past success in assisting customers to

market their inventions, (3) they assess the market potential, patentability, technical feasibility, or merit of customers' ideas, (4) they make money from royalties generated by customers' inventions, and (5) any fact material to a consumer's decision to purchase invention promotion services. The stipulated order also required Mr. XXX and others to inform consumers, in their initial contact, that they will receive two copies of a separate "Affirmative Disclosure" document. The disclosure, which is to be included in the first written material that consumers receive, must identify, for the preceding three years, the number of contracts the company has signed for invention promotion services, the number of consumers who have signed licensing agreements as a result of the company's services, and the number of consumers who received more money than they paid for the services. The stipulated order also required Mr. XXX and others to obtain a signed copy of the Affirmative Disclosure from consumers before offering, contracting for, or rendering services.

4. On January 8, 2007, the FTC initiated contempt proceedings against Mr. XXX and eight corporate entities under his control, including the Patent & Trademark Institute of America and International Patent Advisors, Inc. (collectively referred to as "PTI"), for allegedly operating a fraudulent invention promotion business in violation of the 1998 court order.

5. The FTC alleged that PTI's business practices violated the court order, which prohibited the defendants from falsely promising to evaluate invention ideas and falsely claiming that consumers would profit financially if they purchased PTI's invention promotion services. The FTC also alleged that PTI never sent consumers the "Affirmative Disclosure" form required by the order in so far as it should have disclosed PTI's non-existent track record in bringing inventions to market.

PTI's Deceptive Business Operation

6. On January 10, 2007, the U.S. District Court for the Eastern District of Virginia issued an order placing PTI in court receivership pending the outcome of the contempt litigation.

7. A March 8, 2007, report prepared by the court-appointed receiver ("Report") summarized PTI's deceptive business operation as follows:

Initial Solicitation

a. Consumers learned about PTI through television commercials, web-based advertisements, radio advertisements, and/or from PTI's internet website. PTI solicited consumers to complete and submit a free "Confidential Disclosure Document" for the purpose of determining whether the consumer's invention could be patented.

b. PTI employees who were not engineers or people with any education or specialized training in the area of patents conducted the reviews.

c. Eighty-two percent (82%) of the submissions reviewed indicated that the invention could be patented.

Phase One: Sale of Preliminary Evaluation Report

d. PTI used independent contractors to contact the inventors of the 82% of the inventions determined by PTI to be patentable. The contractors solicited the inventor to purchase a report of the invention's purported patentability and commercial viability. PTI paid the contractors on a commission basis.

e. PTI charged the inventor a fee of \$895 to \$1,295 for the patentability and commercial viability analysis. PTI's evaluations were almost always positive and were not meaningful.

Phase Two: Filing of Patent Application

f. After PTI sent out the preliminary evaluation report, the independent contractors again contacted the inventor. This time they solicited the sale of a plan for patent protection and/or other intellectual property law protection. The contractors solicited the inventor to purchase one, some, or all of the following six plans at the indicated prices:

- Plan 1 – Full Patent Application (design or utility) - \$9,995.
- Plan 2 – Provisional Patent Application - \$4,995.
- Plan 3 – Trademark Application - \$1,695.
- Plan 4 – Copyright Application - \$1,195
- Plan 5 – EU Community Design Patent Application - \$14,995.
- Plan 6 – China Patent Application - \$18,995.

g. PTI referred inventors to a small number of patent attorneys to perform the patent legal services. Those attorneys entered into agreements with PTI to charge fixed fees set by PTI for their services.

h. According to PTI's contract with an inventor, the inventor was required to use a PTI-referred attorney. If the inventor was unhappy with the attorney, the inventor's only option was to select another PTI-referred attorney.

Phase Three: Licensing

i. As part of Phase Two, the sales consultant alerted the inventor to Phase Three: licensing the invention to a manufacturer. In Phase Three, PTI allegedly educated the inventors on how to obtain licenses for their inventions. The inventors were told that PTI would help them earn substantial royalties from their inventions.

j. There is no evidence that PTI ever helped inventors license their inventions or that any of the inventors ever earned royalties from their inventions.

8. According to the Report, PTI took approximately \$61 million from more than 17,000 consumers since 2000 but could not identify a single successful consumer.

Respondent's Business Relationship with PTI

9. In 1999, Respondent began using Mr. G., a registered patent attorney, to provide patentability search services for Respondent's clients. Respondent developed a good working relationship over the years with Mr. G. from using Mr. G.'s services.

