Sunshine Act Meetings

Federal Register
Vol. 50, No. 25
Wednesday, February 6, 1985

This section of the FEDERAL REGISTER contains notices of meetings published under the "Government in the Sunshine Act" (Pub. L. 94-409) 5 U.S.C. 552b(e)(3).

CONTENTS

	Items
Federal Deposit Insurance Corporation	1, 2
Federal Mine Safety and Health Review Commission	3
International Trade Commission	4

1

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Meeting

Pursuant to the provisions of the "Government in the Sunshine Act" (5 U.S.C. 552b), notice is hereby given that the Federal Deposit Insurance Corporation's Board of Directors will meet in open session at 2:00 p.m. on Monday, February 11, 1985, to consider the following matters:

Summary Agenda: No substantive discussion of the following items is anticipated. These matters will be resolved with a single vote unless a member of the Board of Directors requests that an item be moved to the discussion agenda.

Disposition of minutes of previous meetings.

Application for consent to merge and establish six branches:

The Merchants Bank, Burlington, Vermont, as insured State nonmember bank, for consent to merge, under its charter and title, with Sterling Trust Company, Johnson, Vermont, and for consent to establish the six offices of Sterling Trust Company as branches of the resultant bank.

Reports of committees and officers:

Minutes of actions approved by the standing committees of the Corporation pursuant to authority delegated by the Board of Directors.

Reports of the Division of Bank Supervision with respect to applications, requests, or actions involving administrative enforcement proceedings approved by the Director or an Associate Director of the Division of Bank Supervision and the various Regional Directors pursuant to authority delegated by the Board of Directors.

Discussion Agenda:

Memorandum and resolution re: Final amendments to the Corporation's rules and regulations in the form of new Part 325, entitled "Capital Maintenance," which: (1) Define capital, (2) establish minimum standards for adequate capital, (3) establish standards to determine when an insured bank is operating in an unsafe and unsound condition by reason of the amount of its capital, and (4) establish procedures for issuing a directive to require an insured State nonmember bank to achieve and maintain a minimum capital ratio; and a related Statement of Policy on Capital which explains various portions of the new Part 325 and gives some guidance on the manner in which the Corporation intends to apply the provisions of that part.

Memorandum and resolution re: Final amendments to Part 346 of the Corporation's rules and regulations, entitled "Foreign Banks," in accordance with the International Banking Act of 1978, which: (1) Raise the minimum required sum to be maintained in the capital equivalency ledger account to six percent, rather than five percent, of a branch's liabilities, and (2) eliminate the required deduction from the capital equivalency ledger account for assets classified "Doubtful".

Memorandum and resolution re: Proposed issuance of a Statement of Policy Regarding Disclosure by the FDIC of Statutory Enforcement Actions, which policy provides that, beginning six months following approval of the policy by the Corporation's Board of Directors, all final orders issued by the Corporation under its statutory enforcement authority will be published in the **Federal Register.**

The meeting will be held in the Board Room on the sixth floor of the FDIC Building located at 550 17th Street, N.W., Washington, D.C.

Requests for further information concerning the meeting may be directed to Mr. Hoyle L. Robinson, Executive Secretary of the Corporation, at (202) 389-4425.

Dated: February 4, 1985.

Federal Deposit Insurance Corporation.

Hoyle L. Robinson,

Executive Secretary.

[FR Doc. 85-3109 Filed 2-4-85; 3:27 pm]

BILLING CODE 6714-01-M

2

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Meeting

Pursuant to the provisions of the "Government in the Sunshine Act" (5 U.S.C. 552b), notice is hereby given that at 2.30 p.m. on Monday, February 11, 1985, the Federal Deposit Insurance Corporation's Board of Directors will meet in closed session, by vote of the Board of Directors, pursuant to sections 552b(c)(2), (c)(6), (c)(8), and (c)(9)(A)(ii) of Title 5 United States Code, to consider the following matters:

Summary Agenda: No substantive discussion of the following items is anticipated. These matters will be resolved with a single vote unless a member of the Board of Directors requests that an item be moved to the discussion agenda.

