

# IP Ethics Roundup: Hot Topics in IP Practice

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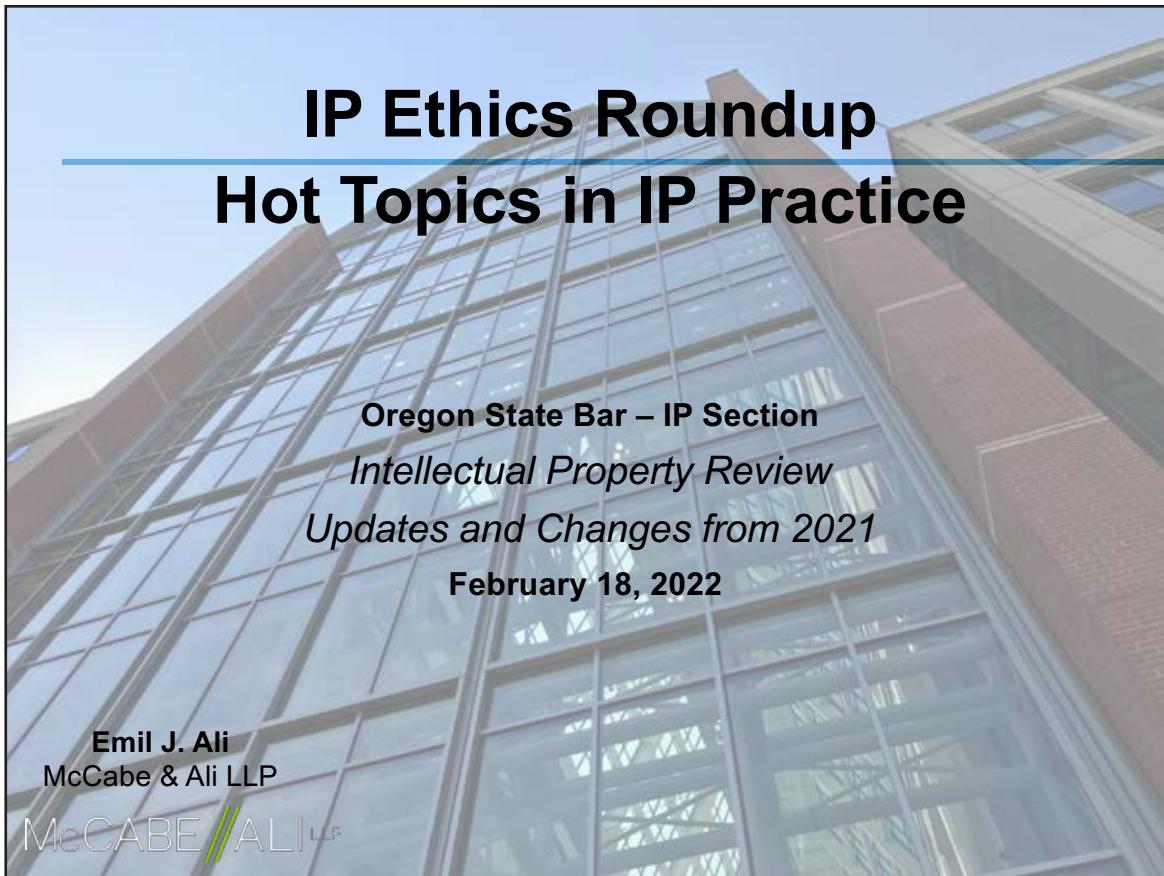


# Chapter 4

## Presentation Slides: IP Ethics Roundup—Hot Topics in IP Practice

**EMIL ALI**  
McCabe & Ali LLP  
Encino, California





## **OVERVIEW**

- CLE & Registration Statement
- Candor Obligations
- Signature Requirement
- Conflicts of Interest
- Remote Work
- Questions



## **CLE & Registration Requirement**

- In August 2020, USPTO published a rule requiring registered patent practitioners and individuals granted limited recognition to practice before the USPTO in patent matters to biennially submit a mandatory registration statement. See 37 CFR 11.11(a)(2).
- The rule also provided that those who completed six credits of CLE in the preceding 24 months could **voluntarily** certify that they had done so. See 37 CFR 11.11(a)(3)(i).
- The first biennial registration statement will be collected around November 1, 2024.



