

## Intellectual Property Dumbed Down - LegalZoom's Unauthorized Practice of Law Before the U.S. Patent & Trademark Office

LegalZoom.com, the giant of the "legal forms" industry, has been under attack on many fronts since 2008 for engaging in the unauthorized practice of law (UPL) stemming from the vast multitude of services it provides to its customers, such as will preparation, preparing divorce papers, incorporating businesses, and "personalizing" real estate leases. These attacks have come in the form of class action lawsuits brought in Missouri<sup>1</sup> and California<sup>2</sup> (both of which have settled on terms effectively allowing LegalZoom to continue doing business in exchange for certain payments made to the class members comprising LegalZoom's customers in those states), a lawsuit filed by the North Carolina State Bar on Sept. 30, 2011, Connecticut Bar Association Informal Opinion 2008-01, Pennsylvania Bar Association Formal Opinion 2010-01, the Supreme Court of Ohio Advisory Opinion UPL 2008-03, and other informal opinions expressed by attorneys on various blogs and websites visited by this author.

The focus of this article is on only one aspect of LegalZoom's business - its activities associated with trademarks and patents. By virtue of what can only be called "mutual buck passing" on the part of the United States Patent and Trademark Office (USPTO) and state Attorneys General offices, LegalZoom has remained immune to attack in connection with what this author considers to be, without a scintilla of doubt, the unauthorized practice of law in connection with its preparation of patent and trademark applications, and the filing thereof with the USPTO. While the law concerning UPL in general can at least be argued to be less than crystal clear<sup>3</sup>, that is not the case with respect to trademark and patent matters. On September 15, 2008, the USPTO issued new rules that should have stopped those who are not attorneys or patent agents from preparing and filing both patent applications and trademark applications<sup>4</sup>. Pursuant to the USPTO rules and in particular, Section 11.5(b) thereof, the only way a non-practitioner, including LegalZoom, can provide any services relating to patent and trademark applications is through an attorney or patent agent authorized by the USPTO.

Notwithstanding its own rules, the USPTO has taken the position that they do not have the authority to regulate the activities of those who are not attorneys or patent agents, and unfortunately the USPTO is probably right given current rules and laws. Even when the USPTO knows that the person filing a trademark or patent application is not an attorney admitted to the bar of any State, or a patent attorney or agent registered to practice before the USPTO, respectively, there is nothing that they feel they can do to stop the unauthorized practice of law. Thus, the entire "legal forms industry", including the likes of LegalZoom, RocketLawyer and others, has become unregulated and now exclusively reserved for those who have no ethical or legal obligation to act in the best interests of their customers.

It appears therefore, that the responsibility for enforcing UPL in connection with trademark and patent practice sits with the various state Attorneys General Offices. In September 2010, the Washington state Attorney General negotiated a settlement agreement with LegalZoom, requiring the company to stop comparing its services to those of licensed attorneys and to refrain from providing Washington consumers *individualized* advice concerning self-help forms. Aside from this action however, there has been no other enforcement at the state level. To the contrary, the federal judge in the Missouri class action lawsuit ruled on cross motions for summary judgment that, with regard to patent and trademark matters, “Even though there is no evidence that LegalZoom is licensed to practice before the PTO, that field of regulation is occupied by federal law. With respect to patent and trademark applications, federal law preempts Plaintiffs' claims. Therefore, the Court grants Defendant's Motion for Summary Judgment with respect to Plaintiffs' claims as they relate to patent and trademark applications.” Thus, we are left with neither the USPTO nor the states willing to enforce what clearly is the unauthorized practice of law on the part of LegalZoom whenever it prepares and files trademark and patent applications.

So, what is the resulting harm to consumers from this super loophole that LegalZoom has stumbled upon? One only has to look at LegalZoom’s advertising and its website to fully grasp the extent to which this company inaccurately represents its services in connection with trademarks. Further, there is evidence that in addition to falsely advertising its services, LegalZoom simply has been careless (at best) in its handling of trademark matters and/or has some serious misunderstandings concerning the law and procedures of trademark registration. At the most basic level of deception, on its “Trademarks” page, the following words appear: “Register your trademark online”. Simply put, LegalZoom does not and cannot “register” any trademarks for you. LegalZoom will prepare a trademark application and submit it to the USPTO for filing. That is the end of their involvement.

Unfortunately for the untutored masses, a pending trademark application is far from a trademark registration. In virtually every case, a USPTO Trademark Examining Attorney will issue either a substantive or non-substantive “Office Action” that calls for a responsive filing by the applicant or her attorney. In the case of applications filed by LegalZoom, the recipient of these communications from the USPTO will be the applicant because even LegalZoom knows enough not to indicate itself as the attorney of record for all communications with the USPTO. As an aside, LegalZoom claims that it has filed more trademark applications than the top 20 law firms combined in 2010, but there is no way to confirm or refute this because there is no mention of LegalZoom anywhere in the trademark filing and no way to connect it to LegalZoom using publicly available search methods. The LegalZoom filed application looks like any other application filed by an individual without an attorney representative. When confronted with an Office Action, in the best of cases you will have to figure out how to respond in a manner that will keep your application alive, and in the worst of cases (e.g. when a substantive action, that is,

one based on statutory grounds for refusal of the applied-for trademark, is received), you will have to hire an attorney to assist you in obtaining the registration...the registration that LegalZoom advertised that you can register online (presumably on their “online”).

As one final illustration, I offer the example of a LegalZoom provided “comprehensive trademark search”. Any trademark attorney can tell you that an offer to perform a comprehensive trademark search means that your trademark will be either cleared for filing and/or use or, in the alternative, “given the axe” due to prior trademark rights that, in the learned opinion of the attorney, would be (if challenged) infringed and/or invalidated by the later use and registration of your trademark. For \$249 (plus \$99 to have it bound...gulp), LegalZoom will send to you a giant pile of paper most likely containing thousands of prior trademarks that will leave you breathless and in desperate need for a lawyer to be able to interpret it for you. This is a far cry from what LegalZoom states on its website about its “Comprehensive U.S. Search”:

*“To ensure your registration goes smoothly (emphasis added), LegalZoom will perform a comprehensive conflict search of all U.S. records, including the US Patent & Trademark Office, all federal and state records, Internet-only sources -- and even service marks.” (visited on May 2, 2012)*

It is beyond the pale to suggest that this is not deceptive in relation to what you actually get from LegalZoom. In fact it’s an express guarantee that “your registration goes smoothly”.

LegalZoom continues to prosper in a market looking for a cheap alternative to lawyers. I can’t help envisioning “MediZip - for all of your surgical needs”.

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<sup>1</sup> <http://blogs.wsj.com/law/2011/08/23/seller-of-online-legal-forms-settles-unauthorized-practiced-of-law-suit/>

<sup>2</sup> [www.ldalitigation.com](http://www.ldalitigation.com)

<sup>3</sup> <http://www.forbes.com/sites/danielfisher/2011/07/25/non-lawyers-find-it-hard-avoid-breaking-bars-vague-rules/>

<sup>4</sup> Federal Register Vol. 73, No. 158, Page 47650