Recommendations with respect to the initiation, termination, or conduct of administrative enforcement proceedings (cease-and-desist proceedings, termination-of-insurance proceedings, suspension or removal proceedings, or assessment of civil money penalties) against certain insured banks or officers, directors, employees, agents or other persons participating in the conduct of the affairs thereof:

Names of persons and names and locations of banks authorized to be exempt from disclosure pursuant to the provisions of subsections (c)(6), (c)(8), and (c)(9)(A)(ii) of the "Government in the Sunshine Act" (5 U.S.C. 552b(c)(6), (c)(8), and (c)(9)(A)(ii))

Note.—Some matters falling within this category may be placed on the discussion agenda without further public notice if it becomes likely that substantive discussion of those matters will occur at the meeting.

Discussion Agenda:

Personnel actions regarding appointments, promotions, administrative pay increases, reassignments, retirements, separations, removals, etc.:

Names of employees authorized to be exempt from disclosure pursuant to the provisions of subsections (c)(2) and (c)(6) of the "Government in the Sunshine Act" (5 U.S.C. 552b (c)(2) and (c)(6)).

The meeting will be held in the Board Room on the sixth floor of the FDIC Building located at 550 17th Street, NW., Washington, D.C.

Requests for further information concerning the meeting may be directed to Mr. Hoyle L. Robinson, Executive Secretary of the Corporation, at (202) 389-4425.

Dated: February 4, 1985.

Federal Deposit Insurance Corporation.

Hoyle L. Robinson,

Executive Secretary.

[FR Doc. 85-3110 Filed 2-4-85; 3:27 pm]

BILLING CODE 6714-01-M

3

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

January 31, 1985.

TIME AND DATE: 10:00 a.m., February 4, 1985.

PLACE: Room 600, 1730 K Street, NW., Washington, D.C.

STATUS: Closed (pursuant to 5 U.S.C. 552(b)(10)).

MATTERS TO BE CONSIDERED: The Commission will consider and act upon the following:

1. United Mine Workers of America on behalf of Rowe, et al. and Secretary of Labor on behalf of Williams v. Peabody Coal Company, Docket Nos. KENT 82-103-D, 82-105-D, 82-106-D, and LAKE 83-69-D. (Issues included whether the administrative law judge engaged in misconduct.)

2. Belcher Mine, Inc., Docket No. SE 84-8-M. (Issues include whether the administrative law judge engaged in misconduct.)

It was determined by a unanimous vote of Commissioners that this meeting be closed.

This meeting was previously scheduled for February 1, 1985. No earlier announcement of the change was possible.

CONTACT PERSON FOR MORE INFORMATION: Jean Ellen, (202) 653-5629.

Jean H. Ellen,

Agenda Clerk.

[FR Doc. 85-3075 Filed 2-4-85; 12:36 pm]

BILLING CODE 6735-01-M

4

INTERNATIONAL TRADE COMMISSION

[USITC SE-85-09]

TIME AND DATE: 10:00 a.m., February 12, 1985.

PLACE: Room 117, 701 E Street, NW., Washington, D.C. 20436.

STATUS: Open to the public.

MATTERS TO BE CONSIDERED:

1. Agenda.
2. Minutes.
3. Ratification List.
4. Petitions and Complaints.
5. Investigation 731-TA-165 [Final] (Certain valves, nozzles, and connectors of brass from Italy)—briefing and vote.
6. Any items left over from previous agenda.

CONTACT PERSON FOR MORE INFORMATION: Kenneth R. Mason, Secretary (202) 523-0161.

[FR Doc. 85-3001 Filed 2-1-85; 4:40 pm]

BILLING CODE 7020-02-M

federal register

Wednesday
February 6, 1985

Part II

Department of Commerce

Patent and Trademark Office

37 CFR Parts 1, 2, and 10
Practice Before the Patent and Trademark Office; Final Rule

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Parts 1, 2, and 10

[Docket 407 88-4181]

Practice Before the Patent and Trademark Office

AGENCY: Patent and Trademark Office, Commerce.

ACTION: Final rule.

SUMMARY: The Patent and Trademark Office (PTO) is amending its rules governing practice before the PTO by attorneys and agents. These rules are needed to clarify and modernize the rules relating to admission to practice and the conduct of disciplinary cases. The rules are also needed to set out in the Code of Federal Regulations a PTO Code of Professional Responsibility. By amending the rules, the PTO believes the standards for admission to practice in patent cases will be more easily understood, that those practicing before the PTO will have ready access to a code of professional responsibility, and that procedure in disciplinary cases will be more easily understood. The PTO expects that the conduct of disciplinary proceedings under these rules will be more effective and less costly.

