MBHB *snippets* Alert April 4, 2013

USPTO Publishes Final Rules Adopting the New USPTO Rules of Professional Conduct

By: Andrew W. Williams, Ph.D.

The United States Patent and Trademark Office ("USPTO") published its final rules in the April 3, 2013 *Federal Register* in preparation for adopting the new USPTO Rules of Professional Conduct ("USPTO Rules") (https://www.federalregister.gov/articles/2013/04/03/2013-07382/changes-to-representation-of-others-before-the-united-states-patent-and-trademark-office). These new rules seek to conform the ethical obligations for representing others before the USPTO to the ABA Model Rules of Professional Conduct, which have been adopted in some form by every state (except California) and the District of Columbia. This is significant for any patent practitioner that has a USPTO registration number. On the one hand, these updated USPTO rules are welcome news for attorney practitioners, because currently such individuals are required to know and abide by the ethics rules of the state or jurisdiction in which they practice. Because the USPTO had been operating under the Patent and Trademark Office Code of Professional Conduct, which was based on the former ABA Model Code from 1980, patent attorneys were required to maintain adherence to two different sets of ethical obligations. On the other hand, non-lawyer patent practitioners (patent agents) will now be subject to these new rules, even though they may not be aware of the differences and subtleties of the ABA Model Rules. It will be important for these individuals to become accustomed to these new USPTO Rules, especially where they differ from the previous Patent Office Code.

Confidentiality of Information

One of the most significant changes in the new USPTO Rules relates to the handling of a client's confidential information. New rule § 11.106, which is based on ABA Model Rule 1.6, states that a practitioner shall not reveal a client's confidential information without informed consent, implied authorization, or permission under the rules. Both the new USPTO Rules and the ABA Model Rules include circumstances in which a practitioner "may" reveal such

confidence, such as disclosing information that may prevent death, bodily harm, or fraud. It is important to note, however, that even in the cases where death, bodily harm, or fraud may result, the practitioner is still not required to reveal such information, but rather has permission to do so. The new USPTO Rules diverge from the ABA Model Rules in one important respect: the new USPTO Rules at § 11.106(c) includes a type of information that is mandatory to reveal: "A practitioner shall disclose to the Office information necessary to comply with applicable duty of disclosure provisions." In other words, under this proposed rule, a finding that relevant information was intentionally withheld by a practitioner involved in the prosecution of an application will not only subject a patent to becoming unenforceable, it will result in an ethical violation by the practitioner.

This requirement has the possibility of trapping a patent practitioner between two ethical obligations. Importantly, this obligation to disclose is not limited to the confidential information from the particular prosecution client, but instead extends to any confidential information belonging to any other client, provided it is material to the first client's application. To be fair, a similar quandary may have already existed, because if a patent attorney is aware of such third-party confidential information, there was already a requirement to disclose it in order to prevent the patent from becoming unenforceable. Nevertheless, most clients would prefer that confidential information not be made publically accessible in another client's patent file because the practitioner was required to satisfy his or her ethical obligation to the other client.

When the proposed rules were promulgated by the USPTO, it was unclear whether an attorney in such an ethical quandary would be able to withdraw from the case, and thereby discharge the ethical obligation. Because of this concern, several organizations, such as the IPO, the ABA, the AIPLA, and Patent Docs, submitted comments asking for clarification. In the published Final Rules, the USPTO addressed these comments, but did not change the proposed rule. The USPTO's response provided some justification for the rule as drafted. For example, the USPTO appears to suggest that such an ethical quandary is unlikely because the restrictions on conflicts of interest "would generally prevent a practitioner from accepting clients who may have potentially adverse interests." Of course, this is not the test for whether there is a conflict of interest under ABA Model Rule 1.7 or USPTO Rule 107. Instead, a concurrent conflict of interest exists where the representation of two clients would be directly adverse, or where there would be a significant risk that the representation of either client would materially limit the representation of the other. Indeed, a requirement to disclose confidential information can arise when a current client discloses information to a practitioner that happens to be material to the

patentability of another client's application. Conflict screening will generally not prevent these ethical quandaries.

Nevertheless, the USPTO did respond to the expressed concern by suggesting that a practitioner in such a situation could be able to withdraw from representation. In the response to this comment, the USPTO pointed to § 1.116 of the new Rules, which provides that in certain situations, a practitioner may seek to withdraw to avoid a conflict of interest. Moreover, in the "Discussion of Specific Rule," the USPTO specifically stated that "if a practitioner has a conflict of interest in a given matter, arising from a different client, timely withdrawal by the practitioner from the given matter would generally result in OED not seeking discipline for conflicts of interest under part 11." This is probably the best practical solution short of amending the rules.

An earlier version of this article, addressing the proposed rules, originally appeared in the Patent Docs blog site (http://www.patentdocs.org/). We will provide a more detailed analysis of the final USPTO Rules in a future edition of snippets.

Andrew W. Williams, Ph.D. is a partner with McDonnell Boehnen Hulbert & Berghoff LLP. Dr. Williams' practice primarily consists of patent litigation, prosecution, and opinion work in the areas of biotechnology, pharmaceuticals, and chemistry. Williams@mbhb.com

© 2013 McDonnell Boehnen Hulbert & Berghoff LLP
snippets is a trademark of McDonnell Boehnen Hulbert & Berghoff LLP. All rights reserved. The information contained in this newsletter reflects the understanding and opinions of the author(s) and is provided to you for informational purposes only. It is not intended to and does not represent legal advice. MBHB LLP does not intend to create an attorney–client relationship by providing this information to you. The information in this publication is not a substitute for obtaining legal advice from an attorney licensed in your particular state. *snippets* may be considered attorney advertising in some states.