

UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE DIRECTOR OF THE UNITED STATES PATENT AND
TRADEMARK OFFICE

In the Matter of:

Glen A. Cipriani,

Respondent

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Proceeding No. D2012-20

FINAL ORDER UNDER 37 C.F.R. § 11.24

Pursuant to 37 C.F.R. §§ 11.19 and 11.24(d), the Director of the United States Patent and Trademark Office (“USPTO” or “Office”) hereby orders the censure of Glen A. Cipriani (“Respondent”) for violation of 37 C.F.R. § 10.23(b)(6).

I. BACKGROUND AND PROCEDURAL HISTORY

At all times relevant to this matter, Respondent has been a registered patent attorney (Registration Number 60,503). *See* Complaint for Reciprocal Discipline Under 37 C.F.R § 11.24 at 2.

On January 27, 2009, Gregory J. Murphy, a member of Moore & Van Allen, LLC, sent a letter to the Grievance Committee of the North Carolina State Bar. *See* Exhibit 1 to Respondent’s November 26, 2012 Response to the USPTO Notice and Order (hereinafter “Response”). In his letter, Mr. Murphy alleged that a former associate, Respondent, along with another individual, filed in their own names a false marking *qui tam* claim, pursuant to 35 U.S.C. § 292¹, against two companies (Stringliner and Home Depot). Mr. Murphy alleged that

¹ 37 U.S.C. §292 provides a civil penalty for falsely marking goods as being covered by a patent and imposes a fine of no more than \$500 for “every such offense.” At the time of filing this *qui tam* claim, § 292(b) allowed “any person” to sue for the penalty, “in which event one half shall go to the person suing and the other to the use of the United States.” This provision for private recovery was later removed by the America Invents Act, Pub. L. 112-29, 125 Stat. 284 (Sept. 16, 2011).

Respondent used confidential client information he learned while previously employed with Moore & Van Allen. *See* Exhibit 1 to Response. Respondent and the other individual stood to profit from the *qui tam* case if it were successful. While employed at Moore & Van Allen, Respondent researched a similar potential false marking claim against Stringliner, on behalf a client, Lowe's Home Centers ("Lowe's"). *See* Exhibits 1, 9-10 to Response. In his letter, Mr. Murphy set forth the basis for his beliefs that Respondent misused confidential client information gained as a result of his attorney-client relationship with Lowe's, and that the *qui tam* action was filed without Lowe's' consent and to Lowe's disadvantage. *See* Exhibit 1 to Response, p. 2.

A grievance was brought and, ultimately, a disciplinary hearing was conducted before a hearing panel of the Disciplinary Hearing Commission of the North Carolina State Bar ("DHC") on August 13, 2010. *See North Carolina State Bar v. Glen A. Cipriani*, (10 DHC 17), Findings of Fact, Conclusions of Law and Order of Discipline ("Order of Discipline"), at 1. On September 27, 2010, the DHC issued its Order of Discipline censuring Respondent for using confidential information he acquired while representing Lowe's for his own benefit and to Lowe's disadvantage, in violation of Rule 1.9(c)(1) of the North Carolina Rules of Professional Conduct.² *See id.* at pp. 4, 6. In support of this conclusion, the DHC found, *inter alia*, that: (1) "but for the benefit of the information Cipriani acquired during his work on the defense of the patent infringement suit for Lowe's, he would not have known about the Stringliner products, the possibility that they were falsely marked, and that there was a potential cause of action under 35 U.S.C. § 292 against

² Rule 1.9 concerns Duties to Former Clients. Part (c) states, "[a] lawyer who has formerly represented a client in a matter or whose present or former firm has formerly represented a client in a matter shall not thereafter: (1) use information relating to the representation to the disadvantage of the former client except as these Rules would permit or require with respect to a client, or when the information has become generally known; or (2) reveal information relating to the representation except as these Rules would permit or require with respect to a client."

Stringliner;” (2) “Cipriani’s use of the information to bring his own personal suit under 35 U.S.C. § 292 was done without the consent of Lowe’s and to Lowe’s disadvantage”; and (3) “the information Cipriani acquired while working on Lowe’s behalf and later used to provide the basis of his own personal lawsuit was not information that was generally known.” Order of Discipline, at 3-4. On October 8, 2010, Respondent filed an appeal from the Order of Discipline with the North Carolina Court of Appeals. On November 24, 2010, Respondent withdrew that appeal.