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## **Candor Obligations to the USPTO**

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## Candor Obligations to the USPTO

- 37 C.F.R. §1.56 -Duty to disclose information material to patentability
- 37 C.F.R. §1.555 -Information material to patentability in *ex parte* and *inter partes* reexamination proceedings
- 37 C.F.R. §11.18(b) -Signature and certifications for correspondence filed in the office
- 37 C.F.R. §11.303(a)-(e) -Candor toward the tribunal
- 37 C.F.R. §42.11 -Duty of candor; signing papers; representations to the Board; sanctions



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## Candor Obligations to the USPTO

- The Court found that the most reasonable inference was that Mr. Rubin (not a patent attorney or inventor) possessed the specific intent to deceive the PTO by not only withholding the three disclosures, but by giving implausible testimony at trial, having a posture that lacked credibility, having detailed knowledge about the NDA and patent prosecution, and making statements during prosecution regarding the criticality of the pH range to overcome obviousness that were contrary to the data in the NDA.
- *Belcher Pharm., LLC v. Hospira, Inc.*, No. 2020-1799, 2021 (Fed Cir Sep. 1, 2021)



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## **Candor Obligations to the USPTO**

- While no patent practitioner was listed as having been involved in the inequitable conduct, there are a few lessons:
  - Where a regulatory process requires disclosure to another, patent counsel should be promptly informed, so any appropriate disclosure to the USPTO can be arranged.
  - Applicant's scientific, product, regulatory, and legal teams should coordinate to avoid inconsistency.



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## **Candor Obligations to the USPTO**

- What about trademark practice?
  - Many filings have declarations under 18 USC 1001
  - Practitioner is making certification under 11.18
- Consider
  - Sophistication and experience with client
  - Practitioner's review of matter and good faith belief
  - The importance of recordkeeping



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### **PERSONAL SIGNATURE REQUIRED**

“A person's name or mark written by that person or at the person's direction; esp., one's handwritten name as one ordinarily writes it, as at the end of a letter or a check, to show that one has written it.”

See SIGNATURE, Black's Law Dictionary  
(11th ed. 2019)



## PERSONAL SIGNATURE REQUIRED

- “For all documents filed in the Office … each piece of correspondence filed by a practitioner in the Office must bear a signature, personally signed or inserted by such practitioner, in compliance with § 1.4(d) or § 2.193(a) of this chapter.” 37 CFR 11.18(a) (generally)
- Each piece of correspondence that must be signed must be “personally entered by the person named as the signatory.” 37 CFR 1.4(d) (patent)
- “Every petition, response, written motion, and other paper filed in a proceeding must comply with the signature requirements set forth in § 11.18(a) of this chapter. The Board may expunge any unsigned submission unless the omission is promptly corrected after being called to the counsel's or party's attention.” 37 CFR 42.11(b) (PTAB)
- “Each piece of correspondence that requires a signature must bear: (1) A handwritten signature personally signed in permanent ink by the person named as the signatory, or a true copy thereof; or (2) An electronic signature that meets the requirements of paragraph (c) of this section, personally entered by the person named as the signatory.” 37 CFR 2.193 (trademark)



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## PERSONAL SIGNATURE REQUIRED

- *In re Di Li*, Proceeding No. 2021-16 (USPTO, October 7, 2021), the Southern California-based practitioner was reprimanded and placed on probation, on consent, for what appears to be her providing authorization to a Chinese company called Seller Growth to file trademark applications on her behalf. Li allegedly also allowed Seller Growth to place her signature on trademark filings, over 1,000 times.
- *In re Benner David*, Proceeding No. 2021-08 (USPTO, September 24, 2021), the Massachusetts-based practitioner was also reprimanded and placed on probation, on consent, for working with an individual named “Wen.” Briefly, Mr. David and Wen met on Fiverr, a platform common for connecting attorneys (and others) with potential clients, though it may be potentially violative of many other USPTO Rules of Professional Conduct. David was paid about \$30 per trademark application, and allowed Wen or his associates to file the same with the USPTO—all without any review or approval. Mr. David did not personally sign at least 45 of these filings. Importantly, it was alleged in the Final Order that Mr. David made a false or misleading statement, and filed the same through a false declaration with the USPTO, specifically by claiming he did not authorize the filings when he in fact did.



