

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

In the Matter of	)	
	)	
Tung-Yun McNally,	)	Proceeding No. D2023-22
	)	
Respondent	)	
_____	)	

FINAL ORDER

The Director of the Office of Enrollment and Discipline (“OED Director”) for the United States Patent and Trademark Office (“USPTO” or “Office”) and Tung-Yun McNally (“Respondent”) have submitted a Proposed Settlement Agreement (“Agreement”) to the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (“USPTO Director”) for approval.

The Agreement, which resolves all disciplinary action by the USPTO arising from the stipulated facts set forth below, is hereby approved. This Final Order sets forth the parties’ stipulated facts, legal conclusion, and sanctions.

Jurisdiction

1. At all times relevant hereto, Respondent of Irvine, California, was a registered patent agent (Registration Number 66,725). Respondent is subject to the USPTO Rules of Professional Conduct, 37 C.F.R. § 11.101 *et seq.*

2. The USPTO Director has jurisdiction over this matter pursuant to 35 U.S.C. §§ 2(b)(2)(D) and 32 and 37 C.F.R. §§ 11.19, 11.20, and 11.26.

Legal Background

3. A party, such as Respondent, presenting any paper to the USPTO (whether by signing, filing, submitting, or later advocating) certifies that:

(1) All statements made therein of the party's own knowledge are true, all statements made therein on information and belief are believed to be true, and all statements made therein are made with the knowledge that whoever, in any matter within the jurisdiction of the Office, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or knowingly and willfully makes any false, fictitious, or fraudulent statements or representations, or knowingly and willfully makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, shall be subject to the penalties set forth under 18 U.S.C. 1001 and any other applicable criminal statute, and violations of the provisions of this section may jeopardize the probative value of the paper; and

(2) To the best of the party's knowledge, information and belief, formed after an inquiry reasonable under the circumstances,

(i) The paper is not being presented for any improper purpose, such as to harass someone or to cause unnecessary delay or needless increase in the cost of any proceeding before the Office;

(ii) The other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;

(iii) The allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and

(iv) The denials of factual contentions are warranted on the evidence, or if specifically so identified, are reasonably based on a lack of information or belief.

See 37 C.F.R. § 11.18(b).

4. At all times relevant to this matter, patent applicants who qualify as micro entities are entitled to a significant reduction on most USPTO patent fees. In order to qualify as a micro entity on a gross income basis, the applicant must file a Certification of Micro Entity Status with the USPTO that certifies the following:

(1) The applicant qualifies as a small entity as defined in 37 C.F.R. § 1.27 without relying on a government use license exception under 37 C.F.R. § 1.27(a)(4);

(2) Neither the applicant nor the inventor nor a joint inventor has been named as the inventor or a joint inventor on more than four previously filed patent applications, other

than applications filed in another country, provisional applications under 35 U.S.C. § 111(b), or international applications for which the basic national fee under 35 U.S.C. § 41(a) was not paid;

(3) Neither the applicant nor the inventor nor a joint inventor, in the calendar year preceding the calendar year in which the applicable fee is being paid, had a gross income, as defined in section 61(a) of the Internal Revenue Code of 1986 (26 U.S.C. § 61(a)), exceeding three times the median household income for that preceding calendar year, as most recently reported by the Bureau of the Census; and

(4) Neither the applicant nor the inventor nor a joint inventor has assigned, granted, or conveyed, nor is under an obligation by contract or law to assign, grant, or convey, a license or other ownership interest in the application concerned to an entity that, in the calendar year preceding the calendar year in which the applicable fee is being paid, had a gross income, as defined in section 61(a) of the Internal Revenue Code of 1986, exceeding three times the median household income for that preceding calendar year, as most recently reported by the Bureau of the Census.

See generally 37 C.F.R. § 1.29(a) and Manual of Patent Examining Procedure § 509.04(a).

5. A willful false claim of micro entity status may be considered fraud on the USPTO and can adversely affect the proceeding. *See* 37 C.F.R. § 1.29(j), 37 C.F.R. § 11.18(b)(1) (citing to 18 U.S.C. 1001) and (c).

Joint Stipulated Facts

6. At all times relevant, Respondent was a registered patent agent employed by a patent law firm based in Los Angeles, California.

