

**BEFORE THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE**

In the Matter of)
)
Jerry D. Haynes,)
)
Appellant.)
_____)

Proceeding No. D2017-11

Final Order

Pursuant to 37 C.F.R. § 11.55, Jerry D. Haynes (“Appellant”) has appealed the May 3, 2019 Initial Decision of Administrative Law Judge (“ALJ”) Susan L. Biro to the Director of the United States Patent and Trademark Office (“USPTO” or “Agency”). In that Initial Decision, the ALJ concluded that Appellant violated USPTO’s disciplinary rules¹ and, after considering the relevant factors set forth in 37 C.F.R. § 11.54(b), the ALJ ordered that Appellant be suspended from practice before the USPTO in patent, trademark, and other non-patent matters for 30 months, and that Appellant be required to pass the Multistate Professional Responsibility Examination (“MPRE”) with a scaled score of 100 as a condition of reinstatement.

In this appeal, briefs were submitted by Appellant and the Director of the USPTO Office of Enrollment and Discipline (“OED Director”).²

For the reasons set forth below, the USPTO Director affirms the ALJ’s Initial Decision.

¹ Effective May 3, 2013, the USPTO Rules of Professional Conduct (“USPTO Rules”), 37 C.F.R. §§ 11.101 through 11.901, apply to persons who practice before the Office. Prior to May 3, 2013, the USPTO Code of Professional Responsibility (“USPTO Code”) applied to persons practicing before the Office. *See* 37 C.F.R. §§ 10.20-10.112. Appellant engaged in misconduct that violated both the USPTO Rules and the USPTO Code.

² “Respondent’s Appeal of Initial (sic) Decision by Administrative Law Judge Susan L. Biro Pursuant to 37 CFR § 11.55” is referenced as “Appeal.” The “Brief for Director of the Office of Enrollment and Discipline” is referenced as the “Response.” Although permitted to do so, Appellant did not file a Reply.

I. FINDINGS OF FACT

1. Appellant was admitted to the New York Bar in 1999 (Reg. no. 2954402). (A.5;³ A.1997; JE⁴ 2 at 26; Stip. 2⁵). On April 28, 1998, he was registered to practice as a patent agent and, on October 5, 1999, he was registered to practice as a patent attorney before the USPTO (Reg. no. 42,646). (A.5; A.1997; Stip. 1; JE 1; JE 2 at 21-22, 31). In 2004, Appellant was admitted to the Florida Bar (Registration no. 935751). (A.5; A.1997).

2. Appellant opened a solo law practice in Florida in 2007 doing business as the “Law Office of Jerry D. Haynes” or “Jerry D. Haynes, P.A.” (A.5; A.1997; Stip. 11; JE 1). His practice focuses on patent matters, litigation, and real estate. (A.5; A.2070-01).

3. In or about late 2008 or early 2009, Appellant entered into a contractual arrangement with Patent Assistance Worldwide (“PAW”). (A.5; A.1198-99; JE 6 at 42). PAW solicited amateur inventors online and contracted with those inventors with the intent to assist them with patenting and marketing their inventions. (A.5; A.2003; JE 6 at 12-14, 50-52; JE 7 at 2). PAW then contracted with licensed patent practitioners, such as Appellant, to provide patent legal services to its clients. (A.5; A.2003; JE 6 at 41; JE 7 at 2). PAW paid Appellant a monthly flat fee for the legal services provided to PAW clients. (A.5; Stip. 4; JE 7 at 2; JE 6 at 42-46).

4. In or about June 2010, the OED initiated an investigation into the legal services Appellant provided to a PAW client, Michael LaPlante. (A.5; A.2001; JE 5). The potential misconduct that OED investigated stemmed from PAW, a third-party, appearing to direct and/or pay for the legal services Appellant was providing their mutual clients, in violation of the USPTO Code. (A.5; JE 5; JE 7).

³ References to “A. ” are to specific pages of the Certified Record.

⁴ “JE” refers to a “Joint Exhibit” of the parties during the disciplinary proceedings.

⁵ “Stip.” refers to the “Stipulated Facts and Exhibits” found at Joint Exhibit 61, beginning at A.1862 of the Certified Record.

5. On March 2, 2011, the OED issued a warning letter (“Warning Letter”) notifying Appellant that it was terminating its investigation, having concluded that his “conduct does not warrant sanctionable discipline.” (A.5; A.2003; JE 7 at 1; Stip. 7). However, the Warning Letter put Appellant on notice that he “should not construe the decision to forgo disciplinary action as an indication that your conduct was beyond reproach.” (A.5; JE 7 at 1). “To the contrary,” OED declared, this letter “serves as a warning that future similar conduct may cause disciplinary proceedings to be brought against you.” (A.5-6; JE 7 at 1-2). USPTO further advised that he “should be aware that a practitioner must obtain the consent of his or her client, after full disclosure, to accept compensation from a third party, such as PAW, for the patent legal services that the practitioner intends to provide to the client. Moreover, a practitioner must disclose his business relationship with a third party, such as PAW, to his or her client and the possible conflict of interest it presents in representing the client’s interests and obtain consent to represent the client in light of such possible conflict.” (JE 7 at 2). The Warning Letter specifically referenced USPTO Code provisions 37 C.F.R. §§ 10.62(a), 10.66, and 10.68(a)(1). (A.6; JE 7 at 2; Stips. 5-6). Appellant was further advised that “The matters discussed above are addressed to provide you with an opportunity to take the necessary action required to ensure conformity with the USPTO disciplinary rules” and, to that end, the Warning letter “constitutes specific notice to you under 5 U.S.C. § 558(c). (JE 7 at 3). Finally, OED advised Appellant that the Warning letter “will be considered in dealing with any further complaint or evidence of misconduct that may come to the attention of OED.” (A.6; JE 7 at 3).

6. Appellant continued to work with PAW and its clients until several PAW Directors and employees formed to a new entity, Patent Services USA, Inc. (“PSUS”), in September 2012. (A.6; A.2005-07: Stips. 8-9). PSUS provided inventors with essentially the same type of legal

and marketing services, in the same manner, using the same forms, as those formerly offered by PAW. (A.6; A.2005). For example, inventors would purchase legal services from PSUS, such as a patentability search or a draft of a patent application, trademark registration, or copyright application. (A.6; A.2013; A.2016). PSUS would then refer legal work out among several independent patent practitioners, with whom it had on-going referral contracts. (A.6; A.1958; A.2012, A.2066; JE 42 at 7-27). PSUS paid these lawyers a flat monthly fee for all services provided to its referred clients. (A.6; JE 42 at 27).

7. On November 5, 2012, Appellant's firm, Jerry D. Haynes, P.A., entered into an Independent Contractor Agreement with PSUS to provide the same type of legal services to PSUS's clients, on essentially the same terms, as it had provided under its former agreement with PAW. (A.6; A.2007-08; JE 42 at 22-27; Stip. 12). The initial terms of that contract provided that PSUS would pay Appellant \$240,000 per year, or \$20,000 per month, to provide up to 60 full patent searches, 20 utility or design patent applications (including office actions), 20 provisional applications, 20 trademark applications, and 20 copyright applications for PSUS clients, per month. (A.6-7; A.2009-10; JE 42 at 4, 27; Stip. 13). Pursuant to the contract between Appellant and PSUS, PSUS referred approximately 158 clients to Appellant each year thereafter from 2013 through 2015, and the income Appellant received from PSUS made up approximately 80% of the total gross revenue receipts for his firm for those years. (A.7; A.2017-18; Stip. 15; JE 42 at 4).

Services to Solomon Milliner

8. Mr. Solomon Milliner created an invention he called a "[REDACTED]." (A.8; A.1889). The invention was, in summary, a [REDACTED]
[REDACTED]. (A.8; A.1889-90; A.1938-40; A.2028-29; JE 13 at 7-8, 11-12; JE 38 at 28-31).