DATES: The effective date of these rules (except § 1.21(a) (5) and (6)) is March 8, 1985. Section 1.21(a) (5) and (6) is effective April 8, 1985.

FOR FURTHER INFORMATION CONTACT: Fred E. McKelvey by telephone at (703) 557-4025 (if no answer, message may be left at 703-557-4103) or by mail marked to his attention and addressed to Box 8, Commissioner of Patents and Trademarks, Washington, D.C. 20231.

SUPPLEMENTARY INFORMATION:

Attorneys and agents practice before the Patent and Trademark Office (PTO) in patent cases. 35 U.S.C. 31. Attorneys also practice before the PTO in trademark and other non-patent cases. 5 U.S.C. 500(b). A few agents also practice before the PTO in trademark cases under rules in force prior to January 1, 1957.

A notice of proposed rulemaking for attorney and agent conduct and disciplinary procedure was published on August 11, 1983 in the **Federal Register**, 48 FR 36478, and on September 20, 1983 in the *Official Gazette*, 1034 O.G. 39, 1034 TMOG 33. A notice extending the comment period and setting a second hearing was published on October 5, 1983 in the **Federal Register**, 48 FR 45424, and on October 18, 1983, in the *Official Gazette*, 1035 O.G. 19, 1035 TMOG 17. The PTO decided to withdraw, and not adopt, the rules proposed in the **Federal Register** notice of August 11, 1983. There were numerous objections to the proposed rules and the public indicated that a longer period for study and review of a code of conduct and disciplinary procedures was necessary.

An advance notice of proposed rulemaking setting out revised rules being considered for standards of conduct and disciplinary proceedings was published on March 16, 1984, in the **Federal Register**, 49 FR 10012, and on April 10, 1984, in the *Official Gazette*, 1041 O.G. 15, 1041 TMOG 13. Numerous organizations and individuals filed comments in response to the advance notice.

On August 24, 1984, the PTO published in the **Federal Register**, a notice of proposed rulemaking, 49 FR 33790. On August 28, 1984, the notice was also published in the *Official Gazette*, 1045 O.G. 29; 1045 TMOG 25. The notice also appeared in the Bureau of National Affairs' *Patent, Trademark & Copyright Journal*, Vol. 28, No. 694, pp. 485-515 (August 30, 1984). Twenty-two written comments were timely received in response to the notice of proposed rulemaking. The comments are analyzed herein. A hearing was held on October 10, 1984. Five individuals appeared at the hearing. Oral comments made at the hearing are also analyzed herein. The twenty-two written comments and a copy of the transcript of the hearing are available for public inspection in Room 12B10, Crystal Gateway II, 1225 Jefferson Davis Highway, Arlington, Virginia.

This notice of rulemaking sets out rules in three areas:

(1) Practice of attorneys and agents before the PTO in patent, trademark, and other non-patent cases (§§ 10.2 through 10.19);

(2) A PTO Code of Professional Responsibility (§§ 10.20 through 10.112); and

(3) Rules governing (a) investigation of posssible violations of the PTO Code of Professional Responsibility and (b) disciplinary proceedings to reprimand, suspend, or exclude (disbar) individuals from practicing before the PTO who, after notice and opportunity for a hearing, are found to have violated a disciplinary rule of the PTO Code of Professional Responsibility (§§ 10.130 through 10.170).

Familiarity with the advance notice and notice of proposed rulemaking is assumed. Changes in the text of the rules published for comment in the notice of proposed rulemaking are discussed. Comments received in response to the notice of proposed rulemaking are discussed. Comments not timely received in response to the advance notice are also discussed.

Tables 1, 2, and 3 are included in this notice to assist readers in correlating present rules with the new rules and to find the principal source for the new rules. An indication in Tables 1, 2, or 3 that a section is "new" means that a corresponding section does not currently appear in Title 37 of the Code of Federal Regulations.

Table 1 shows the principal sources of the new rules which relate to (1) adminission to practice of attorneys and agents in patent cases and (2) practice in trademark and other non-patent cases.

Table 2 shows the principal sources of the rules for the new PTO Code of Professional Responsibility.

Table 3 shows the principal sources of the new rules for disciplinary proceedings.

Other sources for, and rationale in support of, the proposed rules are discussed in the Supplementary Information of the advance notice, 49 FR 10012-10022, and the Supplementary Information of the notice of proposed rulemaking, 49 FR 33790-33803.