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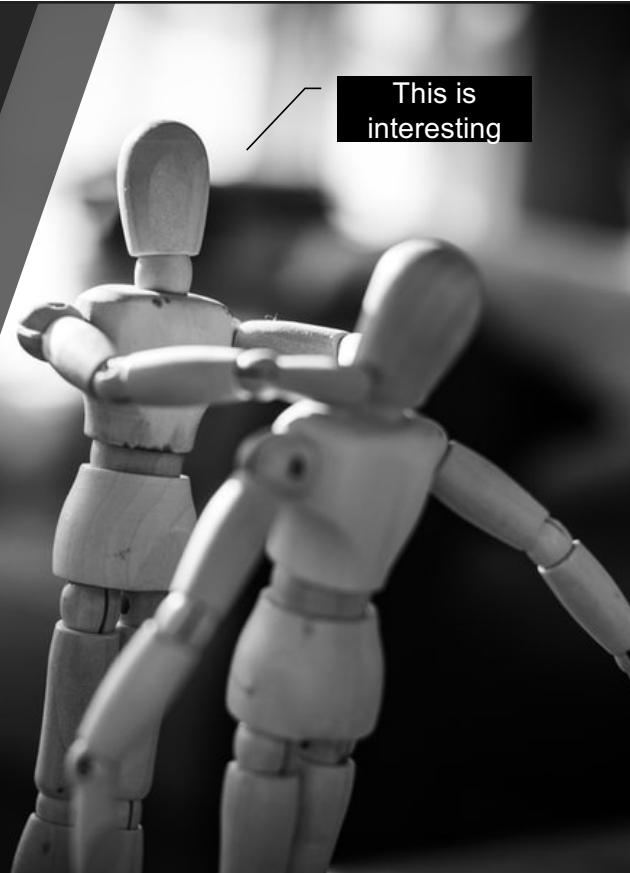
## PERSONAL SIGNATURE REQUIRED

- *In re Devasena Reddy*, Proceeding No. 2021-13 (USPTO, September 9, 2021), the Bay area attorney was also reprimanded and placed on probation, on consent, for her work with India-based KA Filing. Here, it was alleged that Ms. Reddy *did* personally sign the 2,300 or so filings with the USPTO; however, she did not carefully or adequately review them.
- *In re Yiheng “Roy” Lou*, Proceeding No. 2021-04 (USPTO, May 12, 2021), the Beijing-based attorney was suspended from practice for three months, and placed on probation, on consent, for his relationship with Shenzhen Dingji Intellectual Property Company. The Final Order alleges that Mr. Lou had a tiered fee schedule, but generally was paid \$20.00 per trademark application. Over the course of the relationship, he was paid up to \$10,000 per month for 500 applications per month. The strongly worded Final Order stated that Mr. Lou “...knowingly and intentionally caused thousands of trademark application documents to be prepared, signed, and filed with the USPTO on behalf of the Dingji Trademark Applicants [and] Respondent knowingly and intentionally became attorney of record for thousands of Dingji Trademark Applicants at the USPTO.”



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## CONFLICTS OF INTEREST



This is  
interesting

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## CONFLICTS OF INTEREST

- Are everywhere.
- Clients will (usually) sign waivers.
- A waiver requires **informed** consent.



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## CONFLICTS OF INTEREST (ADVANCE WAIVERS)

- California Supreme Court held that a conflict of interest that is not properly waived does not require full fee disgorgement, but such a conflict did render the arbitration provision of the agreement unenforceable.
- The Court noted that the advance conflict waiver did not properly inform the client of the conflict, even though J-M Manufacturing Company was a sophisticated client with their own counsel.
- While the Court did not specifically note the magic recipe for an advance waiver, the detail required should involve the sophistication of the client, and the knowledge of all parties at the outset of the engagement and throughout the representations. That is, the attorney should continue to monitor the situation to ensure that new facts or representation do not materially change either client's understanding.