9. On or about February 12, 2013, Mr. Milliner contacted PSUS for legal and marketing assistance regarding his invention. (A.9; A.1891-92; JE 38 at 35-37). On February 15, 2013, PSUS issued a written proposal to Mr. Milliner, offering to provide Mr. Milliner with an “Invention Initiative Guide” for the sum of \$1,295. (A.9; A.1891-92; A.1897; JE 34 at 8; JE 37 at 19-20; JE 44 at 20). This Invention Initiative Guide would include, among other things, a “Registered Attorney/Agent Patent Search & Legal Opinion” of his invention. (A.9; JE 37 at 20; JE 34 at 8, 15, 18). Mr. Milliner purchased the Invention Initiative Guide, disclosed information about his invention to PSUS, and paid the required \$1,295. (A.9; JE 34 at 14-15; Stip. 16.) At the time he agreed to purchase the Invention Initiative Guide, which included the search and legal opinion, Mr. Milliner was unaware how much of the \$1,295 he paid to PSUS, if any, went to pay the attorney who would conduct the search and provide the legal opinion. (A.9; A.1904-05). Mr. Milliner was not informed of how much the attorney, Appellant, was paid for that legal opinion prior to the opinion being issued. (*Id.*)

10. Pursuant to the Independent Contractor Agreement between Appellant and PSUS, PSUS provided Mr. Milliner’s disclosure documents regarding his invention to Appellant, and requested that Appellant conduct a patent search and provide a legal opinion regarding patentability of Mr. Milliner’s invention. (A.9; JE 38 at 2-3, 28-33).

11. Without having any direct communication with Mr. Milliner beforehand, Appellant’s firm undertook a search and issued a patentability opinion on the invention. (A.10; JE 38 at 3; Stip. 18).

12. On April 4, 2013, following “standard protocol,” Appellant emailed PSUS, and not Mr. Milliner, his “Patentability Search and Opinion” (“Milliner Opinion”) regarding Mr. Milliner’s invention. (A.10; JE 38 at 3, 12-18; JE 42 at 2, 4; Stips. 17, 21). The Milliner Opinion stated that

certain aspects of the invention “may be patentable.” (A.10; A.2028; A.2031; A.2051).

Specifically, it stated:

“Based on our analysis, it is our opinion that the broad aspects of the present invention, namely a [REDACTED] is not 100% patentable. Nonetheless, some of the more narrow aspects as presented in your disclosure are not disclosed in the prior art reviewed during this patent search, therefore some aspects may be patentable. In particular, your [REDACTED] does not appear on the prior art found.”

Thus, we can say with reasonable confidence that, especially with more detailed invention novelties disclosure, should a USPTO rejection of your Utility Patent Application be based on this, or similar prior art, this rejection may be overcome (or avoided) with proper disclosure refinement, patent drafting strategy, legal argument, and/or appropriate patent scope adjustment, thereby winning patent allowance for the patentable aspects of the present invention.

* * *

When there is significant potential for the present invention in the marketplace, it is advisable that you continue to develop the present invention novelties and proceed to apply for Utility patent protection in accordance with the approach set forth above.

(A.10; JE 38 at 12-18; Stips. 24-26).

13. As of the time the Milliner Opinion was issued, Appellant had not disclosed to Mr. Milliner his on-going contractual relationship with PSUS, the payment terms in his contract with PSUS, the significance of those payments to his business, and he did not request Mr. Milliner’s consent with regard to that arrangement. (A.11; A.1905; A.2023; A.2051-52; Stip. 19; JE 38 at 12-18.)

14. It was PSUS, not Appellant, that forward a copy of the Milliner Opinion to Mr. Milliner. (A.11; JE 42 at 2, 30-31). PSUS also provided other analyses regarding his invention. (A.11; JE 34 at 16).

15. Relying on Appellant’s Milliner Opinion, Mr. Milliner executed PSUS’ form “Patent Protection Agreement” (“PPA”) on May 8, 2013. (A.11; A.1907-09; A.1957-58; A.2039-40; JE 42 at 7-18; Stip. 27). The PPA identified PSUS as a “clearinghouse for inventors which

provide[s] referrals to outside independent contractors including . . . private market evaluators and independent registered patent attorneys” (A.11; A.1958-59; JE 42 at 7) (alterations in original).

16. Pursuant to the PPA, Mr. Milliner purchased three “programs”, including for a “United States Utility Patent Application Program” for \$10,949.⁶ According to the PPA, PSUS’s “United States Utility Patent Application Program” included the following services: “Coordination of a [provisional] patent application with a patent attorney[;] Engagement of a licensing agent to schedule trade shows; Posting of the invention on a website[;] 3rd [sic] animation of a prototype of the invention for display on the website[;] [and] Customer service support.” (A.12; Stip. 30; JE 42 at 7-16) (alterations in original). The PPA further provided that if Mr. Milliner wished to “upgrade” from a provisional to non-provisional patent, he could pay an additional \$849 within twelve months of signing the agreement. (A.12; Stip. 33; JE 42 at 7-16). The PPA, however, included no explanation of the difference between of a provisional and a non-provisional patent. (A.12; A.1913-14). Although the PPA provided that PSUS: “[s]hall engage independent registered patent attorneys and/or patent agents to assist in certain matters relating to the services described herein,” the PPA did not describe PSUS’s agreement with the patent practitioner or did not identify the basis or rate of fee or expenses to be paid by PSUS to the patent practitioner. (A.12-13; Stips. 36-39). Rather, the PPA provided that all charges for legal services purchased would be paid by Mr. Milliner to PSUS as part of the “programs” he purchased. (A.13; A.1959-60; A.1962; JE 42 at 7).

17. About a week later, on May 17, 2013, Mr. Milliner also completed, executed and returned to PSUS a series of other forms that PSUS had provided to him for execution, including

⁶ He also purchased programs relating to Trademark and Copyright protections. The total amount paid to PSUS was \$13,439. (A.11-12; JE 42 at 8; Stip. 28)

an “Agreement for Patent Services” (“Legal Services Agreement” or “LSA”). (A.13; A.1914-15; JE 13; JE 38 at 21-25; Stip. 40). The LSA stated that Mr. Milliner, as the “CLIENT,” is entering into an agreement with an unidentified “PATENT FIRM” to provide him with “patent application and prosecution services and to perform other activities reasonably related thereto” (A.13; A.1916; JE 13 at 1) (ellipsis in original). The spaces for identify the PATENT FIRM on the LSA was blank at the time Mr. Milliner executed the document. (A.13; A.1916; JE 13 at 1, 5; Stip. 41). As to conflicts, the LSA indicated that “[c]urrently, PATENT FIRM finds no client conflict which would prevent PATENT FIRM from providing the patent services to CLIENT under applicable law. However, should PATENT FIRM discover, at any time, a potential conflict which under applicable law would prevent PATENT FIRM from providing patent services to CLIENT it will promptly bring the matter to CLIENT attention.” (A.13; A.1917; JE 13 at 1) (alteration in original). The LSA did not disclose any relationship between PSUS and the unnamed patent firm. (A.13; A.2044; JE 13). The provisions regarding conflicts in Mr. Milliner’s LSA was substantially similar to those at issue in the OED’s investigation regarding Respondent and Mr. LaPlante. (A.13; A.2002-03; A.2043).

18. The LSA did not identify any fee or other consideration to be paid to the “PATENT FIRM” by the client, Mr. Milliner, or anyone else, for the legal services rendered thereunder. (A.13; Stips. 43-44; JE 13). Neither PSUS nor Appellant ever otherwise informed Mr. Milliner of the basis or rate of fees to be paid the patent practitioner for the legal services he had purchased from PSUS. (A.13; A.1919-20; Stips. 44-45).

19. The executed LSA by Mr. Milliner, along with other documents, were forwarded to Appellant by PSUS. (A.14; JE 13; JE 38 at 20-42). As a result of receiving these documents, and without ever directly contacting Mr. Milliner, Appellant prepared a provisional patent

application for Mr. Milliner's invention. (A.14; A.2048; A.2083-84). At approximately the same time he completed the draft application, Appellant inserted the phrase "The Law Office of Jerry D. Haynes" into the blank spaces in the LSA identifying the "PATENT FIRM," and countersigned the agreement. (A.14; JE 38 at 38-42; JE 42 at 2; Stip. 42). The record suggests that Appellant then forwarded the draft application to PSUS, which in turn forwarded it to Mr. Milliner. (A.14; A.2048).

20. On or about August 26, 2013, PSUS emailed Appellant requesting to set up a conference call between him and Mr. Milliner for the following day. (A.14; A.1921; A.1957; A.2048; JE 38 at 44; Stip. 46). This conference call was the first direct communication between Appellant and Mr. Milliner. (A.14; A.2052; JE 42 at 4-5). The record supports that they generally discussed Mr. Milliner's provisional application and that he provided Mr. Milliner with legal advice. (A.14; A.2040). It is undisputed that, during this conversation, Appellant never advised Mr. Milliner the basis upon which he was being paid by PSUS for the services he was rendering to Mr. Milliner, the amount of his fees, or the significance of his referral arrangement with PSUS to his firm. (A.14; A.1987-88).