In issuing these rules, the PTO has made every effort to minimize preemption of State control over the practice of law. Thus, in § 10.1, second sentence, the new rules provide:

> Nothing in * * * [these rules] shall be construed to preempt the authority of each State to maintain control over the practice of law, except to the extent necessary for the Patent and Trademark Office to accomplish its federal objectives.

This provision of § 10.1 is based on language in *Sperry* v. *Florida ex rel. Florida Bar*, 373 U.S. 379, 402 (1963), and makes clear the PTO's intent to regulate only conduct related or relevant to practice before the PTO.

In an effort to ascertain whether the proposed rules would have any adverse impact on the States, copies of both the advance notice of March 16, 1984, and the notice of proposed rulemaking of August 24, 1984, were sent to Bar Counsel in each State. The PTO received responses from Bar Counsel in Alaska, Connecticut, Florida, Georgia, Maryland, Mississippi, Nebraska, Texas, and Vermont. Comments were also received from the National Organization of Bar Counsel, the American Bar Association, and others.

Alaska Bar Counsel, contrary to other bar counsel filing comments, suggested that creation of a PTO Code of Professional Responsibility would be "inherently confusing" to any attorney practicing in a State and also before the PTO. The new rules, however, do not

establish for the first time a PTO Code of Professional Responsibility. The current PTO code appears in 37 CFR §§ 1.344 and 2.12. Sections 1.344 and 2.12 merely incorporate by reference the Code of Professional Responsibility of the American Bar Association (1970). The new PTO code more appropriately sets out the standards of conduct relevant to the practice of law before the PTO. Alaska Bar Counsel also felt that it would be more appropriate if the PTO brought alleged ethics violations by attorneys to local state enforcement authorities. This view was not shared by other bar counsel who filed comments. The statute (35 U.S.C. 32) authorizes the Commissioner to administer discipline. The PTO has taken disciplinary action in instances where a State has declined to do so. Moreover, there are registered patent agents who are not subject to discipline by State enforcement agencies. Finally, Alaska Bar counsel suggested that "adjudicative agencies" are too closely involved in a disciplinary matter to be impartial. Congress has determined otherwise. 35 U.S.C. 32 and 5 U.S.C. 500(d).

Comments were received from the Statewide Grievance Committee of Connecticut in response to the advance notice. Many helpful suggestions were made in the comments. Most of the suggestions were adopted at the time the notice of proposed rulemaking was published.

The Florida Bar, through its Director of Lawyer Regulation, filed comments in response to the notice of proposed rulemaking. The Florida Bar commented on §§ 10.1(c) and 10.23(c)(5). The PTO's response to the comment appears later in this notice under a discussion of § 10.1.

An Assistant General Counsel of the State Bar of Georgia filed a response to the advance notice. The response stated, among other things: "Although due to the press of business at the present time I am unable to provide a substantive response in this correspondence, I will respond within the appropriate time limits after having an opportunity to study the enclosed * * * [advance notice]." No further response was received.

Bar counsel for the Attorney Grievance Commission of Maryland filed a response to the advance notice. In his response Bar Counsel states in part:

> It does not appear to me that any of the proposed Rules would present any difficulty in the administration of discipline within Maryland.

Complaint Counsel for Mississippi responded to the advance notice. He stated in part:

> I have not reviewed the proposed Code in comparison with the Code of Professional Responsibility in great detail. In general however I can state that adoption of the proposed Code would not have an adverse effect upon the function of this office.

The General Counsel of the State Bar of Texas responded to the advance notice and did "not perceive that any problem would be created by * * * [the proposed rules] in Texas." The General Counsel did express the thought that the PTO's use of the word "practitioner" instead of "lawyer" would not prevent reciprocal discipline in Texas based on disciplinary action by the PTO. The PTO sees no reason for disagreeing with the General Counsel. The word "practitioner" is used by the PTO to define registered attorneys, registered agents, *and* other attorneys authorized to practice in trademark and other non-patent cases before the PTO under 5 U.S.C. 500(b).

The Chairman of the Professional Conduct Board of Vermont responded to the advance notice. He states in part:

> I find nothing contained in the proposed rules which would present any difficulty in the administration of disciplinary matters within the State of Vermont. Further, I see no problems created vis-a-vis the Code of Professional Responsibility in this jurisdiction.