See Sheppard, Mullin, Richter & Hampton, LLP v. JM Mfg. Co., Inc., 425 P.3d 1 (Cal. 2018)



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## CONFLICTS OF INTEREST (COMMON QUESTIONS)

- If we just have separate teams, can we get around the disclosure and waiver requirements?
- “(b) Notwithstanding the existence of a current conflict of interest under paragraph (a), a lawyer may represent a client if: (1) the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation to each affected client; (2) the representation is not prohibited by law; (3) the representation does not obligate the lawyer to contend for something on behalf of one client that the lawyer has a duty to oppose on behalf of another client; and (4) **each affected client gives informed consent, confirmed in writing.**” See OR RPC 1.7(b)
- “(a) While lawyers are associated in a firm, **none of them shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so by Rules 1.7 or 1.9**, unless the prohibition is based on a personal interest of the prohibited lawyer or on Rule 1.7(a)(3) and does not present a significant risk of materially limiting the representation of the client by the remaining lawyers in the firm.” See OR RPC 1.10(a)



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## CONFLICTS OF INTEREST (COMMON QUESTIONS)

- If we have a less productive client, may we help them move to new counsel when a new client in the same area approaches us?
- A law firm trying to take on a matter that presents a conflict under Rule 1.7 may not simply drop a client to be free to take on a more attractive one. See, e.g., *Flying J. Inc. v. TA Operating Corp.*, No. 1:06-CV-30TC, (D. Utah Mar. 10, 2008) (“The weight of authority holds, . . . that once the lawyers find themselves representing clients with adverse interests, they generally may not drop one client in order to represent the other, preferred client. In other words, a lawyer or firm may not drop a current client like a ‘hot potato’ in order to turn the client into a former client as a means of curing the simultaneous representation of adverse interests.”) (internal citation omitted)



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## CONFLICTS OF INTEREST (COMMON QUESTIONS)

- But what if a conflict arises between two present clients, say by virtue of a corporate merger or reorganization?
- “Unforeseeable developments, such as changes in corporate and other organizational affiliations or the addition or realignment of parties in litigation, might create conflicts in the midst of a representation, as when a company sued by the lawyer on behalf of one client is bought by another client represented by the lawyer in an unrelated matter. Depending on the circumstances, the lawyer may have the option to withdraw from one of the representations in order to avoid the conflict.” See ABA RPC 1.7, Cmt. 5.
- “Importantly, the focus of the Court in determining whether a conflict of interest is a 'thrust upon' conflict of interest is on the law firm's involvement in the creation of the conflict of interest.” See *Truckstop*, No. CV 04-561-S-BLW (D. Idaho Jan. 3, 2006)



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## CONFLICTS OF INTEREST (COMMON QUESTIONS)

- Are purely economic competitors a conflict?
- “On the other hand, simultaneous representation in unrelated matters of clients whose interests are only economically adverse, such as representation of competing economic enterprises in unrelated litigation, does not ordinarily constitute a conflict of interest and thus may not require consent of the respective clients.” See ABA RPC 1.7, Cmt. 6.
- However, what about two competitors, in the same technology, and both using patent prosecution services?
  - Subject matter conflicts



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## WORKING REMOTELY

### OR RULE 5.5 UNAUTHORIZED PRACTICE OF LAW;

#### MULTIJURISDICTIONAL PRACTICE

- (a) A lawyer shall not practice law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction, or assist another in doing so.
- (b) A lawyer who is not admitted to practice in this jurisdiction shall not:
  - (1) except as authorized by these Rules or other law, establish an office or other systematic and continuous presence in this jurisdiction for the practice of law; or
  - (2) hold out to the public or otherwise represent that the lawyer is admitted to practice law in this jurisdiction.



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## WORKING REMOTELY

### RULE 5.5 UNAUTHORIZED PRACTICE OF LAW; MULTIJURISDICTIONAL PRACTICE

- (c) A lawyer admitted in another jurisdiction, and not disbarred or suspended from practice in any jurisdiction, may provide legal services on a temporary basis in this jurisdiction that:
  - (1) are undertaken in association with a lawyer who is admitted to practice in this jurisdiction and who actively participates in the matter;
  - (2) are in or reasonably related to a pending or potential proceeding before a tribunal in this or another jurisdiction, if the lawyer, or a person the lawyer is assisting, is authorized by law or order to appear in such proceeding or reasonably expects to be so authorized;
  - (3) are in or reasonably related to a pending or potential arbitration, mediation, or other alternate dispute resolution proceeding in this or another jurisdiction, if the services arise out of or are reasonably related to the lawyer's practice in a jurisdiction in which the lawyer is admitted to practice and are not services for which the forum requires pro hac vice admission;
  - (4) are not within paragraphs (c)(2) or (c)(3) and arise out of or are reasonably related to the lawyer's practice in a jurisdiction in which the lawyer is admitted to practice; or
  - (5) are provided to the lawyer's employer or its organizational affiliates and are not services for which the forum requires pro hac vice admission.
- (d) A lawyer admitted in another jurisdiction, and not disbarred or suspended from practice in any jurisdiction, may provide legal services in this jurisdiction that are services that the lawyer is authorized to provide by federal law or other law of this jurisdiction.