21. On [REDACTED], Appellant filed U.S. Provisional Patent Application No. [REDACTED] (the "[REDACTED] provisional application") for "[REDACTED]" on Mr. Milliner's behalf. (A.14; A.2049; Stip. 47; JE 38 at 2, 46-52). PSUS provided Appellant with a check for the \$130 to cover the USPTO filing fees required to submit Mr. Milliner's application to USPTO. (A.14; JE 42 at 2; JE 38 at 46).

22. In late 2014, Mr. Milliner's "co-joint venture" regarding the invention, Mr. Prasad Venigalla, sought a second patentability opinion from another attorney. (A.15; A.1922-23; JE 34 at 3; JE 44 at 17). That opinion, issued by Eric A. LaMorte, Esq. was issued on or about

December 21, 2014 (“LaMorte Opinion”) and explained that Mr. Milliner’s invention did not “fit neatly into just one subclass” of inventions and so he was required to undertake a “broad” and “very large search,” spending in excess of five hours thereon at the USPTO and conducting an in-person interview with a Patent Examiner. (A.15; A.1923; JE 34 at 3-5; JE 36 at 15-19). The LaMorte Opinion further explained that this search failed to reveal any patent for a [REDACTED] “with the exact same configuration,” but that he did find, *inter alia*, [REDACTED] [REDACTED] which Mr. LaMorte adjudged to be “nearly identical to [Mr. Milliner’s] invention in both structure and function.” (A.15; JE 34 at 4-5) (alteration in original). Consequently, Mr. LaMorte concluded “*I do not believe you would be able to successfully obtain a broad UTILITY patent on your invention in its current construction*” and therefore, “I do not recommend that you pursue a utility patent for your invention.” (A.15; A.1936; JE 34 at 5).

23. Upon receiving the LaMorte Opinion, Mr. Milliner became “very mad” and he had a telephone conversation with Appellant stating that they “had a big argument over the phone.” (A.15; A.1925; A.1985). He also filed a complaint against PSUS with the Office of the Florida Attorney General on or about December 30, 2015. (A.16; JE 34 at 7, 19). The Attorney General’s office responded by advising Mr. Milliner that, among other efforts to address his concerns, it would be forwarding his complaint to the USPTO. (A.16; JE 34 at 1-2; JE 36 at 22-23).

Other Client Services

24. Around the same time as Appellant was providing legal services to Mr. Milliner, PSUS referred at least six other clients to Appellant pursuant to the agreement between Appellant and PSUS. (A.33). Each client was referred after the inventor had signed a PSUS form PPA and form

LSA, which were substantially identical to the agreements signed by Mr. Milliner. (A.33; A.2054; Stips. 50-51; JE 42 at 2) (wherein Respondent states that the LSA used with Mr. Milliner is “used with all clients referred to my firm by Patent Services USA.”).

25. On or around March 26, 2013, PSUS requested Appellant perform a patentability search and issue a patentability opinion for Mr. Oneil Barrett in connection with his invention, the “[REDACTED].” (A.33-34; A.2036). On April 3, 2013, Appellant prepared and issued to PSUS the requested Patentability Search and Opinion (“Barrett Opinion”). (A.34; A.2036; A.2054; JE 11; JE 12). He also submitted a draft provisional patent application for Mr. Barrett to PSUS on August 16, 2013. (A.34; JE 21). Thereafter, on August 29, 2013, Appellant countersigned the LSA. (A.34; JE 24 at 5). Appellant prepared and filed the provisional patent application for Mr. Barrett on September 6, 2013 (Patent Application No. [REDACTED]). (A.34; JE 29; Stip. 55).

26. In or about early 2013, PSUS requested Appellant perform a patentability search and issue a patentability opinion in regard to Frances Cavanaugh’s invention, identified as a [REDACTED]. (A.34; JE 9). In response, on March 28, 2013, Appellant prepared and issued to PSUS the requested Patentability Search and Opinion (“Cavanaugh Opinion”). (A.34; A.2032; A.2054; JE 9; JE 10). On May 14, 2013, Ms. Cavanaugh executed PSUS’s LSA, which Appellant apparently countersigned on July 17, 2013. (A.34; JE 32 at 5). Appellant promptly prepared a provisional patent application for Ms. Cavanaugh and her invention, which was filed on September 6, 2013 (patent application No. [REDACTED]). (A.35; JE 27; Stip. 53).

27. In or about early 2013, PSUS requested Appellant perform a patentability search and issue a patentability opinion in regard to Cory Hicks’ invention, identified as a [REDACTED]

██████████. (A.35; JE 14; JE 15). In response, on May 22, 2013, Appellant prepared and issued to PSU a Patentability Search and Opinion (“Hicks Opinion”). (A.35; A.2038-39; A.2054; JE 14; JE 15). On June 21, 2013, Mr. Hicks executed PSUS’s LSA, which Appellant apparently countersigned on or about July 17, 2013. (A.35; JE 31 at 5). Thereafter, on ██████████, Appellant prepared a provisional patent application for Mr. Hicks and his invention, which was filed with the USPTO on ██████████ (application No. ██████████). (A.35; JE 26; Stip. 52).

28. In or about June 2013, PSUS requested Appellant prepare and file a provisional patent application for Eddie Bonfiglio’s invention, identified as a ██████████. (A.35; A.2054; Stips. 50, 54). On June 8, 2013, Mr. Bonfiglio executed PSUS’s blank form LSA, which Appellant countersigned on August 13, 2013. (A.35; JE 18 at 5). On ██████████, Appellant submitted to PSUS a draft provisional patent application for Mr. Bonfiglio, and then filed the final provisional application on ██████████ (patent application No. ██████████). (A.35; JE 20; Stip. 54).

29. On June 6, 2013, Gregory Aborhey executed PSUS’s blank form LSA. (A.35; JE 25 at 5). At PSUS’s request, on August 16, 2013, Appellant prepared and issued to PSUS a draft provisional patent application for Mr. Aborhey and his pivot reinforcement device. (A.35; JE 22). On August 29, 2013, Appellant counter-signed the LSA with Mr. Aborhey. (A.35; JE 25 at 5). Appellant then filed a provisional patent application on behalf of Mr. Aborhey and his invention on September 6, 2013 (patent application no. 61/874,481, Pivot Reinforcement Device). (A.35-6; JE 30; Stip. 56).

30. On July 17, 2013, Walter Medina executed PSUS’s blank LSA, which Appellant countersigned on August 13, 2013. (A.36; JE 19 at 5). Thereafter, ██████████, and at

PSUS's request, Appellant prepared and sent to PSUS a draft provisional patent application for Mr. Medina. (A.36; JE 23). Appellant filed the provisional application on behalf of Mr. Medina and his invention on [REDACTED] (application no. [REDACTED]). (A.36; JE 33; Stip. 57).

31. Appellant filed five out of the six provisional applications for the clients identified in Count II on same day, [REDACTED]. (A.33; A.2057; Stips. 52-56). The sixth application was filed on [REDACTED]. (A.33; Stip. 57). Appellant relied upon the information contained in the PPA and LSA agreements to inform the six clients of the fees that would be paid to him by PSUS. (A.33; Stip. 58.) The PPA and LSA signed by each of the six clients did not disclose the amount of the fee PSUS would pay Appellant from the fees paid by the client to PSUS, or otherwise. (A.33; Stip. 59).

II. OED DISCIPLINARY PROCEEDING

On or about February 1, 2016, the Attorney General of the State of Florida referred Mr. Milliner's grievance against PSUS, which alleged that Appellant's patentability opinion through PSUS was erroneous, to the USPTO. (A.7; JE 34-35). OED responded to the grievance on February 23, 2016, by requesting additional information from Mr. Milliner, who responded to the inquiry several months later. (A.7; JE 43-44).

On February 29, 2016, USPTO issued a Request for Information ("RFI") to Appellant regarding his interactions with Mr. Milliner, including with the RFI a copy of OED's 2011 Warning Letter to Appellant. (A.7; JE 37). The RFI advised Appellant that a wide range of disciplinary rules were under consideration in the investigation, and stated that the request represented Appellant's "opportunity pursuant to 5 U.S.C. 558(c), if appropriate, to demonstrate

that you are or have come into compliance with USPTO Rules of Professional Conduct.” (A.7-8; JE 37 at 3). Appellant replied to this first RFI on or about March 29, 2016. (A.8; JE 38).