The President of the National Organization of Bar Counsel responded to the notice of proposed rulemaking. He expressed a concern as to whether the PTO intended to "provide for notice and information of . . . [each disciplinary violation by an attorney] to each jurisdiction where the attorney is licensed." Two provisions of the rules are designed to insure that States are notified of PTO disciplinary action. Section 10.158(b)(1) requires a disciplined attorney to notify all bars of which he or she is a member and to file a copy of the notice with the Director of Enrollment and Discipline of the PTO. Section 10.159(a) requires the Director to notify known State bars and appropriate bar associations of PTO disciplinary action. In addition, as a matter of policy, the PTO intends to notify the National Discipline Data Bank of the American Bar Association.

Comments were filed in response to the advance notice and the notice of proposed rulemaking by the Standing Committee on Professional Discipline of the American Bar Association. The comments filed in response to the advance notice were analyzed in the notice of proposed rulemaking and are not re-analyzed in this notice. In its comments responding to the notice of proposed rulemaking the Standing Committee made several helpful suggestions, some of which are being adopted. A full discussion of the PTO rationale for adopting or not adopting a particular suggestion appears under analysis of comments later in this notice. The Standing Committee urged adoption of the 1983 ABA Model Rules. The PTO is not now adopting the Model Rules *inter alia* because most States have not adopted those rules. If a significant number of States adopt the Model Rules, the PTO will consider further amendments to its Code of Professional Responsibility. The Standing Committee suggested changes to § 10.23(c)(12) which are being adopted in part. The Standing Committee suggested that notice be given to a practitioner prior to any meeting of the Committee on Discipline. This suggestion is not being adopted. In most instances, a practitioner will be able to respond to a notice under 5 U.S.C. 558(c). The Committee will have the practitioner's response at the time of its deliberation. The Standing Committee urged that hearings in disciplinary matters should be open to the public. Others opposed this position. The PTO is not adopting this suggestion in view of 35 U.S.C. 122. Further rationale for not adopting the Standing Committee's suggestion appears later in the notice. The Standing Committee urged a change in § 10.149 to make the burden for proving a disciplinary violation one of "clear and convincing evidence." This suggestion is being adopted. The Standing Committee urged that more discovery be permitted than was authorized by § 10.152 as proposed. This suggestion is being adopted as explained further in this notice. The Standing Committee also thought § 10.159 should provide for notice to the ABA Natonal Discipline Data Bank when the PTO administers discipline. While § 10.159 will not specifically mention the Data Bank, a change has been made to permit the Director to notify appropriate bar associations. The Data Bank is an appropriate bar association.

Changes in Text

Several changes have been made in the text of the new rules from the text of the proposed rules which were published for comment in the notice of proposed rulemaking. Those changes are discussed below.

In § 1.8, the new paragraph will be (xiii). Paragraph (xii) was added when the rules relating to patent interference

proceedings were amended. See 49 F.R. 48451 (Dec. 12, 1984).

In the first sentence of § 1.31, the term "agent" has been changed to "registered agent" to make clear that only registered agents are intended.

Section 1.33(c) is being amended to delete a reference to former §§ 1.341 and 1.347 and to now refer to §§ 10.5 and 10.11.

Section 1.56 (f) and (h) is being amended to delete a reference to former § 1.346 and to now referred to § 10.18.

In the second sentence of § 10.1, "subpart shall" has been changed to "part shall" and "maintain control over" has been changed to "regulate." In the same sentence, "within its borders" has been deleted.

In § 10.2(b)(1), "maintain the register" has been changed to "maintain the register provided for in § 10.5".

In the next-to-the-last sentence of § 10.7(b), "examining corps" has been changed to "patent examining corps".

The language "an alien" in § 10.9(b) has been changed to read "a resident alien" to make clear that aliens registered under paragraphs (a) or (b) of § 10.6 must be resident aliens.

In the first sentence of § 10.14(c), "foreigner" has been changed to "foreign attorney or agent", "registered and in good standing" has been changed to "registered or in good standing", "applicants" has been changed to "parties" and "trademark applications" has been changed to "trademark cases".

In § 10.18(a)(1), "the paper has been read" has been changed to "the paper has been read by the practitioner".

Several changes have been made in § 10.23.

In § 10.23(c)(4)(iii), "improperly" has been added before "bestowing."

