

December 01, 2019

PERSPECTIVE

A New Frontier in Patent Bar Ethics?

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We stand today on the edge of a New Frontier.

—**John F. Kennedy**

President Kennedy’s words in his 1960 presidential nomination acceptance speech may well apply to the future of the patent bar. The U.S. Patent and Trademark Office (USPTO) this summer issued a notice of rulemaking proposing an annual patent practitioner fee,¹ and our Section in response provided comments thanks to a task force led by Rivka Monheit.

This fee concept is not new; the USPTO proposed the same sort of fee in December 2003.² At that time, the proposed \$100 registered practitioner fee corresponded to the cost of the USPTO’s disciplinary and roster maintenance programs for active registered practitioners. Five years later, the final rule assessing a \$118 “annual practitioner maintenance fee” for active registered practitioners described the fee increase as a “reflection of changes in the consumer price index and staffing adjustments from the time the rule was proposed.”³ Though on the books, the fee was not acted upon; it was increased to \$120 in September 2012,⁴ and was eventually taken off the

books in April 2013.⁵ The USPTO cited 35 U.S.C. § 2(b)(2)(D) and § 41(d) as legal bases for the practitioner fee.⁶ Section 2(b)(2)(D) authorizes the establishment of regulations that govern the “recognition and conduct” of attorneys and agents and require them to “show that they are of good moral character and reputation and are possessed of the necessary qualifications” to represent parties before the Office. Addressing fees more directly, § 41(d)(2)(A) generally authorizes the Director to establish fees for patent-related processing and services to recover the “estimated average cost to the Office.” The Section’s comments accordingly reflect that the amount of an annual patent practitioner fee should be carefully assessed.

The USPTO has described its proposed annual patent practitioner fee as intended to shift the costs of its disciplinary and roster maintenance programs from applicants, or the public in general, to practitioners.⁷ That position might find support in the ABA Model Rules for Lawyer Disciplinary Enforcement. For example, Rule 8 provides that “lawyer discipline” should be “funded by fees assessed on lawyers admitted to practice in the state,” and an annual fee “shall be used to defray the costs of disciplinary administration and enforcement [and] lawyer regulation.”⁸ Therefore, the patent bar might hesitate to merely dismiss the concept of an annual patent practitioner fee.

Patent Bar Ethics Exam?

Before again heading down the path of introducing an annual patent practitioner fee, perhaps as stated by Benjamin Franklin “an ounce of prevention is worth a pound of cure.” In particular, the USPTO could proactively introduce a patent bar ethics exam instead.

Registered patent practitioners are bound by the USPTO Rules of Professional Conduct.⁹ But how many of them truly understand these rules and can comfortably apply them? While the rules “conform” to the ABA Model Rules of Professional Conduct, there are differences—so much so that the USPTO provides a comparison chart.¹⁰

Just as we require one to pass a driving test before being allowed to get behind the wheel of a car, should we not require practitioners to pass an exam on USPTO ethics rules before allowing them to represent parties before the Office? The fact that attorneys must pass an ethics exam required by a state bar, such as the Multistate Professional Responsibility Exam, to be admitted to practice in that state seems a poor reason to rule out a USPTO-specific ethics exam that could help protect the public and the profession from registered practitioners—attorneys and agents alike—who may be ill-equipped to apply the USPTO ethics rules. Even if we could assume that state bar ethics

exams sufficiently prepare registered attorney applicants to apply the Office's ethics rules, is not the lack of ethics training to provide registered agent applicants reason enough to introduce a USPTO-specific ethics exam? That is a key question for a potential new frontier. Michael E. McCabe Jr., who chairs the Section's Ethics and Professional Responsibility Committee, in 2017 stressed the very problem of there being no formal ethics training for registered agents.¹¹ To McCabe's point that mere knowledge of the ethics rules is not enough, a patent bar ethics exam should be designed to test that a prospective registrant understands and can correctly apply the rules.

Prior to charging all patent practitioners to cover the cost of investigating and disciplining those practitioners at risk of exiting the back door of the profession, it might be worth trying a USPTO-specific ethics exam to better protect the front door of the profession. The Office of Enrollment and Discipline could even offer a course or instructions on preparing for the exam. Because the public cannot easily discern which practitioners have a solid grasp of these ethics rules, it is better to be safe than sorry.

A Helping Hand?

The July notice of rulemaking indicated that the proposed patent practitioner fee would help fund the USPTO Patent Pro Bono Program.¹² This program matches volunteer patent professionals with under-resourced inventors and small businesses for free legal assistance in preparing and filing patent applications.¹³ The ABA Section of Intellectual Property Law has been a strong supporter of the program since its inception in 2011. The Section's Pro Bono Committee has taken on active committee roles at the state and national levels and has worked closely with the USPTO Pro Bono Coordinator to create programming, outreach, and best practices. ABA members have also served as volunteers, directly providing pro bono patent prosecution services to under-resourced inventors and small businesses. To the extent there is a critical need for increased support of the Patent Pro Bono Program, perhaps the patent bar can fill the gap. If the alternative is an annual patent practitioner fee, the patent bar might gladly rise to the occasion. Because pro bono services address access to justice concerns, it would not be surprising if an army of patent bar volunteers were willing to help. The effort that Section and other ABA members give to address access to justice causes is incredible.

A helping hand from the patent bar could in fact extend beyond the Patent Pro Bono Program. For example, similar to various state bars, the USPTO might create professional ethics and practitioner discipline committees and appoint volunteers to serve on those committees,¹⁴ or

even staff an ethics hotline for practitioners with help from the patent bar.¹⁵ Due to the considerable size of its membership, the Section might be a great resource for those volunteers.

Patent Bar CLE Requirement?