10. In or about February of 2005, Mr. G. contacted Respondent to learn whether Respondent was interested in having cases referred to him under a flat fee arrangement from a company called PTI, and if so, Mr. G. would make the arrangement to have the president of PTI, Mr. XXX, call Respondent.

11. Respondent represents that the first time that he heard of PTI and/or Mr. XXX is when Mr. G. contacted Respondent in February of 2005.

12. In or about March of 2005, Mr. XXX contacted Respondent. They subsequently entered into an agreement wherein PTI referred inventors to Respondent for Respondent to prepare, file, and prosecute patent applications in the USPTO on behalf of the referred inventors.

13. Pursuant to their agreement, Respondent received hundreds of referrals from PTI between May of 2005 and January of 2007.

14. Respondent did not disclose to the PTI-referred clients the specific amount of money he received from PTI for performing patent legal services on his behalf. Respondent also did not obtain the consent of the PTI-referred clients after full disclosure to accept compensation from PTI for the patent legal services Respondent performed for them, nor did he disclose to them the potential conflict of interests in representing them before the Office in light of Respondent's business relationship with PTI.

15. Respondent represents that he first learned of PTI's allegedly deceptive business practices and PTI's violation of the court order when the court placed PTI into receivership in January of 2007.

Respondent's Representation of Mr. V.

16. In 2005, Mr. V. entered into a contract with PTI selecting Plan 1 (full patent protection) and Plan 3 (trademark protection).

17. Mr. V. paid PTI \$9,975 for Plan 1 and \$1,995 for Plan 3.

18. PTI allegedly placed a portion of the \$9,975 funds paid by Mr. V. into an account to pay for patent law services and sent Mr. V.'s patent application materials to Respondent.

19. PTI hired and paid Respondent to prepare a patentability study for Mr. V.

20. Respondent did not obtain Mr. V.'s consent after full disclosure of Respondent's business relationship with PTI to prepare a patentability study.

21. Respondent prepared a patentability study for Mr. V. recommending that Mr. V. pursue a design application, not a utility application, on his invention.

22. Mr. V. agreed to permit Respondent to represent his interests before the Office in preparing and filing a design application. In response, Respondent informed Mr. V. by letter that Respondent was his patent attorney.

23. Respondent's letter to Mr. V. also explained that the escrow account that PTI had allegedly established on behalf of Mr. V. was "specifically designed to ensure my freedom to represent you to the best of my ability." Respondent's letter further stated, "Nobody else, including the company asking me to conduct this patentability study for you, may interfere with the exercise of my independent professional judgment on your behalf."

24. Respondent did not obtain Mr. V.'s consent after full disclosure to represent him in preparing and filing a design application.

25. Respondent prepared and, on May 4, 2006, filed U.S. Application No. 29/XXX,XXX in the Office on behalf of Mr. V.

26. In July 2007, Mr. V. instructed Respondent to return his patent file to him due to the circumstances with PTI and FTC, and Respondent did so.

27. Respondent represents that, in August 2007, he filed a request to withdraw as Mr. V.'s attorney to the United States Patent and Trademark Office, yet Respondent received a notice of allowance for Mr. V.'s design patent.

28. Respondent represents that, in September 2007, he forwarded the notice of allowance of his design patent application and advised Mr. V. that an issue fee would need to be paid and amended drawings and a substitute declaration would need to be filed within seven weeks.

29. PTI, which was in receivership at the time, could not provide Respondent the necessary funds to pay the issue fee.

30. Respondent offered to file the necessary papers to respond to the notice of allowance if Mr. V. paid Respondent \$400 for the issue fee and \$100 for Respondent's patent legal services.

31. Mr. V. declined Respondent's offer, and Mr. V.'s design patent application became abandoned when the issue fee was not timely paid.

Respondent's Representation of Ms. J.

32. In 2005, Ms. J. entered into a contract with PTI selecting Plan 1 (full patent protection) and Plan 3 (trademark protection). Ms. J. paid PTI \$11,970.

33. PTI allegedly placed a portion of the \$11,970 paid by Ms. J. into an account to pay for patent law services and sent Ms. J.'s patent application materials to Respondent.

34. Respondent issued a patentability opinion to Ms. J. advising her to consider filing a provisional patent application for her invention because “the disclosure of your invention may not provide enough details to distinguish it from the prior art.” Respondent alternatively recommended that Ms. J. file a design application.