On October 2, 2012, the Director of the Office and Enrollment and Discipline at the USPTO (“OED Director”) served a Complaint for Reciprocal Discipline Under 37 C.F.R. § 11.24 (“OED Complaint”) on Respondent. The OED Director requested that the USPTO Director impose reciprocal discipline on Respondent for violating 37 C.F.R. § 10.23(b)(6)³ when he was reprimanded on ethical grounds by a duly constituted authority of a State. *See* OED Complaint at 3.

On October 19, 2012, the Deputy General Counsel for General Law, on behalf of the USPTO Director, issued an Order giving Respondent 40 days to file a response “containing all information that Respondent believes clearly and convincingly establishes a genuine issue of material fact that the imposition of discipline identical to that imposed by the North Carolina State Bar would be unwarranted based upon” any of the grounds permissible under 37 C.F.R. § 11.24(d)(1). *See* Notice and Order Pursuant to 37 C.F.R. § 11.24 at 2.

On November 26, 2012, Respondent filed a Response to the Notice and Order. Respondent asserts that the Office cannot subject him to reciprocal discipline because he

³ Section 10.23(b)(6) provides that, “[a] practitioner shall not . . . [e]ngage in any conduct that adversely reflects on the practitioner’s fitness to practice before the office.”

meets two of the criteria set forth in 37 C.F.R. § 11.24(d)(1) for preventing the imposition of reciprocal discipline. Specifically, Respondent argues that: (1) the procedure used by the State of North Carolina was so lacking in notice or opportunity to be heard as to constitute a deprivation of due process; and (2) there was such infirmity of proof establishing the conduct as to give rise to the clear conviction that the Office could not, consistent with its duty, accept as final the conclusion on that subject. Response, pp. 2, 9, 11-12. *See also* 37 C.F.R. § 11.24(d)(1). Additionally, Respondent alleges a lack of jurisdiction for the state disciplinary proceeding. Response, p. 18.

II. LEGAL STANDARD

Under 37 C.F.R. § 11.24(d), the USPTO, in accordance with *Selling v. Radford*, 243 U.S. 46 (1917), has codified standards for imposing reciprocal discipline based on a state's disciplinary adjudication. Under *Selling*, state disbarment creates a federal-level presumption that imposition of reciprocal discipline is proper, unless an independent review of the record reveals: (1) a want of due process; (2) an infirmity of proof of the misconduct; or (3) that grave injustice would result from the imposition of reciprocal discipline. Federal courts have generally "concluded that in reciprocal discipline cases, it is the respondent attorney's burden to demonstrate, by clear and convincing evidence, that one of the *Selling* elements precludes reciprocal discipline." *In re Kramer*, 282 F.3d 721, 724 (9th Cir. 2002); *In re Friedman*, 51 F.3d 20, 22 (2d Cir. 1995). "This standard is narrow, for '[a Federal court, or here the USPTO Director is] not sitting as a court of review to discover error in the [hearing judge's] or the [state] courts' proceedings.'" *In re Zdravkovich*, 634 F.3d 574, 578 (D.C. Cir. 2011) (quoting *In re Sibley*, 564 F.3d 1335, 1341 (D.C. Cir. 2009)).

The USPTO's regulation governing reciprocal discipline, 37 C.F.R. § 11.24(d)(1),

mirrors the standard set forth in *Selling*:

“[T]he USPTO Director shall consider any timely filed response and shall impose the identical public censure, public reprimand, probation, disbarment, suspension, or disciplinary disqualification unless the practitioner clearly and convincingly demonstrates, and the USPTO Director finds there is a genuine issue of material fact that:

- (i) The procedure elsewhere was so lacking in notice or opportunity to be heard as to constitute deprivation of due process;
- (ii) There was such infirmity of proof establishing the conduct as to give rise to the clear conviction that the Office could not, consistently with its duty, accept as final the conclusion on that subject;
- (iii) The imposition of the same public censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification by the Office would result in a grave injustice; or
- (iv) Any argument that the practitioner was not publicly censured, publicly reprimanded, placed on probation, disbarred, suspended or disciplinarily disqualified.”