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## WORKING REMOTELY

Attorney, not licensed in Oregon, accepted a job as a general counsel for a public entity in Oregon. Intended to apply for reciprocal admission, but did not do so for four months. In the interim, attorney acted as General Counsel for the entity. During this time, he did not always clarify that he was not licensed in Oregon and at least some of the people he interacted with believed that he was. He worked in an office located in the state of Oregon and regularly provided his opinion regarding the application of Oregon law.

The Bar charged attorney with violations of RPC 5.5(a), RPC 5.5(b) and ORS 9.160(1).

Attorney argued that his practice was authorized by RPC 5.5(c).  
What result?



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## WORKING REMOTELY

The Oregon Supreme Court held that, because Attorney's employment in Oregon was conditioned on becoming licensed in Oregon, his pre-licensure practice was temporary within the meaning of RPC 5.5(c) and accordingly was authorized.

As a result, holding himself out as an attorney and establishing an office in Oregon for the purpose of practicing law were also authorized.

*In re Harris*



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## WORKING REMOTELY

- ABA Formal Ethics Op. No. 495
  - Unless a jurisdiction has expressly stated otherwise, lawyers are licensed elsewhere, but live or practice from a jurisdiction other than such, can continue to work remotely without violating UPL rules.
- Florida Advisory Op. 2019-4
  - New Jersey attorney working from his home in Florida with no public indication of being in Florida would not run afoul of Florida Bar Rules
- D.C. Op. 24-20
  - Rule 49 of the D.C. Court of Appeals prohibits out of state lawyers from providing their home state's advice from a home or office in DC unless properly licensed, even if they don't provide advice on D.C. law. However, temporary practice exception applies "if the attorney (1) is practicing from home due to the COVID-19 pandemic; (2) maintains a law office in a jurisdiction where the attorney is admitted to practice; (3) avoids using a District of Columbia address in any business document or otherwise holding out as authorized to practice law in the District of Columbia, and (4) does not regularly conduct in-person meetings with clients or third parties in the District of Columbia."
- Utah Op. 19-03
  - "The Utah Rules of Professional Conduct do not prohibit an out-of-state attorney from representing clients from the state where the attorney is licensed even if the out-of-state attorney does so from his private location in Utah. However, in order to avoid engaging in the unauthorized practice of law, the out-of-state attorney who lives in Utah must not establish a public office in Utah or solicit Utah business."



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## WORKING REMOTELY

- What about “federal law?”
- OSB Rule 5.5(c)
- *Sperry v. Florida*, 373 U.S. 379 (1963)
- What about trademark law?



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## WORKING REMOTELY

- Beyond regulatory, how does this impact privilege?



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## WORKING REMOTELY

- In-house counsel was not licensed in the jurisdiction where they had their regular office. The court held that there was no attorney-client privilege for communications between the in-house counsel and the client because the in-house counsel was not licensed and, therefore, not an “attorney.” *See Anwar v. Fairfield Greenwich Ltd.*, 982 F. Supp. 2d 260 (SDNY 2013)



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## NONLAWYER OWNERSHIP

- Many years ago, D.C. modified its version of Rule 5.4 to allow firms to have nonlawyer partners who provide professional services.
- In 2020, Utah created a “regulatory sandbox” that allows entities to include nonlawyer owners.
- In 2021, Arizona eliminated its version of Rule 5.4 and substituted a system in which Arizona firms with nonlawyer owners may be certified by the Arizona Supreme Court as “alternative business structures.”
- “A New York lawyer may not be a partner, associate or employee of a law firm in New York or in another jurisdiction that has direct or indirect ownership by nonlawyers in accordance with the rules applicable in that jurisdiction, unless the lawyer is lawfully practicing in the other jurisdiction and principally practices in such jurisdiction, and the predominant effect of the lawyer’s conduct is not clearly in New York”. See NYSBA Ethics Op.

1234.



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## QUESTIONS



Emil J. Ali  
McCabe & Ali LLP  
[emil@mccabeali.com](mailto:emil@mccabeali.com)  
877-633-4097



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