

EXHIBIT

40-b

Monitoring Practitioner Compliance With Disciplinary Rules and Inequitable Conduct



**Intellectual Property Owners Association
September 11, 2007, New York, New York
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Director of Enrollment and Discipline**



Regulation of Conduct

▶ **Conduct of attorneys and patent agents is subject to regulation by the Office under 35 U.S.C. 2(b)(2)(D).**

–“The Director may establish regulations, not inconsistent with law, which-

•(D) may govern the ... conduct of agents, attorneys, or other persons representing applicants or other parties before the Office....”



Regulation of Conduct (continued)

- ▶ Patent attorneys and agents are subject to discipline for not complying with adopted regulations. 35 U.S.C. 32.
- ▶ “The Director may, after notice and opportunity for a hearing, suspend or exclude, either generally or in any particular case, from further practice before the Patent and Trademark Office, any person, agent, or attorney shown to be incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 2(b)(2)(D) of this title....”



Issues And Conduct Being Considered by OED

- ▶ Duty to make reasonable inquiry.
- ▶ Obligation to avoid submitting papers for improper purpose or delay.
- ▶ Monitoring compliance - conduct that can be perceived as:
 - Failure to make reasonable inquiry
 - Being interposed for improper purpose or delay
 - Incompetence or neglect.



Duties Imposed by Section 10.18(b)

- ▶ 37 CFR 10.18(b) requires that submitted papers:
 - Not be presented for improper purpose
 - Claims are legally warranted.
 - Imposes a duty of inquiry reasonable under the circumstances to avoid presenting paper for an improper purpose



Improper Purposes

▶ Under Section 10.18(b)(1), all filings carry with them the certification of the person signing the filing that any statement therein does not “cover[] up by any trick, scheme or device a material fact.”

–This provision parallels the general requirement concerning filings in the federal government contained in 18 U.S.C. 1001.



Duty To Make Reasonable Inquiry

▶ Section 10.18(b)(2) requires person filing a paper to have made the judgment that the paper is not interposed for improper purpose “after an inquiry reasonable under the circumstances.”

–This provision generally parallels Rule 11 of the Federal Rules of Civil Procedure, which also requires that papers not be interposed for improper purpose “after an inquiry reasonable in the circumstances.”



Duty To Make Reasonable Inquiry

- Courts have held that Rule 11 “requires counsel to read and consider before litigating.” *Thornton v. What*, 787 F.2d 1151, 1154 (7th Cir. 1986); *U.S. Bank National Association, N.D., v. Sullivan-Moore*, 406 F.3d 465, 470 (7th Cir. 2005).
- An attorney’s “plea of ignorance [of the contents of the filed paper] is unavailing. Rule 11 establishes an objective test, and as we have repeatedly observed, an ‘empty head but a pure heart is no defense.’” *Chambers v. Am Trans Air, Inc*, 17 F.3d 998, 1006 (7th Cir. 1994).



Duty To Make Reasonable Inquiry

▶ Practitioners submitting papers must read each paper submitted to the Office before it is submitted. Each submitted paper must be read in its entirety.

–Regardless of the source of the paper.

–Each paper submitted to the Office.



Duty To Make Reasonable Inquiry

➤ **The Office encourages prompt evaluation of information as to materiality.**

-See 57 FR 2021, 2029 (Jan. 17, 1992) (Reply to comment 53)

- “[A]pplicant is not required to delay the submission of information while evaluating materiality.”



Duty To Make Reasonable Inquiry

➤ Provisions of 37 CFR 10.18(b) were adopted in 1997.

- Filing papers in the Office without conducting a reasonable prefiling inquiry should be rare.
- Educate and arrange with clients to receive filing instructions and documents sufficiently in advance of a filing deadline.
- Time constraints may adversely impact a practitioner's opportunity to conduct prefiling inquiry.
- Conduct the reasonable inquiry within a reasonable time after filing the application and promptly file necessary documents/amendments to comply with the duties.



Avoiding Improper Purpose or Delay

▶ Section 10.18(b)(2)(i) provides that a filing constitutes a representation that “the paper is not being presented for any improper purpose, such as...to cause unnecessary delay or needless increase in the cost of prosecution before the Office.”

- Review for compliance with procedural rules.
- Reasonable inquiry.



Applicable Ethics Rules

- ▶ 10.23(b)(5) - conduct prejudicial to the administration of justice.
- ▶ 10.23(c)(10) - knowingly violating or causing 37 CFR 1.56 to be violated.
- ▶ 10.23(c)(15) - signing a paper filed in the Office in violation of the provisions of 37 CFR 10.18.
- ▶ 10.77(b) - handling a legal matter without adequate preparation.
- ▶ 10.77(c) - neglect of an entrusted legal matter.
- ▶ 10.85 - requires a practitioner to represent a client within the bounds of the law.
- ▶ 10.85(a)(2) not "Knowingly advance a claim or defense that is unwarranted under existing law, except that a practitioner may advance such claim or defense if it can be supported by good faith argument for an extension, modification, or reversal of existing law."



Monitoring Compliance – Reasonable Inquiry

- ▶ **Examples of conduct that may be perceived as failure to make reasonable inquiry:**
 - **A reference material to patentability is buried among a large number of cumulative references.**
 - **Buried reference anticipates one or more claims.**
 - **Reasonable inquiry has not been shown.**



Monitoring Compliance – Reasonable Inquiry

- ▶ **Examples of conduct that may be perceived as failure to make reasonable inquiry (continued):**
 - Application filed with claims that are anticipated by at least one publication authored by one of the inventors executing the 37 CFR 1.63 declaration or oath.
 - Reasonable inquiry has not been shown.



Monitoring Compliance – Improper Purpose or Delay

- ▶ **Examples of situations potentially involving improper purpose or delay**
 - Adding undue number of claims with multiple dependent claims.
 - Multiple dependency can add thousands of claims.
 - Each of must be examined for patentability.
 - May implicate violation of Disciplinary Rule 10.85(a)(1), to harass or injure another in reexamination situations.