In § 10.23(c)(5), "on ethical grounds" has been added after the first occurrence of "attorney or agent" and "suspension or disbarment as an attorney or agent" (after "10.6(c)") has been deleted.

In § 10.23(c)(7), "patent" has been added before "application of another" and the following has been added as a second sentence: "See §§ 1.604(b) and 1.607(c) of this subchapter."

In § 10.23(c)(8), "Failing to forward" has been changed to "Failing to inform a client or former client"; "inability to forward, to" has been changed to "inability to notify"; "client correspondence" has been changed to "client of correspondence"; "is correspondence which" has been changed to "is correspondence of which"; and "under the circumstances should be forwarded to the client or former client" has been changed to "under the circumstances the client or former client should be notified."

Section 10.23(c)(12) has been changed to read: "Knowingly filing, or causing to be filed, a frivolous complaint alleging a violation by a practitioner of the Patent and Trademark Office Code of Professional Responsibility."

In § 10.23(c)(15), "including" has been changed to "making a" and "matter" has been changed to "statement".

In § 10.36(b)(3), the language "in the locality" has been deleted.

The following language has been deleted from § 10.40(c): ", and may not withdraw in other matters,".

In § 10.62(b), the language "contemplated or pending litigation or" has been deleted.

In § 10.63(1), the language "contemplated or pending litigation or" has been deleted. Both occurrences of "trail or" have been deleted from § 10.63(a). The language "contemplated or pending litigation or" has been deleted from § 10.63(b).

The following sentence has been added to § 10.64(b): "A practitioner may, however, advance any fee required to prevent or remedy an abandonment of a client's application by reason of an act or omission attributable to the practitioner and not to the client, whether or not the client is ultimately liable for such fee."

In § 10.84(a)(3), "§ 10.85" has been changed to "this part".

The following sentence has been added to § 10.87(a): "It is not improper, however, for a practitioner to encourage a client to meet with an opposing party for settlement discussions."

Paragraph (5) of § 10.89(c)as it appeared in the notice of proposed rulemaking has been deleted. Paragraph (6) of § 10.89(c) as it appeared in the notice of proposed rulemaking has been changed to read: "(5) Engage in undignified or discourteous conduct before the Office (see § 1.3 of this subchapter). "Subparagraph (7) of § 10.89(c) has been redesignated as subparagraph (6).

In § 10.112(a), the language:

> Maintained: (1) In the case of a practitioner whose office is located in the United States, the State in which the practitioner's office is situated or (2) in the case of a practitioner having an office in a foreign country or registered under § 10.6(c) in the United States or the foreign country

has been changed to read

> Maintained in the United States or, in the case of a practitioner having an office in a foreign country or registered under § 10.6(c), in the United States of the foreign country.

In § 10.131(a), the second sentence has been deleted as being unnecessary in view of § 10.132(b). The second sentence of § 10.131(a) in the notice of proposed rulemaking read: "The investigation shall be such as to determine whether there is probable cause to believe that a violation of a Disciplinary Rule by a practitioner has occurred."

In the first sentence of § 10.132(a), the language "that there is probable cause to believe" has been deleted. The Committee on Discipline, not the Director, shall determine whether there is probable cause to believe that a practitioner has violated a Disciplinary Rule. See §§ 10.4(b) and 10.132(b).

Several changes have been made in § 10.133. In the first sentence of § 10.133(b), the language "§§ 10.132(b) and 10.134" has been replaced with "§ 10.134". The reference to § 10.132(b) is not necessary. The language "his or her resignation by filing" in § 10.133(b) has been deleted as unnecessary. The second sentence of § 10.133(d) has been modified to become new paragraphs (c) and (d). Paragraph (c) indicates the content of an affidavit of resignation filed prior to the date set by the administrative law judge (ALJ) for hearing. Paragraph (d) indicates the content of an affidavit of resignation filed on or after the date set by the ALJ for hearing. Paragraph (c) has been redesignated as new paragraph (e). In addition, the language "paragraph (b)" therein has been changed to "paragraphs (b) or (c)". Paragraphs (d) and (e) have been redesignated as new paragraphs (f) and (g), respectively.

In § 10.135(a)(2)(i), "Committee on Enrollment" has been changed to "Director".

In § 10.149, "a preponderance of" has been changed in both instances to "clear and convincing".