35. In response, Ms. J. questioned Respondent about the difference between a provisional application and a design application, and Respondent represents that he explained the difference between the two applications and recommended that Ms. J. file a design application.

36. Ms. J. agreed to the filing of a design application.

37. In March 2006, Respondent prepared and filed a U.S. Patent Application 29/XXX,XXX on behalf of Ms. J.

38. Respondent did not obtain Ms. J.’s consent after full disclosure of Respondent’s business relationship with PTI to represent Ms. J. in preparing and filing the design application.

39. Ms. J. subsequently complained to the OED Director that Respondent did not adequately explain the differences between the protections afforded by a utility patent versus a design patent and felt that she had been overcharged for a design patent.

PTI’s Receivership

40. The court placed PTI into receivership in January of 2007.

41. Respondent represents that, when the court placed PTI into receivership, PTI owed Respondent approximately \$50,000 in attorney’s fees.

42. Respondent represents that the court-appointed Receiver informed Respondent that USPTO issue fees due after May 31, 2007, or any other fees would not be paid by the Receiver. In response, Respondent wrote to his PTI-referred clients stating that Respondent intended to withdraw his representation if his fees for patent legal services or USPTO fees, which PTI had also promised to pay, were not paid by the client or the Receiver.

43. After the court placed PTI into receivership, the patent applications of at least thirty PTI-referred clients who Respondent had agreed to represent were abandoned because Respondent did not receive payment for the patent legal services he had rendered or for the patent legal services he otherwise had intended to provide. For example Client B. received a letter from Respondent indicating that Respondent would no longer work on Client B.’s design application until Respondent’s \$955 flat fee was paid. Thereafter, when Respondent did not receive payment, Client B.’s design patent application became abandoned in October 2007 because no response to an Office Action was made.

44. Respondent represents that a few months before PTI was placed in receivership, PTI had paid Respondent in advance to file design patent applications for some referred clients including Ms. K., Ms. S., Mr. F., and Mr. D. PTI paid Respondent \$955 for each design application. Respondent represents that the design applications were drafted, but after PTI entered receivership and the Receiver refused to pay for the past due fees and any other fees,

Respondent neither filed the design applications nor returned the unearned portion of his fee, if any, to those clients.

45. Respondent represents that a few months before PTI was placed in receivership, PTI had also paid Respondent in advance to file utility patent applications for some referred clients including Mr. F., Mr. V., Mr. Ph., Mr. C., and Ms. A. PTI paid Respondent \$1,680 for each design application. Respondent represents that the utility applications were drafted, but after PTI entered receivership and the Receiver refused to pay for the past due fees and any other fees, Respondent neither filed the utility applications nor returned the unearned portion of his fee, if any, to those clients.

Legal Conclusion

46. Based on the information contained in the Stipulated Facts, Respondent acknowledges that his conduct violated:

- a. 37 C.F.R. § 10.62(a) by accepting employment from PTI without the consent of the PTI-referred client after full disclosure where the exercise of Respondent's independent professional judgment on behalf of the referred client will be or reasonably may be affected by the practitioner's own financial, business, property, or personal interests given Respondent's business relationship with PTI;
- b. 37 C.F.R. §§ 10.66(a) and 10.66(b) by not declining employment from PTI and representing multiple clients where the exercise of Respondent's independent professional judgment on behalf of a client will be or is likely to be adversely affected by the acceptance of the proffered employment or if it would be likely to involve Respondent in representing differing interests and where it is obvious that Respondent cannot adequately represent the interest of each, without first obtaining the consent of each client to the representation after full disclosure of the possible effect of such representation on the exercise of Respondent's independent professional judgment on behalf of each;
- c. 37 C.F.R. § 10.68(a)(1) by accepting compensation from PTI for Respondent's legal services to the PTI-referred client without the consent of the PTI-referred client after full disclosure; and
- d. 37 C.F.R. § 10.112(c)(4) for not promptly paying to the PTI-referred clients that portion of advance fees for patent legal services not yet completed by Respondent and to which the PTI-referred clients were entitled to receive.