7. Respondent represents that she filed approximately 690 design patent applications with the USPTO on behalf of applicants between August 2019 and September 2021 (“the relevant time period”).

8. The USPTO issued a Notice of Payment Deficiency for each of twenty-one (21) design patent applications that Respondent filed on behalf of applicants during the relevant time period. Each of these Notices was issued between August and October 2021 for applications in

which a Certification of Micro Entity Status was executed and submitted by Respondent during the relevant time period.

9. Respondent personally signed the Certifications of Micro Entity Status in each of the twenty-one (21) design patent applications issued a Notice; Respondent represents that she signed the certifications based upon representations made to her by a foreign associate for the applicants.

10. In response to the Notices, the entity status of the applications was changed and the deficient amounts in accordance with 37 C.F.R. § 1.28(c) were paid upon instruction from the foreign associate about the need to obtain patent protection without delay and to avoid the additional cost of opposing any one Notice. Respondent represents that, with the exception of one of these matters, she was not aware of the Notices, the changes in certifications, or the payment of the deficient amounts, until receiving the communications from OED.

11. Despite the changing of the entity statuses and the paying of the deficient amounts, Respondent represents that she reasonably believed that, at the time of filing, her presentation of the Certifications of Micro Entity Status was proper because the requests for micro entity status were submitted to her by foreign associates (i) with whom Respondent's law firm had existing relationships and (ii) who had been trained as to the qualifications for micro entity status.

12. Respondent represents that she did not have a procedure or guidelines in place to personally verify the underlying basis of the Certifications of Micro Entity Status that she signed and filed. She also represents that her employer did not have a procedure or guidelines in place for any other registered practitioners to personally verify the same.

13. Respondent *sua sponte* investigated at least one filing she made prior to receiving any communications from OED, including working with her firm and the foreign associate to

understand areas to improve. Respondent represents that she believed that new procedures had been implemented to ensure consistent review and responses to future Notices to address inventors with similar names.

14. After receiving correspondence from OED, Respondent undertook to review her firm's processes, including requiring further information and verification prior to submitting certifications to the USPTO.

15. Respondent also retroactively obtained applicant certifications and adopted measures intended to create protocols for use by her law firm for verifying the qualifications of applicants who claim micro entity status.

16. Respondent represents that her law firm no longer accepts claims for micro entity status from new applicants and has put in place measures to review, confirm, and audit submissions to the USPTO to ensure they comport with 37 C.F.R. § 11.18.

Additional Considerations

17. Respondent has never been the subject of professional discipline by the USPTO.

18. Respondent has acknowledged her lapses, demonstrated genuine contrition, and accepted responsibility for her acts and omissions.

19. Respondent cooperated with OED's investigation by offering to conduct an interview with OED and by providing *sua sponte* informative supplemental responses to her original response to OED's request for information.

20. Respondent took *sua sponte* action to endeavor to comply with the professional responsibilities set forth in the USPTO Rules of Professional Conduct after Respondent received the Notices and before the OED inquiry.

Joint Legal Conclusions

21. Respondent acknowledges that, based on the information contained in the Joint Stipulated Facts, above, that Respondent's acts and omissions violated the following provisions of the USPTO Rules of Professional Conduct:

- a. 37 C.F.R. § 11.103 (diligence) by (i) not always conducting a reasonable inquiry under the circumstances pursuant to 37 C.F.R. § 11.18 prior to presenting certifications of micro entity status to the USPTO, and (ii) failing to have had in place adequate procedures to ensure that certifications of micro entity status complied with USPTO regulations; and
- b. 37 C.F.R. § 11.804(d) (engaging in conduct that is prejudicial to the integrity of the patent application process) by (i) not always conducting a reasonable inquiry under the circumstances pursuant to 37 C.F.R. § 11.18 prior to presenting certifications of micro entity status to the USPTO, and (ii) failing to have had in place adequate procedures to ensure that every certification of micro entity status complies with USPTO regulations.