Several changes have been made to § 10.152 to expand discovery. Paragraphs (a) and (b) of § 10.152 as set out in the notice of proposed rulemaking have been redesignated as paragraphs (e) and (f), respectively, and new paragraphs (a) through (d) have been added. New paragraph (a) sets forth discovery which is authorized. New paragraph (b) sets forth matter which *cannot* be discovered. Paragraph (c) sets forth factors which an ALJ can consider in determining whether to authorize discovery. Paragraph (d) requires that a motion be filed which addresses specifically and separately each particular request for discovery. In paragraph (e) (formerly paragraph (a)), a new subparagraph (3) has been added to specify that the ALJ may require the parties to set out in a pre-hearing statement information related to expert witnesses. Old paragraphs (3) and (4)

have been redesignated as new paragraphs (4) and (5), respectively.

In § 10.154(b), a new paragraph (5) has been added which states: "(5) any extenuating circumstances."

In § 10.155(a), both occurrences of "on the respondent" have been deleted.

Several changes have been made to § 10.158. In § 10.158(b)(1), after "all clients of the practitioner" the following has been added "for whom he or she is handling matters before the Office." In § 10.158(b)(2), "client's active case files" has been changed to "client's active Office case files". In § 10.158(c), changes have been made to make paragraph (c) applicable to corporate patent departments and to prohibit a suspended or excluded practitioner from meeting in person or in the presence of another practitioner with an official of the PTO in connection with the prosecution of a patent, trademark, or other case.

The following has been added to the end of § 10.159(a): "and any appropriate bar associations."

Several changes have been made in § 10.160(c). "A practitioner has been suspended or excluded" has been changed to "An individual who has resigned under § 10.133 or who has been suspended or excluded". The language "if the Director is satisfied" has been changed to "when the individual makes a clear and convincing showing". The language "suspended or excluded practitioner" has been changed to "individual".

Response to and Analysis of Comments

Twenty-two (22) written comments were timely received in response to the notice of proposed rulemaking. The comments have been analyzed. Some suggestions made in comments have been adopted and others have been rejected. A detailed analysis of the timely received comments follows. Several comments were not timely received by July 9, 1984, in response to the advance notice of proposed rulemaking of March 16, 1984. These comments have now been considered and are analyzed herein.

Several comments were received which suggested that the rules purport to regulate attorney conduct beyond that necessary or proper for administration of federal programs by the PTO. It is not, and has never been, the intention of the PTO to regulate conduct except to the extent necessary for the accomplishment of federal objectives. Thus, only that conduct which is relevant to the practice of patent, trademark, or other law *before the PTO* is what the PTO seeks to regulate. The preamble of §10.1 indicates that Subpart 10 governs solely the practice of patent, trademark, and other law before the PTO. As noted in the preamble to § 10.1, "[n]othing in this subpart shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the Patent and Trademark Office to accomplish its federal objectives." See *Sperry* v. *Florida ex rel. Florida Bar*, 373, U.S. 379, 402 (1963). See also *Michigan Canners and Freezers Ass'n.* v. *Agricultural Marketing and Bargaining Board*, 104 S.Ct. 2518, 2523 (1984) (State Law is preempted when it stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress) and *Fidelity Federal Savings and Loan Ass'n.* v. *de la Cuesta*, 102, S.Ct. 3014, 3022 (1982) (federal regulations have no less pre-emptive effect than federal statutes.

Several comments were received concerning § 10.1. The Florida Bar noted that in the notice of proposed rulemaking the PTO indicated "that failure to pay State bar dues is not a basis for suspension or exclusion before the PTO because failure to pay the dues has no relationship to the federal objectives which the PTO seeks to accomplish." 49 FR 33795, column 1, third full paragraph. The Florida Bar suggested that "the loss of good standing [should] be of concern to the PTO." The PTO agrees in part. Suspension from a State bar for failure to pay dues will not be viewed by the PTO as "misconduct." See § 10.23(c)(5), which has been changed to define misconduct as suspension or disbarment on ethical grounds. If an attorney is suspended by his or her State bar for failure to pay bar dues, and for that reason is no longer in good standing before the State bar, that attorney is no longer an attorney within the meaning of § 10.1(c). An attorney suspended from his or her State bar for failure to pay bar dues would no longer be eligible to represent individuals before the PTO in trademark and other non-patent cases.