On May 20, 2016, the USPTO issued a second RFI to Appellant regarding the services he provided to Mr. Milliner and six other clients for whom he also filed patent applications in September 2013. (A.8; JE 39). This RFI also listed the disciplinary rules under consideration by the Director and again notified the Appellant that the request represented his “opportunity pursuant to 5 U.S.C. 558(c), if appropriate, to demonstrate that you are or have come into compliance with USPTO Rules of Professional Conduct.” (A.8; JE 39 at 4-5). After an extension of time was granted, Appellant submitted his reply to the information request on July 19, 2016. (A.8; JE 40-42).

OED issued a third RFI to Appellant on September 17, 2016, inquiring primarily regarding his interactions with additional PSUS-referred clients and applications, which are not at issue here. (A.8; JE 45). Appellant initially replied to this inquiry on October 5, 2016. (A.8; JE 46). Finding the response insufficient, OED requested further information and offering a tolling agreement while the parties exchanged information. (A.8; JE 47). Appellant executed a tolling agreement on October 14, 2016. (A.8; JE 48-50). On November 7, 2016, Appellant provided a large set of documents, including extensive correspondence with clients, in response to OED’s third RFI. (A.8; JE 51-52).

The OED Director filed a Complaint and Notice of Proceedings under 35 U.S.C. § 32 (“Complaint”) with the ALJ on February 3, 2017. (A.62-82). The Complaint charges Appellant with two counts with professional misconduct involving violations of numerous provisions of the USPTO Code and USPTO Rules, as applicable. The Complaint alleged Appellant did not adequately disclose to clients the business relationship he had with PSUS, or the nature and

significance of PSUS' payments to him, and that he must obtain informed consent to the conflict and prior to receiving payment from PSUS. (*Id.*) Count I, relates to services provided to Solomon Milliner. (A.64-74). Count II relates to legal services provided to six other clients. (A.74-79).

Appellant filed a Motion to Dismiss on April 5, 2017. (A.98-102) (references to exhibits omitted). While that Motion was pending, Appellant timely filed his Answer to the disciplinary Complaint on May 11, 2019. (A.211-26). The ALJ subsequently denied the Motion to Dismiss on August 3, 2017. (A.227-31).

A hearing in this matter was held on June 26, 2018, in Miami, Florida. (A.1873-2130). At the hearing, Respondent requested an opportunity to take the deposition of George Montana, with the hearing left open to later admit the deposition record. (A.1885). The Motion was denied as untimely. (A.1886).

The ALJ issued the Initial Decision on May 3, 2019, finding that Appellant violated six (6) provisions of USPTO's disciplinary rules. (A.1-57). After considering relevant aggravating and mitigating factors, the ALJ imposed a 30-month suspension, and required Appellant to pass the Multistate Professional Responsibility Examination ("MPRE") with a scaled score of 100 as a condition of reinstatement suspension. (A.55-56). This appeal followed.

III. INITIAL DECISION BY ADMINISTRATIVE LAW JUDGE

On May 3, 2019, the ALJ issued the Initial Decision in this matter and concluded that the OED Director clearly and convincingly established that Appellant violated multiple USPTO disciplinary rules. (A.1-57). Based on the misconduct identified that the ALJ identified, Appellant was found to have violated 37 C.F.R. §§ 10.62(a), 10.68(a)(1), 11.104(a)(1), 11.107(a), 11.108(f)(1) (Count I) and 37 C.F.R. §§ 10.62(a), 10.68(a)(1), 11.104(a)(1),

11.104(a)(2), 11.107(a), 11.108(f)(1), and 11.504(c)⁷ (Count II). After making these findings, and considering the factors under 37 C.F.R. § 11.54(b), the ALJ concluded that Appellant should be suspended from practice before the USPTO in patent, trademark, and non-patent matters for 30-months months, and required Appellant to pass the Multistate Professional Responsibility Examination (“MPRE”) with a scaled score of 100 as a condition of reinstatement suspension. (A.55-56).

IV. DECISION

The Director of the USPTO may suspend or exclude a person from practice before the USPTO if the person is “shown to be incompetent or disreputable, or guilty of gross misconduct,” or if the person violates regulations established by the Office. 35 U.S.C. § 32. In carrying out this role, Congress vested the USPTO with plenary, statutory authority to promulgate regulations “govern[ing] the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office.” 35 U.S.C. § 2(b)(2)(D); *see Kroll v. Finnerty*, 242 F.3d 1359, 1364 (Fed. Cir. 2001) (stating that the USPTO has the “exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it.”); *Haley v. Lee*, 129 F. Supp 3d 377, 386 (E.D. Va. 2015) (noting that “Congress gave the USPTO wide latitude to govern the conduct of the members of its bar.”) Accordingly, the USPTO Director has authority to regulate practice before the Office in both patent and trademark matters. 35 U.S.C. § 2(b)(2)(D); *see also* 37 C.F.R. § 11.19(a) (“[a]ll practitioners engaged in practice before the Office . . . are subject to the

⁷ Unlike in Count I, the ALJ concluded that Appellant did violate 37 C.F.R. §§ 11.104(a)(2) and 11.504(c) as alleged in Count II. This is largely because, unlike with Mr. Milliner, Appellant did not allege and there is no evidence in the record that Appellant had any direct communication with the clients in Count II. (A.37).

disciplinary jurisdiction of the Office.”); *Haley*, 129 F. Supp 3d at 387 (“Congress also *explicitly* gives the USPTO the power to promulgate regulations related to the conduct of its members.”)

In accordance with its authority, the Office has enacted an entire regulatory scheme that defines what constitutes practice before the Office and identifies the disciplinary authority of, and the disciplinary processes available to, the OED Director. The USPTO enacted the former USPTO Code, 37 C.F.R. § 10.20 *et seq.*, and the current USPTO Rules, 37 C.F.R. §§ 11.101 through 11.901, both of which include a number of mandatory rules setting forth the minimum level of conduct for practitioners before the Office. If a practitioner before the Office fails to comply with his or her professional obligations under these rules, the USPTO has the authority to suspend or exclude the practitioner from further practice before the Office. *See* 35 U.S.C. §§ 2(b)(2)(D), 32; 37 C.F.R. § 11.19. Because Appellant was engaged in practice before the Office, he is subject to the Agency’s disciplinary authority. 37 C.F.R. § 11.19.

Following disciplinary hearings, USPTO regulations permit a party to appeal an ALJ’s Initial Decision to the USPTO Director within thirty days (30) of issuance of the Initial Decision. *See* 37 C.F.R. § 11.55(a); *see also* 35 U.S.C. § 2(b)(2)(D). On appeal, the USPTO Director has authority to conduct a *de novo* review of the factual record and may affirm, reverse, or modify the initial decision, or remand the matter to the hearing officer for such further proceedings as the USPTO Director may deem appropriate. *See* 37 C.F.R. §§ 11.55(f), 11.56(a).

Here, Appellant appeals from the May 3, 2019 Initial Decision of the ALJ entering judgment in favor of the Agency and suspending Appellant from the practice of patent, trademark, and other non-patent matters before the USPTO for 30 months, with conditions for reinstatement. In support of his appeal, Appellant claims that Mr. Milliner, as well as the clients identified in Count II, knew of his contract with PSUS, including that PSUS would be paying for fees on their

behalf and each gave informed consent as required by the disciplinary rules. (Appeal at 5-7, 9). Further, he states that there is no evidence that his work for Mr. Milliner was subpar. (Appeal at 6-7). He also argues that he was unfairly denied the opportunity to take the deposition of a PSUS Director. (Appeal at 5). Appellant claims that the violations in Count II are duplicative and heavy-handed. (Appeal at 8-9). Lastly, he affirmatively claims that the disciplinary matter against him should have been dismissed or referred back to the OED Director for failure to comply with the provisions of 5 U.S.C. § 558(c). (Appeal at 2-4).

The Director, having considered Appellant's Appeal and the OED Director's Response, as well as the record of the proceedings before the ALJ, finds that there is ample factual and legal support for the ALJ's Initial Decision. Consequently, the Initial Decision of the ALJ is

AFFIRMED.