To prevent the imposition of reciprocal discipline, Respondent is required to demonstrate that he meets one of these criteria by clear and convincing evidence. *See* 37 C.F.R.

§ 11.24(d)(1).

As discussed below, Respondent has not shown by clear and convincing evidence that he has met any of the factors set forth in 37 C.F.R. § 11.24(d)(1).

III. ANALYSIS

1. Jurisdiction.

Respondent argues that the DHC lacked jurisdiction over his disciplinary case because the case was a matter of “exclusive federal jurisdiction.” *See* Response, p. 18. Though Respondent does not relate his jurisdictional claim to one of the four criteria listed in § 11.24(d)(1), the Office interprets and addresses this argument as an allegation that “the imposition of the same public censure . . . by the Office would result in a grave injustice” under 37 C.F.R. § 11.24(d)(1)(iii). However, Respondent’s state disciplinary case was not preempted by “exclusive federal jurisdiction” and so Respondent’s argument is without

merit.

The state disciplinary proceedings arose under state law, not federal patent law. An action arises under patent law when “federal patent law creates the cause of action” or when a plaintiff’s “right to relief necessarily depends on resolution of a substantial question of federal patent law.” *See Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 808-09, 108 S.Ct. 2166 (1988). Here, Respondent’s misconduct for use of confidential client information and the resulting disciplinary proceedings were not a function of patent law. Rather, they stemmed from a breach of his duty regarding confidential client communications under state law. *See* N.C. Gen. Stat. 84-28(b) (“The following acts or omissions by a member of the North Carolina bar . . . shall constitute misconduct and shall be grounds for discipline . . . (2) The violation of the Rules of Professional Conduct”). *See also* Order of Discipline, p. 4; Exhibit 2 to Response (“Substance of the Grievance.”). Respondent recognized in his Motion to Dismiss filed with the DHC that, “[i]n the present case before the Commission, the cause of action is created by state law. . . .” *See* Exhibit 12 to Response, p. 4.

Respondent’s allegation of “exclusive federal jurisdiction” is not supportable. It is long-settled that “the State maintains control over the practice of law within its borders except to the limited extent necessary for the accomplishment of federal objectives.” *Sperry v. State of Fla.*, 373 U.S. 379, 402 (1963). This is so even when attorney discipline is predicated on actions taken while working on a patent case or claim. *See Kroll v. Finnerty*, 242 F.3d 1359, 1365 (Fed. Cir. 2001).

In *Kroll*, the U.S. Court of Appeals for the Federal Circuit held that federal patent

law did not preempt a state disciplinary proceeding for failure of an attorney to promptly inform a client that the client's patent application was rejected by the USPTO. *See Kroll*, 242 F.3d at 1361. The attorney sought declaratory judgment in the U.S. District Court and asserted that the USPTO possessed exclusive authority to regulate the practice of patent law before it and, as a result, federal law preempted the authority of the state to discipline him for actions arising out of his patents prosecution practice. *Id.* at 1362. The Federal Circuit disagreed and concluded that the state action related to the ethical practice of law and not to patents. The federal statutes authorizing the USPTO to regulate the practice of patent law before it did not preempt state laws governing the practice of law in this case involving a failure to promptly inform a client of material developments. In reaching this conclusion, the Court stated that the "alleged misconduct . . . is not entitled to any special consideration just because a patent is involved." *Id.* at 1365.

Moreover, the USPTO's ethics regulations specifically disavow preemption of the authority of states to regulate the practice of law, with exceptions not relevant here.

"Nothing in the [USPTO's ethics regulation of practitioners] shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the Patent and Trademark Office to accomplish its Federal objectives." 37 C.F.R. § 10.1; *see also Kroll*, 242 F.3d at 1366.

While the Office does possess "exclusive authority to establish qualifications and procedures for admitting persons to practice before the USPTO, and to suspend or exclude those patent practitioners from practicing before the USPTO," *see Kroll*, 242 F.3d at 1364, here, the State of North Carolina took no action to suspend or expel Respondent from practice before the USPTO. Nor did it otherwise infringe on the USPTO's authority.