Sanctions

47. Respondent agreed, and it is ORDERED that:

- a. Respondent be, and hereby is, suspended for a period of sixty (60) months from the practice of patent, trademark, and non-patent law before the USPTO commencing on the date the Final Order;
- b. Respondent be, and hereby is, granted limited recognition to practice before the Office, beginning on the date the Final Order is signed and expiring ninety (90) days after the date the Final Order is signed, for the sole purpose of facilitating Respondent's compliance with the provisions of 37 C.F.R. § 11.58(b), including responding only to outstanding office actions Respondent received on or before the date the Final Order is signed (e.g., paying issue fees, filing petitions for revival);
- c. Respondent shall comply with 37 C.F.R. § 11.58;
- d. Within ninety (90) days from the date the Final Order is signed, Respondent shall contact the law firms holding USPTO Customer Number 1346, USPTO Customer Number 26114, and USPTO Customer Number 37305 and request in writing that each law firm take steps to remove Respondent's name from its USPTO Customer Number;
- e. Within one hundred and twenty days (120) from the date the Final Order is signed, Respondent shall provide the OED Director with an affidavit and corroborating documents (e.g., the written requests) establishing that Respondent contacted the law firms holding USPTO Customer Number 1346, USPTO Customer Number 26114, and USPTO Customer Number 37305 and requested in writing that each law firm take steps to remove Respondent's name from its USPTO Customer Number;
- f. The USPTO shall promptly dissociate Respondent's name from Customer Number 52,123 and the public key infrastructure ("PKI") certificate associated with Customer Number 52,123;
- g. Respondent may apply for and obtain a USPTO Customer Number in his own name provided that the USPTO Customer Number is intended to be used, and in fact is used, for the sole purpose of Respondent representing himself as the sole inventor identified in patent applications filed in the USPTO;
- h. Respondent may not obtain a USPTO customer number or a PKI certificate for the purpose of representing others before the Office, unless and until he is reinstated to practice before the USPTO;
- i. At any time after eighteen (18) months from the date the Final Order is signed, Respondent may file a petition for reinstatement under

37 C.F.R. § 11.60 requesting reinstatement effective prior to the expiration of the 60-month period of suspension set forth in subparagraph a., above;

- j. Respondent shall remain suspended from the practice of patent, trademark, and non-patent law before the USPTO until the OED Director grants a petition requesting Respondent's reinstatement based upon Respondent showing proof to the satisfaction of the OED Director, as required under 37 C.F.R. § 11.60(c), that: (1) Respondent has the good moral character and reputation, competency, and learning in law required under 37 C.F.R. § 11.7 for admission, (2) the resumption of Respondent's practice before the Office will not be detrimental to the administration of justice or subversive to the public interest; (3) Respondent has complied with the provisions of the Final Order for the full period of suspension; and (4) Respondent has complied with the provisions of 37 C.F.R. § 11.58 for the full period of suspension;
- k. The OED Director shall stay any remaining period of suspension if the OED Director grants a petition requesting Respondent's immediate reinstatement and reinstates Respondent;
- l. (1) "Remaining period of suspension" means Respondent's initial sixty (60) month suspension minus the period of time from the date the Final Order is signed until Respondent is reinstated;

and

(2) In the event that Respondent is not reinstated after sixty (60) months from the date the Final Order is signed, there is no "remaining period of suspension";

- m. (1) If the OED Director is of the opinion that Respondent, during the 60-month period commencing on the date the Final Order is signed, failed to comply with any provision of the Final Order or any Disciplinary Rule of the USPTO Code of Professional Responsibility, the OED Director shall:

(A) (i) if Respondent has not yet been reinstated: issue to Respondent an Order to Show Cause why the USPTO Director or his designee should not enter an order amending the Final Order such that Respondent is no longer eligible to file a request for reinstatement after 18 months from the date the Final Order is signed but must wait 60 months from the date the Final Order is signed to file a request for reinstatement, or

(ii) if Respondent has been reinstated and the OED Director has stayed the remaining period of suspension: issue to Respondent an Order to Show Cause why the USPTO Director or his designee should not enter an order lifting the stay of all or part of the remaining period of suspension and immediately suspend Respondent for all or part of the remaining period of suspension;

(B) 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

(C) grant Respondent fifteen (15) days to respond to the Order to Show Cause;

and

(2) 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 60-month period commencing on the date the Final Order is signed, failed to comply with any provision of the Final Order or any Disciplinary Rule of the USPTO Code of Professional Responsibility, the OED Director shall:

(A) Deliver to the USPTO Director or his designee: (i) the Order to Show Cause, (ii) Respondent's response to the Order to Show Cause, if any, and (iii) evidence causing the OED Director to be of the opinion that Respondent, within 60 months from the date the Final Order is signed, failed to comply with any provision of the Final Order or any Disciplinary Rule of the USPTO Code of Professional Responsibility, and