A. Appellant Engaged in Misconduct That Violated USPTO's Disciplinary Rules.

The OED Director must prove alleged disciplinary violations by "clear and convincing evidence." (A.4) (citing 37 C.F.R. § 11.49; *In re: Johnson*, PTO Proceeding No. D2014-12, slip op. at 2 (Dec. 31, 2014) (Initial Decision and Order)). "Clear and convincing evidence" requires a level of proof that falls "between a preponderance of the evidence and proof beyond a reasonable doubt." (A.4; *Johnson*, slip op. at 3 (quoting *Addington v. Texas*, 441 U.S. 418, 424-25 (1979)) (internal quotation marks omitted)). The evidence produced must be of such weight so as it "produces in the mind of the trier of fact a firm belief or conviction, without hesitancy, as to the truth of the allegations sought to be established." (A.4) (citing *Johnson*, slip op. at 3 (quoting *Jimenez v. DaimlerChrysler Corp.*, 269 F.3d 439, 450 (4th Cir. 2001)) (internal quotation marks omitted)). "Evidence is clear if it is certain, unambiguous, and plain to the understanding, and it is convincing if it is reasonable and persuasive enough to cause the trier of

facts to believe it.” (A.4) (citing *Johnson*, slip op. at 3) (quoting *Foster v. Alliedsignal, Inc.*, 293 F.3d 1187, 1194 (10th Cir. 2002)) (internal quotation marks omitted).

The Initial Decision concluded that Appellant engaged in various acts of misconduct that violated multiple USPTO disciplinary rules. These violations were 37 C.F.R. §§ 10.62(a), 10.68(a)(1), 11.104(a)(1), 11.107(a), 11.108(f)(1) (Count I) and 37 C.F.R. §§ 10.62(a), 10.68(a)(1), 11.104(a)(1), 11.104(a)(2), 11.107(a), 11.108(f)(1), and 11.504(c) (Count II). A review of that Initial Decision, as well as the record of the disciplinary proceedings, provides ample support for the ALJ’s findings and conclusions. As further discussed below, the Initial Decision’s findings that the OED Director proved Appellant violated the USPTO disciplinary rules is affirmed.

1. Count I: 37 C.F.R. § 10.62(a).

Section 10.62(a) states “Except with the consent of a client after full disclosure, a practitioner shall not accept employment if the exercise of the practitioner’s professional judgment on behalf of the client will be or reasonably may be affected by the practitioner’s own financial, business, property, or personal interests.” 37 C.F.R. § 10.62(a) (2012). To prove violations of § 10.62(a), the OED Director must prove (1) the practitioner had a financial, business, property, or personal interest; (2) the practitioner should have known or did know that the exercise of his professional judgment on behalf of the client will be or reasonably may be affected by such interest; and (3) the practitioner did not make full disclosure of the interest and/or did not obtain consent after making full disclosure. (A.18) (citing 37 C.F.R. § 10.62(a) (2012)).

Based on the record, ALJ concluded, *inter alia*, that Appellant had a “non-significant financial business and/or personal interest in maintaining his on-going contractual arrangement with PSUS at the time he issued the Milliner Opinion on April 4, 2013.” (A.18). At that time,

Appellant was on retainer with PSUS, was receiving \$20,000 a month for providing legal services to clients referred to him by PSUS, and that compensation made up approximately 80% of Appellant's gross receipts for the years 2013-15. (A.18; A.2017-18; Stips. 13, 15; JE 42 at 4). Based on this business relationship with PSUS, Appellant should have known that his judgment "reasonably may be affected." (A.19; 37 C.F.R. §§ 10.62(a), 11.1 ("Reasonable or reasonably when used in relation to conduct by a practitioner means the conduct of a reasonably prudent and competent practitioner.")). The ALJ also concluded that Appellant did not provide full disclosure to Mr. Milliner regarding his relationship with PSUS or to the importance of PSUS referrals for Appellant's law practice, and he did not seek consent to representation after disclosing this information. (A.18-20).

Appellant does not challenge the ALJ's conclusion that his business relationship with PSUS resulted in a conflict of interest. Instead, he claims he disclosed his relationship with PSUS, including the fact that PSUS was going to pay Appellant for the legal services provided to Mr. Milliner. (Appeal at 5). As proof of his disclosure, Appellant relies on the PSA that Mr. Milliner signed. (Appeal at 5). But, as the ALJ noted, Appellant disclosed only part of the arrangement between Appellant and PSUS and, as a result, that disclosure was insufficient. For that reason, Appellant's argument fails.

It is uncontroverted that Appellant made *some* disclosure to Mr. Milliner regarding the nature of his arrangement with PSUS. However, "full disclosure" includes not only the nature and extent of the relationship between Appellant and PSUS, but disclosure of the amount of the payment received from a third party (here PSUS). *See Bender v. Dudas*, No. 04-1301, 2006 WL 89831, at *12-13 (D.D.C. Jan 13, 2006) (Practitioner provided patent legal services to clients referred from a 3d party found not to have fully disclosed conflicts as a result of not disclosing

the amount paid by the third party.). The disclosures made in the PPA, which Appellant relies on as evidence of his disclosure to Appellant, falls short of full disclosure.

Neither PSUS nor Appellant disclosed that Appellant's firm name to Mr. Milliner prior to Appellant accepting the referral and issuing his Opinion. (JE 34 at 15; Stips. 41-42). The PPA did not disclose the basis of the rate of fee to be paid by PSUS to Appellant, the total amount of the fee paid to Appellant, did not identify the portion of the fee paid by Mr. Milliner to PSUS that would be allocated to pay for Appellant's legal services, and did not disclose the significance of PSUS referrals on his personal law practice prior to doing the patent search and issuing his Opinion for Mr. Milliner. (A.12-3; A.2023; Stips. 19, 36-39, 43-45). PSUS' referrals represented 80% of the gross receipts for Appellant's firm – a significant portion of his firm's business. (Stips. 14, 15). The amount and significance of PSUS' referrals and payments were not disclosed to Mr. Milliner and, in order to have provided full disclosure and to have obtained consent prior to providing services, it should have been. Instead, the PPA merely informed Mr. Miliner that all charges for legal services purchased would be paid by Mr. Milliner to PSUS as part of the "programs" he purchased, without failing to disclose how much of that fee would be paid to Appellant. (A.13; A.1959-60; A.1962; JE 42 at 7). As a result, PPA's disclosure regarding Appellant's fees and his business arrangement with PSUS falls short of full disclosure.

In addition to not fully disclosing his business and financial interests with PSUS, the disclosures he did make did not occur prior to Appellant accepting and performing work for Mr. Milliner. Mr. Milliner executed PSUS' form PPA on May 8, 2013. (A.11; JE 42, at 7-18; Stip. 27; A.1907-09; A.1957-58; A.2039-40). This was a month or more after Appellant prepared and issued the April 4, 2013 Milliner Opinion. Thus, the record supports the ALJ's finding that Mr.

Milliner did not even possess the PSA, with its limited disclosures, at the time he retained and paid PSUS to conduct a patentability search and received the Milliner Opinion. (JE 44 at 18, 24).

In summary, there is no factual support for Appellant's argument that he provided adequate disclosure to Mr. Milliner prior to providing legal services. To the contrary, the record provides ample support for the ALJ's conclusion that Appellant did not provide full disclosure as to the nature and extent of his relationship with PSUS, prior to providing legal services.

The ALJ's conclusion that the Director proved Appellant violated 37 C.F.R. § 10.62(a) by clear and convincing evidence is affirmed.

2. Count I: 37 C.F.R. § 10.68(a)(1).

"Except with the consent of the practitioner's client after full disclosure, a practitioner shall not . . . [a]ccept compensation from one other than the practitioner's client for the practitioner's legal services to or for the client." 37 C.F.R. § 10.68(a)(1) (2012). Full disclosure under § 10.68(a)(1) requires a practitioner disclose to a client the amount the practitioner is being paid by the third party on the client's behalf. *See Bender v. Dudas*, 490 F.3d 1361, 1367-68 (Fed. Cir. 2007).

Appellant makes only a cursory objection to the ALJ's finding that Appellant violated 37 C.F.R. § 10.68(a)(1). He argues that Mr. Milliner gave his informed consent to a third-party (PSUS) payment of his legal fees. (Appeal at 5). Although he cites no evidence or to the certified record, it is presumed that he is, again, referring to the PSA and/or LSA that Mr. Milliner signed. However, as already stated, Mr. Milliner did not even possess, much less execute, those documents prior to receiving the April 4, 2013 Milliner Opinion. (JE 44 at 18, 24). More significantly, as already stated, those documents do not disclose to Mr. Milliner the amount of fees Appellant was to receive from PSUS, a third-party, for the legal services he rendered to Mr.