Though Respondent relies on *Sperry v. State of Fla.*, 373 U.S. 379 (1963), that case is inapposite to his claim. Under *Sperry*, a state may not enjoin a patent practitioner from preparing patent applications and other legal instruments to be filed before the USPTO since regulating admission and disciplinary issues before the USPTO lies within its exclusive jurisdiction. *See Sperry*, 373 U.S. at 385; *Kroll*, 242 F.3d at 1364. The Order of Discipline did not limit Respondent's ability to practice before the USPTO and it did not usurp the USPTO's authority.

In sum, the North Carolina disciplinary case for breach of client confidences was based on state law, not federal patent law. It did not depend on resolution of substantial questions of federal patent law. Respondent's allegation that the DHC lacked jurisdiction over his disciplinary grievance does not clearly and convincingly satisfy §11.24(d)(1)(iii) or any of the other factors set forth in 37 C.F.R. §11.24(d)(1). Accordingly the imposition of reciprocal discipline is appropriate.

2. Deprivation of Due Process.

Respondent argues that 37 C.F.R. § 11.24(d)(1)(i) should bar the imposition of reciprocal discipline because the procedure used by the State of North Carolina was so lacking in notice or opportunity to be heard as to constitute a deprivation of due process. This claim is rooted in two allegations. First, Respondent argues that "[t]he State Bar refused to answer the most basic discovery requests, and the Commission failed to compel production after an appropriate motion to compel." *See Response*, p. 2. Second, he argues that "the State Bar entered into evidence and was allowed to enter over objection, the entire videographed depositions of [two witnesses], without any regard to the rules of evidence." *See Response*, p. 9. Respondent's arguments fail, however, as he has not clearly and convincingly proved a claim under 37 C.F.R. §11.24(d)(1)(i).

“The fundamental requirement of due process is the opportunity to be heard at a meaningful time and in a meaningful manner.” *See In re The Matter of Alan Ira Karten*, 293 Fed.Appx. 734, 735 (11th Cir. 2008) (citing *Mathews v. Eldridge*, 424 U.S. 319, 333, 96 S.Ct. 893, 902, 47 L.Ed.2d 18 (1976) (internal quotation omitted)). In disciplinary proceedings, an attorney is entitled to due process, such as reasonable notice of the charges before the proceedings commence. *See In re Ruffalo*, 390 U.S. 544, 551, 88 S.Ct. 1222, 1226 (1968). Due process requirements are met where respondent “attended and participated actively in the various hearings, and was afforded an opportunity to present evidence, to testify, to cross-examine witnesses, and to present argument.” *In re Squire*, 617 F.3d 461, 467 (6th Cir. 2010) (citing *Ginger v. Circuit Court for Wayne County*, 372 F.2d 620, 621 (6th Cir. 1967)). *See also In re Zdravkovich*, 634 F.3d 574 (D.C. Cir. 2011) (stating that attorney could not satisfy claim of due process deprivation where he was given notice of the charges against him, was represented by counsel, and had hearing at which counsel had the opportunity to call and cross-examine witnesses, make arguments, and submit evidence). Due process requirements are also met where a respondent is given “an opportunity to respond to the allegations set forth in the complaint, testify at length in [his] own defense, present other witnesses and evidence to support [his] version of events . . . , [and is] able to make objections to the hearing panel’s findings and recommendations.” *In re Squire*, 617 F.3d at 467 (citing *In re Cook*, 551 F.3d 542, 550 (6th Cir. 2009)).

Respondent has not clearly and convincingly shown that he was denied due process. To the contrary, Respondent acknowledges that he received notice of all claims brought against him, participated in discovery, testified in his own defense, presented evidence, vigorously cross-examined witnesses, made objections, and filed various motions in support of his position. *See*

Exhibits to Response Nos. 2 (Substance of the Grievance), 3 (Interrogatories), 4 (Request for Documents), 5 (Request for Admissions), 6 (Motion to Compel), 9 (Deposition Transcript of Greg Murphy), 10 (Deposition transcript of J. Mark Wilson), 11 (Order of Discipline), and 12 (Motion to Dismiss). That Respondent is dissatisfied with this outcome of the full range of procedures afforded him is not a basis on which the Office will forego reciprocal discipline.