The USPTO's goal of incentivizing patent practitioners to take patent practice CLE is both important and laudable. Registered agents do not have continuing education requirements, and registered attorneys can satisfy any mandatory requirements of their states without selecting courses specific to patent practice before the Office. But introducing a CLE requirement linked to an annual patent practitioner fee might not be the best way to help ensure practitioners stay up to date.

A mandatory patent bar CLE requirement, which the USPTO proposed back in 2003,¹⁶ would add a new ongoing burden on practitioners. In contrast, voluntary CLE credits would give practitioners flexibility, but run the risk they will not follow through. So why not gain the best of both worlds by having a mandatory CLE requirement for the first four years of practice before the USPTO and voluntary credits earnable thereafter? To help encourage practitioners to earn these voluntary credits, they could be treated as a mitigating factor, with noncompliance treated as an aggravating factor, in any disciplinary proceeding involving a question of a practitioner's competency.¹⁷ Linking voluntary CLE and disciplinary proceedings in this way might prompt malpractice carriers to incentivize practitioners to earn voluntary CLE credits.

The ABA CLE approach would help address any concern that a new CLE requirement may have a disparate impact on certain groups. That is, patent bar CLE providers could offer partial scholarships to public interest, government, solo/small firm (of limited means), and full-time professor practitioners. In addition, pro bono hours could count toward the mandatory requirement and voluntary credits. To strongly encourage pro bono work, one hour of pro bono service could count as one mandatory or voluntary credit hour, unlike the USPTO proposed rule that would have a patent practitioner earn one hour of CLE credit for three hours of pro bono service.¹⁸ A third way to limit the potential burden of a new CLE requirement would be to make the reporting period every two years, thereby accounting for the many demands of a patent practice before the USPTO.

President Kennedy went on to say that the "old ways will not do," and that the "New Frontier is here whether we seek it or not." Whatever uncharted path does lie ahead for patent bar ethics, the

ABA Section of Intellectual Property Law stands ready to do its part to promote its fair and just administration.

Endnotes

1. Setting and Adjusting Patent Fees during Fiscal Year 2020, 84 Fed. Reg. 37,398 (July 31, 2019).
2. Changes to Representation of Others before the United States Patent and Trademark Office, 68 Fed. Reg. 69,442 (Dec. 12, 2003).
3. Changes to Representation of Others before the United States Patent and Trademark Office, 73 Fed. Reg. 67,750 (Nov. 17, 2008).
4. Setting and Adjusting Patent Fees, 77 Fed. Reg. 55,028 (Sept. 6, 2012).
5. Changes to Representation of Others before the United States Patent and Trademark Office, 78 Fed. Reg. 20,180 (Apr. 3, 2013).
6. Setting and Adjusting Patent Fees, 77 Fed. Reg. at 55,082.
7. Gene Quinn, *Exclusive Interview: PTO Director Andrei Iancu and OED Director Will Covey on Practitioner Dues, CLE and Unauthorized Practice*, IPWATCHDOG (Sept. 4, 2018), <https://www.ipwatchdog.com/2018/09/04/andrei-iancu-oed-will-covey-practitioner-dues-cle-unauthorized-practice/id=100978>. Similarly, the 2013 notice emphasized that an annual registered practitioner fee would ensure disciplinary and roster maintenance program costs are “not passed on to applicants.” Changes to Representation of Others before the United States Patent and Trademark Office, 68 Fed. Reg. at 69,450.
8. MODEL RULES FOR LAWYER DISCIPLINARY ENF’T R. 8 & cmt. (AM. BAR ASS’N 2002).
9. *Ethics Rules*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/learning-and-resources/patent-and-trademark-practitioners/current-patent-practitioner/ethics-rules> (last modified Sept. 26, 2019).
10. *Id.*
11. Michael E. McCabe Jr., *Mandatory Ethics Training for Patent Agents Is Long Overdue*, MCCABE L. (July 17, 2017), <https://www.ipethicslaw.com/mandatory-ethics-training-for-patent-agents-is-long->

overdue.

12. Setting and Adjusting Patent Fees during Fiscal Year 2020, 84 Fed. Reg. 37,398, 37,414 (July 31, 2019).

13. *Patent Pro Bono Program for Independent Inventors and Small Businesses*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/patents-getting-started/using-legal-services/pro-bono/patent-pro-bono-program> (last modified Oct. 22, 2019).

14. *See, e.g., Other Programs Supporting the Grievance System*, ST. BAR TEX., https://www.texasbar.com/AM/Template.cfm?Section=Disciplinary_Process_Overview&Template=/CM/HTMLDisplay.cfm&ContentID=29471 (last visited Oct. 23, 2019).

15. *See, e.g., Ethics Hotline*, FLA. BAR, <https://www.floridabar.org/ethics/ethotline> (last visited Oct. 23, 2019); *Ethics Hotline*, N.Y.C. BAR, <https://www.nycbar.org/member-and-career-services/ethics/hotline> (last visited Oct. 23, 2019); *Other Programs Supporting the Grievance System*, *supra* note 14.

16. Changes to Representation of Others before the United States Patent and Trademark Office, 68 Fed. Reg. 69,442, 69,529 (Dec. 12, 2003).

17. *See, e.g., Alaska MCLE*, ATT'Y CREDITS, <https://www.attorneycredits.com/alaska-cle> (last visited Oct. 23, 2019) (treating noncompliance as an aggravating factor).

18. Setting and Adjusting Patent Fees during Fiscal Year 2020, 84 Fed. Reg. 37,398, 37,415 (July 31, 2019).

ENTITY:

SECTION OF INTELLECTUAL PROPERTY LAW

TOPIC:

ETHICS, INTELLECTUAL PROPERTY

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