Milliner or the significance of those fees.⁸ In fact, Appellant stipulated that he did not disclose to Mr. Milliner how much he was paid for the legal work he performed for him. (Stips. 19, 43, 45). As a result, the ALJ's conclusion that Appellant violated 37 C.F.R. § 10.68(a)(1), as proved by the OED Director by clear and convincing evidence, is supported by law and fact. That conclusion is affirmed.

3. Count I: 37 C.F.R. § 11.104(a)(1).

A practitioner shall promptly inform the client of any decision or circumstance with respect to which the client's informed consent is required by the USPTO Rules of Professional Conduct. 37 C.F.R. § 11.104(a)(1) (2013). A circumstance requiring a client's informed consent under the USPTO Rules is one where a practitioner's representation involves a "concurrent conflict of interest." (A.22) (citing 37 C.F.R. §§ 11.107(a), (b)(4)). The rules define the phrase "concurrent conflict of interest: as meaning that "[t]here is a significant risk that the representation of one or more clients will be materially limited by the practitioner's responsibilities to another client, a former client or a third person or by a personal interest of the practitioner." 37 C.F.R. § 11.107(a)(2). The ALJ found that the OED Director carried his burden and proved that Appellant violated 37 C.F.R. § 11.104(a)(1), by failing to promptly inform Mr. Milliner of the circumstances of his on-going business and financial relationship with PSUS. (A.23). The record supports the ALJ's conclusion.

As noted in the ALJ's decision, PSUS and Mr. Milliner had competing objectives. PSUS's business objective⁹ was to maximize its profits and sell as many of its patent related programs as

⁸ The appeal states that "[t]he exact amount of fees were later calculated and presented to prior clients including Mr. Milliner through the mailings provided by Respondent." (Appeal at 5). However, Appellant provides no evidence and cites not testimony showing that this was done for Mr. Milliner.

⁹ Appellant's assertion that there is no evidence in the record that identifies PSUS' business objective is without merit. (Appeal at 6). The ALJ's Initial Order refers to Appellant's agreement with PSUS as support for her findings

it could, and it was able to sell such programs unhindered by the knowledge, training, experience, and fiduciary ethical obligations that bind licensed patent practitioners. (A.23; JE 42 at 22-27). Mr. Milliner's objective, on the other hand, was to obtain the honest advice and assistance of a licensed patent attorney regarding securing appropriate intellectual property protection for his invention. (A.23). Consequently, the competing objectives of PSUS and Mr. Milliner created a concurrent conflict of interest between Appellant's interest in both carrying out PSUS' objectives and maintaining his business relationship with PSUS on one hand, and fulfilling his fiduciary duties to Mr. Milliner on the other hand.

Put another way, when Appellant's ethical obligations demand he counsel clients, like Mr. Milliner, not to pursue intellectual property services from PSUS, PSUS' business objectives may be negatively impacted. Discouraging clients from purchasing PSUS programs may also negatively affect himself since PSUS may cease or decrease the work referred to him. In fact, the contract between Appellant and PSUS incentivized Appellant to counsel clients to purchase PSUS programs by establishing productivity levels and maximum monthly services. (JE 42 at 27). Thus, Appellant's contract with PSUS exacerbated the already existing tensions between PSUS' and Mr. Milliner's objectives, his own self-interest, and created a significant risk that the representation of his client will be materially limited by the his responsibilities to PSUS. This is a concurrent conflict of interest that Appellant should have disclosed to Mr. Milliner before providing legal services. He did not.

Appellant claims that there is "no evidence of subpar work" with respect to the patentability search and filing of the provisional application for Mr. Milliner. (Appeal at 6). However, this

as to PSUS' business objectives, citing contract provisions regarding a payment structure that encouraged Appellant to sell PSUS programs, provisions that limited contact between Appellant and clients, as well as provisions that prohibited diverting business from the company. (A.23-24; JE 42 at 22-27).

argument is misplaced since there is no requirement to prove that the conflict of interest resulted in a material limitation of representation. Rather, all that is necessary to show is that there is a “*significant risk* that the representation of one or more clients will be materially limited by the practitioner’s responsibilities to another client, a former client or a third person or by a personal interest of the practitioner.” 37 C.F.R. § 11.107(a)(2) (emphasis added). In other words, whether or not Appellant’s work was actually subpar or whether or not Appellant actually failed to act in Mr. Milliner’s best interest is not the issue. The issue is that his representation in the circumstances of this case created a significant risk that the representation could be materially limited and, thus, he should have disclosed it.

Lastly, having established that Appellant was required to seek informed consent prior to providing Mr. Milliner with legal services, the only remaining issue is whether he obtained that consent. He did not. The USPTO Rules requires “prompt” disclosure of any conflict. 37 C.F.R. § 11.104(a)(1). However, as already stated, *see supra* at 20-2, at the time Appellant began providing legal services to Mr. Milliner, which included providing the Milliner Opinion, nothing had been disclosed to Mr. Milliner as he did not possess the PSA or LSA at that time. Additionally, the PSA and LSA did not identify PSUS, did not identify the terms of the financial arrangement between Appellant and PSUS, and did not disclose the payments from PSUS to Appellant or the significance of those payments. (Stips. 19, 41, 43-45; JE 13). There is no other evidence that such information was communicated to Mr. Milliner via a mechanism outside the PSA or LSA. Consequently, the ALJ’s finding that the OED Director clearly and convincingly established a violation of 37 C.F.R. § 11.104(a)(1) is affirmed.

4. Count I: 37 C.F.R. § 11.107(a).

USPTO Rule § 11.107 provides, in relevant part, that-

(a) Except as provided in paragraph (b) of this section, a practitioner shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if:

* * *

(2) There is a significant risk that the representation of one or more clients will be materially limited by the practitioner's responsibilities to another client, a former client or a third person or by a personal interest of the practitioner.

(b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a) of this section, a practitioner may represent a client if:

* * *

(4) Each affected client gives informed consent, confirmed in writing.

37 C.F.R. §§ 11.107(a)(2), (b)(4). As the ALJ noted, this rule essentially reflects a restatement of the conflict of interest provision in the USPTO Code § 10.62(a) discussed above and is applicable to conduct occurring after May 3, 2013. (A.29).

The Initial Decision, as well as the preceding section of this Final Order, found clear and convincing evidence that Appellant's on-going contractual relationship with PSUS created a conflict of interest in regard to his representation of Mr. Milliner. (A.30). As already outlined, PSUS and Mr. Milliner had competing objectives that created concurrent conflicts of interest between them and with Appellant's representation. *See supra* 23-5. Appellant benefitted from carrying out PSUS's objectives since the more programs clients, including Mr. Milliner, purchased from PSUS, the significant business referrals to him PSUS from PSUS would continue. This conflicted with Appellant's ethical obligations to Mr. Milliner, which was to provide accurate and competent advice to Mr. Milliner that could include advising him to forgo obtaining intellectual property protection offered by PSUS. As such, the ALJ held that Appellant was obliged to obtain "written informed consent" from Mr. Milliner before drafting and filing his provisional application, which he did not do. (A.30).

Appellant's arguments here are repetitive of arguments already made and consist of little more than conclusory statements that lack any factual or legal support. For example, he restates

that “[t]he evidence actually shows that there was no material limit to the services provided by [him] or that somehow [his] representation was limited with respect to Mr. Milliner.” (Appeal at 7). This argument has already been addressed. The duty to obtain informed consent does not arise from representation that was actually limited; a significant risk of a material limitation in representation is all that is needed to require a practitioner to obtain informed consent. 37 C.F.R. § 11.107(a)(2). The ALJ found such significant risk of material limitation existed arising out of the concurrent conflicts of interest and that finding is affirmed.

Similarly, Appellant appears to reiterate his argument that he sufficiently disclosed his relationship with PSUS to Mr. Milliner and, thus, obtained the requisite informed consent. (Appeal at 7) (“Mr. Milliner had adequate communication of the relationship between PSU[S] and the patent attorney through his patent service agreement.”) But, again, Appellant’s disclosure to Mr. Milliner was insufficient insofar as, at the time Appellant began providing legal services to Mr. Milliner, which included the Milliner Opinion, nothing had been disclosed to Mr. Milliner. Mr. Milliner did not possess the PSA or LSA at that time and until approximately one month later. The PSA and LSA did not identify PSUS, did not identify the terms of the arrangement between Appellant and PSUS, and did not disclose the payments from PSUS to Appellant or the significance thereof. (Stips. 19, 41, 43-45; JE 13). There is no other evidence that such information was communicated to Mr. Milliner via a mechanism outside the PSA and LSA.