Respondent's allegations concerning discovery and evidentiary rulings do not amount to a deprivation of due process. Respondent had full notice and opportunity to be heard and to present his evidence before the DHC. Respondent concedes that video depositions may be used in lieu of live testimony where "the witness is more than 100 miles from the hearing," as was the case here. *See* Response, p. 10. He had the opportunity to, and in fact did, extensively cross-examine the witnesses during the depositions, thereby undermining any claim of due process deprivation associated with use of the videographed deposition at his disciplinary hearing. *See* Exhibits 9 and 10 to Response. Respondent admits he retained the right to separately subpoena witnesses for his disciplinary hearing, even though he declined to do so. Response, p. 10. Having failed to exercise that right, he cannot claim prejudice from it, let alone a deprivation of due process. *See In re Robert B. Surrick*, 338 F.3d 224, 235-236 (3d Cir.) (citing *U.S. v. Olano*, 507 U.S. 725, 731, 113 S.Ct. 1770 (1993) ("'[n]o procedural principle is more familiar . . . than that a constitutional right,' or a right of any other sort, 'may be forfeited in criminal as well as civil cases by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it.'"))

Finally, Respondent could have, but chose not to, press a due process challenge at the state appellate level. North Carolina General Statute 84-28(h) permits "an appeal of right by either party from any final order of the Disciplinary Hearing Commission to the North Carolina

Court of Appeals.” Respondent initially filed an appeal from the Order of Discipline on October 8, 2010, but withdrew his appeal on November 24, 2010. *See* Notice of Withdrawal of Appeal.

In sum, Respondent had notice of, and meaningfully participated in, every stage of the disciplinary proceeding that led to his censure by the DHC. Respondent has not clearly and convincingly shown that he suffered a deprivation of due process such that reciprocal discipline is inappropriate.

3. Infirmity of Proof.

Respondent argues under 37 C.F.R. § 11.24(d)(1)(ii) that there is such an infirmity of proof as to give rise to a clear conviction that the Office could not, consistent with its duty, accept the Order of Discipline. *See* Response, p. 11-12. Respondent argues: (1) actual harm to the former client was never established; (2) the information forming the basis for the *qui tam* filing was generally known; (3) the testimony of one of the witnesses, Mr. Murphy, was not credible; and (4) Respondent did not “change sides” for purposes of North Carolina Rules of Professional Conduct Number 1.9(c)(1) because he was not working against the former client, Lowe’s. *See* Response, pp. 12-17.

To successfully invoke infirmity of proof as a defense to reciprocal discipline, Respondent must do more than simply challenge the fact finder’s weighing of the evidence. *See In re Zdravkovich*, 634 F.3d 574, 579 (D.C. Cir. 2011). He must demonstrate that there was “such an infirmity of proof” establishing the charges against him “as to give rise to the clear conviction” that accepting the Order of Discipline would be “inconsistent with [our] duty.” *Id.* “This is a difficult showing to make. . . .” *Id.*

Respondent does not challenge the core facts on which the Order of Discipline is based. To the contrary, the evidence Respondent submitted with his Response fully supports the DHC's core findings and conclusions. The DHC found that Respondent worked as an associate for Moore & Van Allen and, while employed there, represented Lowe's in the defense of a patent infringement lawsuit brought against Lowe's by a company called Stringliner. Exhibits 1, 9 and 10 to Response. While representing Lowe's, Respondent researched and prepared a potential claim on Lowe's behalf against Stringliner for patent "false marking." Exhibits 1, 9 and 10 to Response. After leaving Moore & Van Allen, Respondent joined Attorney James Harrington's law firm and, thereafter, Respondent and Mr. Harrington filed a *qui tam* lawsuit, alleging a patent "false marking" claim against Stringliner. Exhibits 1, 9 and 10 to Response. The information on which the *qui tam* claim is based is the same information that Respondent acquired during his representation of his former client, Lowe's. Exhibits 1, 9 and 10 to Response. Lowe's considered the information confidential. Respondent does not dispute these core facts. Based largely on these facts, the DHC concluded that Respondent improperly used Lowe's confidential information to bring a similar claim for his personal benefit and to Lowe's detriment. Though Respondent argues about the nature of patent "false marking" claims, he leaves undisputed the core facts underlying the DHC's Order of Discipline.