(B) (i) If Respondent has not been reinstated: request that the USPTO Director or his designee enter an order amending the Final Order such that Respondent is no longer eligible to file a request for reinstatement at any time after 18 months from the date the Final Order and prior to the expiration of the 60-month period of suspension set forth in subparagraph a., above, but must wait 60 months from the date the Final Order is signed to file a request for reinstatement, or

(ii) If Respondent has been reinstated and the OED Director has stayed the remaining period of suspension: request that the USPTO

Director or his designee enter an order lifting the stay of all or part of the remaining period of suspension and immediately suspend Respondent for all or part of the remaining period of suspension;

- n. If Respondent is suspended pursuant to the provisions of subparagraph m, above:

(1) Respondent shall comply with 37 C.F.R. § 11.58;

(2) the OED Director shall disseminate information in accordance with 37 C.F.R. § 11.59;

(3) the USPTO shall promptly dissociate Respondent's name from all USPTO Customer Numbers and PKI certificates;

(4) Respondent shall be permitted to obtain a USPTO customer number and/or PKI certificate only for the limited purpose of Respondent representing himself as the sole inventor in patent applications filed in the USPTO;

and

(5) Respondent may not obtain a USPTO customer number and/or a PKI certificate for the purpose of representing others before the Office, unless and until he is reinstated to practice before the USPTO;

- o. In the event that the USPTO Director or his designee enters an order
- (a) amending the Final Order such that Respondent must wait until the expiration of up to the entire period of suspension to seek reinstatement or
 - (b) lifting the stay of all or part of the remaining period of suspension and immediately suspending Respondent for all or part of the remaining period of suspension, and Respondent seeks a review of the USPTO Director's action, any such review shall not operate to postpone or otherwise hold in abeyance the Director's order;
- p. The OED Director shall publish the Final Order at the Office of Enrollment and Discipline's Reading Room electronically located at: <http://des.uspto.gov/Foia/OEDReadingRoom.jsp> except that the application numbers and the names of persons other than Respondent be redacted;
- q. The OED Director shall publish the following Notice of Suspension in the *Official Gazette*:

Notice of Suspension

Sung I. Oh of West Covina, California, registered patent attorney (Registration No. 45,583). Mr. Oh has been suspended for sixty (60) months by the United States Patent and Trademark Office ("USPTO" or "Office") for violating 37 C.F.R. §10.62(a), 10.66(a), 10.66(b), 10.68(a)(1), and 10.112(c)(4). Under the terms of the settlement agreement, Mr. Oh is eligible to request reinstatement after serving eighteen (18) months of his 60-month suspension subject to certain conditions and, if reinstated, Mr. Oh will be permitted to practice before the Office unless the stay of any remaining portion of his suspension is subsequently lifted.

Mr. Oh represented clients referred to him from the Patent and Trademark Institute of America ("PTI"), a defunct invention development and promotion company. Prior to representing the PTI-referred clients, Mr. Oh did not obtain the requisite consent after full disclosure from the referred clients to represent their interests in light of his business ties to PTI and other potential conflicts of interests. Nor did Mr. Oh obtain the requisite consent after full disclosure to accept compensation from one other than the referred client, i.e., the invention development and promotion company. Mr. Oh also did not promptly pay to the PTI-referred clients that portion of advance fees for patent legal services not yet completed and to which the PTI-referred clients were entitled to receive.

This action is taken pursuant to a settlement agreement between Mr. Oh and the USPTO pursuant to the provisions of 35 U.S.C. §§ 2(b)(2)(D) and 32, and 37 C.F.R. §§ 11.26 and 11.59. Disciplinary decisions regarding practitioners are posted at the Office of Enrollment and Discipline's Reading Room electronically located at:
<http://des.uspto.gov/Foia/OEDReadingRoom.jsp>.

- r. pursuant to 37 C.F.R. § 11.59, the OED Director shall give notice of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in the state(s) where Respondent is admitted to practice, to courts where Respondent is known to be admitted, and to the public;
- s. nothing in the Proposed Settlement Agreement or the 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 misconduct upon which an Order to Show Cause is issued by the OED Director under subparagraph m., above;

- t. the record of this disciplinary proceeding, including the 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; and
- u. the OED Director and Respondent bear their own costs incurred to date and in carrying out the terms of this agreement.

JAN 18 2011

Date



WILLIAM R. COVEY
Deputy General Counsel for General Law
United States Patent and Trademark Office

on behalf of

David M. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office