Because there is factual support in the record, as well as sound legal support for the ALJ’s conclusions, the holding that Appellant violated 37 C.F.R. § 11.107(a) with regard to Mr. Milliner, as proved by the OED Director by clear and convincing evidence, is affirmed.

5. Count I: 37 C.F.R. § 11.108(f)(1).

Pursuant to 37 C.F.R. § 11.108(f)(1), a practitioner shall not accept compensation for or representing a client from one other than the client unless the client gives informed consent. This rule is a restatement of the USPTO Code, 37 C.F.R. § 10.68(a)(1), and applies to conduct occurring on or after May 3, 2013. (A.31). Here, Appellant has stipulated that PSUS paid for the legal services he provided to the clients the company referred to him and that the amount he was paid to perform the legal work was never disclosed to the clients. (Stips. 13, 45). He again, however, relies on Mr. Milliner's signing the PPA and LSA agreements as evidence that he obtained Mr. Milliner's informed consent to the arrangement between PSUS and Appellant. (Appeal at 8).

The issue of what Mr. Milliner knew and did not know as a result of his signing the PSA and LSA has already been addressed. *See supra* at 20-2. While Mr. Milliner understood there was some fee arrangement between Appellant and PSUS, the full extent of that arrangement was not disclosed to Mr. Milliner, as previously noted. Consequently, Appellant having failed to fully disclose significant aspects of his arrangement with PSUS, as noted above, Mr. Milliner did not provide informed consent under § 11.108(f)(1). Thus, the ALJ's conclusion that Appellant violated 37 C.F.R. § 11.108(f)(1), as proved by the OED Director by clear and convincing evidence, is affirmed.

6. Count II: 37 C.F.R. §§ 10.62(a) and 10.68(a)(1).

As to Count II, in early 2013, Appellant prepared and issued a Patentability Search and Opinion for both Mr. Barrett and Ms. Cavanaugh at the direction of PSUS.¹⁰ (A.36). The ALJ concluded that the only disclosures regarding conflict of interest that could have been made to

¹⁰ This conduct occurred prior to May 3, 2013 when the USPTO Rules went into effect.

Mr. Barrett and Ms. Cavanaugh were those contained in PSUS's PPA and, further, the disclosures therein were insufficient for purposes of § 10.62(a) and § 10.68(a)(1). (A.36). As with the similar findings in Count I, this conclusion finds support in the record.

Appellant stipulated that he relied only on the information contained in the PPA for each client to make the required disclosures under the disciplinary rules. (Stips. 58, 59). He also stipulated that those agreements were functionally identical to the one signed by Mr. Milliner. (Stips. 51; A1210-14 (Bonfiglio PPA), A1215-19 (Medina PPA), A1224-28 (Barrett PPA), A1229-33 (Aborhey PPA), A1317-21 (Hicks PPA)). As a result, those PPAs suffer from the same deficiencies as Mr. Milliner's PSA. The PSA documents for Mr. Barrett and Ms. Cavanaugh failed to disclose the conflicts arising from his arrangement with PSUS, including his the nature and extent of his on-going relationship with PSUS, and the amount he was being paid by PSUS. *See supra* at 20-2. Consequently, just like Mr. Milliner, those clients could not and did not give informed consent to Appellant's representation after "full disclosure" having been made. Thus, the ALJ's conclusion that Appellant violated 37 C.F.R. § 10.68(a)(1), as alleged in Count II of the Complaint regarding Mr. Barrett and Ms. Cavanaugh is affirmed.

Appellant's claims that the charges of Count II are merely duplicative are nothing more than self-serving arguments to avoid the consequences of his violations. Count II sets forth independent violations of the USPTO disciplinary rules for which evidence supports a substantive finding of a violation. If there is a duplicative nature to these findings, it is result of Appellant's repeat behavior, failing to disclose conflicts of interest, over multiple clients

7. Count II: 37 C.F.R. §§ 11.104(a)(1), (a)(2); 11.107(a)(2); 11.108(f)(1); 11.504(c).

As to the remaining charges, after the effective date of the USPTO Rules on May 3, 2013, the ALJ noted that Appellant prepared and filed provisional patent applications for all six of these

clients at the direction of PSUS, consistent with his referral contract with that company. (A.37). The record supports those filings. (Findings of Fact, 27-30). Unlike with Mr. Milliner, however, the ALJ also found that Appellant had no direct communications with these clients wherein he might have (a) disclosed his conflicting relationship with PSUS; (b) consulted on the means to accomplish their objectives and/or explained matters sufficient to make an informed decision; (c) obtained written informed consent to conflicted representation and third-party payment. (A.37). Appellant has not alleged he engaged in any such communications with the clients in Count II, and there is no independent documentary evidence to support, that he had any such communications. Therefore, the ALJ found Appellant violated 37 C.F.R. §§ 11.104(a)(1), (a)(2); 11.107(a)(2); 11.108(f)(1), 11.504(c), as alleged in Count II of the Complaint in regard to these six clients. As Appellant has not asserted any substantive challenge in his Appeal as to these charges, other than the opinion that the charges are duplicative—and that that opinion has already been addressed—the ALJ’s conclusions here are affirmed.

B. Appellant’s Other Challenges.

Appellant raises two other challenges in his appeal. One is an affirmative defense that he is required to prove by clear and convincing evidence. The other is a challenge to a specific decision of the ALJ. As set forth below, neither of these challenges provides a basis for overturning or amending the ALJ’s Initial Decision.

1. Appellant Failed to Establish His Affirmative Defense.

Appellant raises a single affirmative defense to the disciplinary charges against him. He claims that the disciplinary complaint “should have been dismissed or referred back to the OED director for failure to comply with the provisions of 5 U.S.C. 558(c). (Appeal at 2). Specifically, he claims that he:

“brought to the court’s attention the OED director's failure to comply with provisions of the above-mentioned statute in a Motion to Dismiss filed on April 5, 2017. The Respondent further raised this issue in the prehearing statement of November 3, 2017 and Respondent's post-hearing statement of October 12, 2018. In filing this proceeding against the Respondent, the OED director failed to abide by the provisions of 5 U.S.C. 558(c). Applicable law has been cited in attachments to this Brief and the Respondent requests that this matter be remanded back to the ALJ with instruction to reverse the findings of willfulness under this analysis, see Exhibits A, B and C.”

(Appeal at 8). Appellant bears the burden of proving an affirmative defense by clear and convincing evidence. 37 C.F.R. § 11.49. He falls well short of that burden here.

USPTO’s disciplinary processes are set forth in the USPTO Rules. In relevant part, if after conducting an investigation under § 11.22(a), the OED Director is of the opinion that grounds exist for discipline under § 11.19(b), the OED Director, after complying where necessary with the provisions of 5 U.S.C. 558(c), may convene a meeting of a panel of the Committee on Discipline. *See* 37 C.F.R. § 11.32. If convened, the Committee on Discipline shall then determine, as specified in § 11.23(b), whether there is probable cause to bring disciplinary charges. *See id.* If the panel of the Committee on Discipline determines that probable cause exists to bring charges, the OED Director may institute a disciplinary proceeding by filing a complaint under § 11.34. *See id.*

In addition to the regulatory provisions, 5 U.S.C. § 558(c) provides, in relevant part-

Except in cases of willfulness or those in which public health, interest, or safety requires otherwise the withdrawal, suspension, revocation, or annulment of a license is lawful only if, before the institution of agency proceedings therefor, the licensee has been given—

- (1) notice by the agency in writing of the facts or conduct which may warrant the action; and
- (2) opportunity to demonstrate or achieve compliance with all lawful requirements.