Agreed-Upon Sanction

22. Respondent freely and voluntarily agrees, and it is hereby ORDERED that:

- a. Respondent be, and hereby is, publicly reprimanded;
- b. The OED Director electronically publish the Final Order at the OED's electronic FOIA Reading Room, which is publicly accessible through the Office's website at: <https://foiadocuments.uspto.gov/oed/>;
- c. The OED Director shall publish a notice in the *Official Gazette* that is materially consistent with the following:

Notice of Reprimand

This notice concerns Tung-Yun McNally of Irvine, California, who is a registered patent agent (Registration Number 66,725). Ms. McNally is hereby reprimanded for violating 37 C.F.R. §§ 11.103 (failing to act with reasonable diligence in representing a client) and 11.804(d) (engaging in conduct that is prejudicial to the integrity of the patent application process). The reprimand is predicated upon Ms. McNally's violations of these provisions of the United States Patent and Trademark Office ("USPTO") Rules of Professional Conduct in connection with the submission of

Certifications of Micro Entity Status without proper review. *See* 37 C.F.R. § 1.29(a)(2).

The USPTO notified applicants where the micro entity application filing limit appeared to be exceeded in applications filed by applicants of design patent applications, based upon USPTO's internal records. As the practitioner who presented and signed the respective Certifications of Micro Entity Status certifying that "neither the applicant nor the inventor nor a joint inventor has been named as the inventor or a joint inventor on more than four previously filed U.S. patent applications" Ms. McNally explained that she had relied upon the respective representations of each applicant and each applicant's foreign associate to form the basis of her certifications. Moreover, her prior procedures did not include the verification of client assertions that she now receives.

In reaching this settlement, the Office of Enrollment and Discipline ("OED") Director considered the following: (i) Ms. McNally has never been the subject of professional discipline by the USPTO; (ii) Ms. McNally has acknowledged her lapses, demonstrated genuine contrition, and accepted responsibility for her acts and omissions; (iii) Ms. McNally fully cooperated with OED's investigation and provided *sua sponte* informative, supplemental responses to her original response to the request for information; (iv) Ms. McNally took *sua sponte* corrective action to endeavor to comply with her professional responsibilities; and (v) Ms. McNally has worked with her law firm to retroactively review prior filings and adopt measures intended to prevent the recurrence of these violations, including verifying and auditing assertions by foreign associates and applicants from China.

This action is the result of a settlement agreement between Ms. McNally and the OED Director pursuant to the provisions of 35 U.S.C. §§ 2(b)(2)(D) and 32 and 37 C.F.R. §§ 11.19, 11.20, and 11.26. Disciplinary decisions involving practitioners are posted for public reading at the Office of Enrollment and Discipline Reading Room accessible at: <https://foiadocuments.uspto.gov/oed/>;

- d. Nothing in this Agreement or the Final Order shall prevent the Office from considering the record of this disciplinary proceeding, including the Final Order: (1) when addressing any further complaint or evidence of the same or similar misconduct concerning Respondent brought to the attention of the Office and (2) in any future disciplinary proceeding against Respondent (i) as an aggravating factor to be taken into consideration in determining any discipline to be imposed, and/or (ii) to rebut any statement or representation by or on Respondent's behalf;
- e. Respondent, by her agreement, has waived all rights to seek reconsideration of the Final Order under 37 C.F.R. § 11.56, waives the right to have the Final Order

reviewed under 37 C.F.R. § 11.57, and waives the right otherwise to appeal or challenge the Final Order in any manner; and

- f. Each party shall each bear their own costs incurred to date and in carrying out the terms of this Agreement and any Final Order.

Users,
Shewchuk,
David

Digitally signed by
Users, Shewchuk, David
Date: 2023.04.07
11:04:13 -04'00'

David Shewchuk
Deputy General Counsel for General Law
United States Patent and Trademark Office

Date

on delegated authority by

Katherine K. Vidal
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

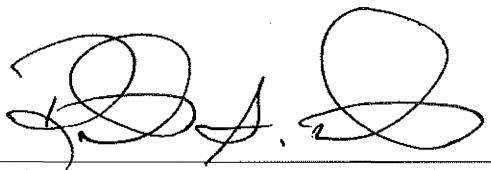
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing Final Order was sent, on this day, to the parties via e-mail:

Emil Ali
MCCABE & ALI, LLP
emil@mccabeali.com
Counsel for Respondent

Hendrik DeBoer
[REDACTED]
[REDACTED]
Counsel for the OED Director

4/7/23
Date


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