Respondent instead attempts to challenge the DHC's credibility determinations regarding the witnesses. *See* Response, pp. 12-16. However, determinations by the trier-of-fact regarding the credibility of witnesses generally receive deference. *See Zdravkovich*, 634 F.3d at 580. A disagreement about the credibility of a witness does not show "infirmity of proof." Respondent also argues that his *qui tam* suit did not harm Lowe's, that he was not working against Lowe's, and that the information he relied on was generally known and thus not confidential client

information.⁴ The Order of Discipline, however, carefully considered and weighed the evidence, and found that the information was confidential client information that he misused by bringing for his own benefit a false marking claim similar to the one he had prepared for Lowe's. Respondent's disagreement with DHC's weighing of evidence does not establish an "infirmity of proof."

In sum, the core facts on which the Order of Discipline is based are undisputed and they find support in the Exhibits to the Response. Respondent chose not to appeal the discovery and evidentiary rulings at the state appellate level. Respondent has failed to show, by clear and convincing evidence, that there was "such infirmity of proof establishing the conduct as to give rise to the clear conviction that the Office could not . . . accept the final conclusion . . ." of the DHC's Order of Discipline. 37 C.F.R. § 11.24(d)(1)(ii).

IV. CONCLUSION

For the reasons discussed above, the USPTO Director denies Respondent's objection to the imposition of reciprocal discipline for his violation of 37 C.F.R.

§ 10.23(b)(6).

ORDER

ACCORDINGLY, it is:

ORDERED that Respondent is censured; and

ORDERED that the OED Director shall make public the following Notice in the Official Gazette:

⁴ Respondent attempts to escape application of Rule 1.9 of the North Carolina Rules of Professional Conduct by claiming that some of the information relied on was "generally known." Comment 8 to the rule further provides, however, that, "whether information is 'generally known' depends in part upon how the information was obtained . . . [t]he mere fact that information is accessible through public record or has become known to some other persons does not necessarily deprive the information of its confidential nature." N.C.R.Prof.Conduct Rule 1.9(c)(1) (comment 8).

Notice of Reprimand

This concerns Glen A. Cipriani of Charlotte, North Carolina, who is a registered patent attorney (Registration Number 60,503). In a reciprocal disciplinary proceeding, the Director of the United States Patent and Trademark Office has ordered that Mr. Cipriani be censured for violating 37 C.F.R. § 10.23(b)(6), predicated upon being censured by a duly constituted authority of a State.

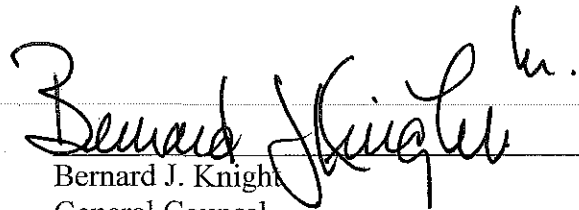
Mr. Cipriani was censured in the State of North Carolina for participating in a law suit filed *qui tam* pursuant to 35 U.S.C. § 292 to collect monetary assessments from a defendant accused of false marking where Mr. Cipriani used information he obtained from a prior client for his own personal use and potential financial gain without the consent of the client and to the client's disadvantage. North Carolina allows for reprimands and censures. See 27 North Carolina Administrative Code 01B §§ .0106(7) and .0106(8).

This action is taken pursuant to the provisions of 35 U.S.C. § 32 and 37 C.F.R. § 11.24. Disciplinary decisions are available for public review at the Office of Enrollment and Discipline's Reading Room located at:
<http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>.

Pursuant to 37 C.F.R. § 11.57(a), review of this final decision by the USPTO Director may be had by a Petition filed with the U.S. District Court for the Eastern District of Virginia, in accordance with 35 U.S.C. § 32.

APR 11 2013

Date



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General Counsel
United States Patent and Trademark Office

on behalf of
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