5 U.S.C. § 558(c). Willfulness under 5 U.S.C. § 558(c) is established where the respondent

“intentionally does an act which is prohibited, irrespective of evil motive or reliance on erroneous advice” or “acts with careless disregard of statutory requirements.” (A.40) (citing

Halvonik v. Dudas, 398 F. Supp. 2d 115, 125-26 (D.D.C. 2005) (internal quotation marks omitted)).¹¹

There is no question that Appellant willfully engaged in each act of misconduct for which the ALJ found him to have violated USPTO disciplinary rules. For each act of misconduct, Appellant chose what information to disclose, and not to disclose, to the clients that were referred to him from PSUS. Further, he made those decisions after having received the 2011 Warning Letter and the multiple RFIs in 2016. The 2011 Warning Letter alone provided ample notice to Appellant that, while the OED was terminating its earlier investigation of facts nearly identical to those here, having concluded that his “conduct does not warrant sanctionable discipline” it explicitly advised that Respondent “should not construe the decision to forgo disciplinary action as an indication that your conduct was beyond reproach.” (JE 7 at 1). “To the contrary,” OED declared, this letter “serves as a warning that future similar conduct may cause disciplinary proceedings to be brought against you” and “*constitutes specific notice to you under 5 U.S.C. § 558(c)*.” (JE 7; A.2003-04; Stip. 3) (emphasis added). USPTO advised Appellant of his duty to obtain client consent, after full disclosure, regarding potential conflicts of interest and/or third-party compensation, “to protect current and future clients from subsequent occurrences of the same or similar misconduct,” citing the USPTO Code provisions 37 C.F.R. §§ 10.62(a), 10.66, 10.68(a)(1). (JE 7 at 2; A.2005; Stips. 5-6). Finally, the 2011 Warning Letter advised him that its written warning “will be considered in dealing with any future complaint or evidence of misconduct that may come to the attention of OED.” (JE 7 at 3). In short, Appellant was fully on notice that the conduct he was engaging in, and which is nearly identical to the subject of these disciplinary proceedings, likely violated USPTO disciplinary rules. He had

¹¹ The parties agreed to this standard in their post hearing briefs. (A.40) (citations to post-hearing briefs omitted).

ample opportunity to change his practices, such as revising how he makes disclosures and what information to disclose to clients. Despite that notice and opportunity to cure his behavior, he continued with the nearly identical disclosure agreements that resulted in 2011 Warning Letter. Thus, his conduct was willful for purposes of § 558(c).

Additionally, even if his conduct could be construed as other than willful, he had been given appropriate notice under § 558(c) that the conduct that forms the basis for his suspension here may warrant discipline. He was provided notice and an opportunity to cure the misconduct beginning in 2011 and as recently as 2016. Both the 2011 Warning Letter and 2016 RFIs included specific statements of notice pursuant to § 558(c). (JE 7; JE 37; JE 39). He failed to cure his misconduct despite having received that notice. Thus, Appellant has failed to prove his affirmative defense.

2. The ALJ's Decision to Deny Appellant's Request to Present or Depose Mr. Montana Was Proper.

Appellant lastly challenges the ALJ's decision to deny his request to depose a PSUS director George Montana. (Appeal at 4). Appellant claims that this testimony would have provided further support of the informed consent garnered from PSUS clients referred to him. (*See id.*)

The ALJ has the authority to, *inter alia*, make rulings upon motions and other requests; determine the time and place of any hearing and regulate its course and conduct; adopt procedures and modify procedures for the orderly disposition of proceedings; and perform acts and take measures as necessary to promote the efficient, timely, and impartial conduct of any disciplinary proceeding. *See* 37 C.F.R. § 11.39(c)(1)-(10). Pursuant to this authority, the ALJ denied as untimely both Appellant's request to continue the hearing date and, subsequently, only seven days before the hearing, his request to present the testimony of Mr. Montana by affidavit.

(A.681-82, 737-38). Appellant also orally moved at the hearing to hold open the record so he could arrange for Mr. Montana's deposition and that motion was also denied. (A.1885-86).

Appellant has not raised any specific challenge to the ALJ's denial of his attempts to supplement the record with Mr. Montana's testimony. He merely disagrees with the denial and that is a sufficient basis to deny his challenge here. But, additionally, a review of the record of the ALJ's denial provides a sound basis for her decisions with regard to Mr. Montana's testimony. In short, those decisions are rooted in the untimely nature of the requests and the fact that allowing Appellant's late supplementing of the record would prejudice the OED Director. (A.681-82, 738, 1886). Appellant has not offered, and the record does not provide any basis for, disturbing the ALJ's decisions regarding Mr. Montana's testimony, in person or by affidavit.

V. SANCTION

The ALJ's Initial Decision concluded that Appellant engaged in misconduct that violated multiple disciplinary rules, and imposed a 30-month suspension from the practice before the Office, with reinstatement subject to conditions. (A.55-56). An ALJ initial decision that imposes exclusion or suspension must explain the reason for imposing such a sanction after consideration of the following four factors:

- (1) Whether the practitioner has violated a duty owed to a client, to the public, to the legal system, or to the profession;
- (2) Whether the practitioner acted intentionally, knowingly, or negligently;
- (3) The amount of the actual or potential injury caused by the practitioner's misconduct; and
- (4) The existence of any aggravating or mitigating factors.

37 C.F.R. § 11.54(b)(1)-(4).

The Director of the USPTO reviews an appeal from an ALJ Initial Decision on the record before the ALJ. *See* 37 C.F.R. § 11.55(f); *see also* *Marinangeli v. Lehman*, 32 F. Supp. 2d 1, 5 (D.D.C. 1998). Appellant does not challenge any aspect of the ALJ's analysis under § 11.54(b), including the ordered sanction. As a result, Appellant has waived any argument as to that analysis and order. *See Impax Labs. Inc. v. Lannett Holdings Inc.*, 893 F.3d 1372, 1377 (Fed. Cir. 2018); *SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1319 (Fed. Cir. 2006).

In addition to Appellant waiving any challenge to the imposed sanction, a review of the ALJ's analysis supports the decision to suspend Appellant from practicing before the USPTO for 30 months, with conditions for reinstatement. The ALJ's review and analysis included a careful and proper analysis of the four factors set forth in 37 C.F.R. § 11.54(b) and is affirmed.

ORDER

Having considered Appellant's appeal under 37 C.F.R. § 11.55 from the May 3, 2019 Initial Decision of the ALJ to suspend Appellant from practice before the Office in patent, trademark and other non-patent matters for 30 months, with reinstatement subject to conditions, it is **ORDERED** that the ALJ's initial decision is **AFFIRMED**.

It is further:

ORDERED that Appellant is suspended for a period of 30 months from practice before the USPTO in patent, trademark, and nonpatent matters. Prior to reinstatement pursuant to 37 C.F.R. § 11.60, Appellant must provide the OED with written proof of passage of the Multistate Professional Responsibility Examination with a scaled score of 100 or better within the 12 prior months;

ORDERED that the OED Director give notice pursuant to 37 C.F.R. § 11.59 of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in the state(s) where Appellant is admitted to practice, to courts where Appellant is known to be admitted, and to the public;

ORDERED that the USPTO shall dissociate Appellant's name from any Customer Number(s) and USPTO verified Electronic System account(s), if any;

ORDERED that Appellant shall not apply for a USPTO Customer Number, shall not obtain a USPTO Customer Number, nor shall he have his name added to a USPTO Customer Number, unless and until he is reinstated to practice before the USPTO; and

ORDERED that Appellant shall comply with the provisions of 37 C.F.R. § 11.58 governing the duties of disciplined practitioner.

RECONSIDERATION AND APPEAL RIGHTS

Any request for reconsideration of this decision must be filed within twenty (20) days from the date of entry of this decision pursuant to 37 C.F.R. § 11.56(c). Any request for reconsideration mailed to the USPTO must be addressed to:

Sarah T. Harris
General Counsel
United States Patent and Trademark Office
600 Dulany St.
P.O. Box 1450
Alexandria, VA 22313-1450

A copy of the request must also be served on the attorney for the Director of Enrollment and Discipline:

Robin J. Crabb
Melinda M. DeAtley
Counsel for the Director of Office of Enrollment and Discipline
600 Dulany St.

P.O. Box 1450
Alexandria, VA 22313-1450

Any request hand-delivered to the USPTO must be hand-delivered to the Office of the General Counsel, in which case the service copy for the attorney for the Director shall be hand-delivered to the Office of Enrollment and Discipline.

If a request for reconsideration is not filed, and Appellant desires further review, Appellant is notified that he is entitled to seek judicial review on the record in the U.S. District Court for the Eastern District of Virginia under 35 U.S.C. § 32 “within thirty (30) days after the date of the order recording the Director’s action.” *See* E.D. Va. Local Civil Rule 83.5.

IT IS SO ORDERED.

2-14-20
Date


Sarah T. Harris
General Counsel
United States Patent and Trademark Office

on delegated authority by

Andrei Iancu
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

cc:

Jerry D. Haynes
Appellant

Robin Crabb
Melinda DeAtley
Associate Solicitors
Counsel for the Director of Office of Enrollment and Discipline