One commentator suggested that the second sentence of § 10.1 be changed to read: "Nothing in this subpart shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the Patent and Trademark Office to accomplish its federal objectives." The suggestion is being adopted. The commentator noted that as originally proposed in the notice of proposed rulemaking, the phrase "to maintain control over the practice of law within its borders" is unduly restrictive. The commentator correctly pointed out that "[c]ertainly, New York would have the authority to regulate the practice of law by a New York attorney residing in Florida."

Another commentator noted the language "federal objectives" in § 10.1 and felt it would be appropriate for the PTO "to set forth what the federal objectives really are." The PTO does not believe it is appropriate to set out in the regulations specific federal objectives. The PTO engages in the examination of applications for patents, reexamination of issued patents, examination of applications for registrations of trademarks, and numerous *inter partes* patent and trademark proceedings. The federal objectives of the PTO center around these activities.

With respect to § 10.2(c), one commentator argued that "it is unfair to require the payment of a fee to review a final decision of the Director." The PTO disagrees. The review provided by § 10.2(c) is a service performed by the PTO for which a fee may be charged. There is no compelling reason for not charging a fee.

Several comments were received discussing § 10.4. One commentator suggested "that a provision for no discovery or testimony from a member of the Committee on Discipline is unfair and inappropriate." The PTO does not believe that a "mini-trial" should be conducted in a subsequent disciplinary proceeding of how or why the Committee on Discipline reached its decision. The commentator also argued that § 10.4(c) "would be in direct conflict with the Federal Rules of Civil Procedure" in any review in the U.S District Court for the District of Columbia. Again, the PTO disagrees. The Federal Rules of Civil Procedure do not apply to disciplinary cases in the PTO. Moreover, those rules do not apply in cases seeking judicial review of a decision of the Commissioner in a disciplinary matter. Applicable law (35 U.S.C. 32 and Local Rule 1–26 of the district court) provides for review on the record made in the PTO. See also *Camp* v. *Pitts*, 411 U.S. 138 (1973). Hence, there is no discovery in a proceeding under 35 U.S.C. 32.

Comments were received which suggest that the associate and assistant solicitors in the Office of the Solicitor cannot be isoloated from the Solicitor and the Deputy Solicitor. The associate and assistant solicitors are to be isolated so that (1) the associate and assistant solicitors may act as attorney for the Director in prosecuting a disciplinary proceeding and (2) the Solicitor and Deputy Solicitor may act as legal advisor to the Commissioner in deciding a disciplinary matter. In

disciplinary matters, the associate and assistant solicitors will report directly to the Director. Associate and assistant solicitors will not have occasion to discuss disciplinary matters with the Solicitor or Deputy Solicitor.

The following discussion in the *Attorney General's Manual on the Administrative Procedure Act*, pp. 57–58 (1947); commenting on original § 5(c) (now U.S.C. 554(d)) is believed particularly relevant to the issues raised in the comments:

> Assuming that an agency will in many cases wish to consult with certain of its staff members, it may proceed in one of two ways. It may in a particular case consult with staff members who in fact have not performed investigative or prosecuting functions in that or a factually related case. In the alternative, the agency may find it feasible so to organize its staff assignments that the staff members whom it most frequently desires to consult will be free of all investigative and prosecuting functions.
>
> * * * * *
>
> [I]f the agency so organizes its staff that the general counsel is not responsible for the investigative and prosecuting functions, he would be regularly available to the agency for consultation on the decision of cases.[*]

Several commentators suggested that members of the public or the PTO bar should be members of the Committee on Discipline. This suggestion is not being adopted. As noted in the notice of proposed rulemaking (49 FR 33793, column 2, last paragraph), there are two reasons for not adopting the suggestion. Use of individuals outside the PTO is made difficult by 35 U.S.C. 122. Administrative delays would take place because it would be more difficult to schedule meetings.

One commentator suggested that the language "at least" in the phrase "at least three employees of the Office" should be deleted from the second sentence of § 10.4(a). This suggestion is not being adopted. The "at least" language will permit the Commissioner to appoint alternate members to substitute for a member who may be disqualified or who may be unavailable for an extended period.

Section 10.10 provides that only practitioners who are registered under § 10.6 or individuals given limited recognition under § 10.9 will be permitted to prosecute patent applications of others before the PTO. One comment was received which noted that the rules do not address the "status" of (a) "an individual in a training program directed to the preparation and prosecution of applications for patent" or (b) "a long-time employee working within a patent organization in the area of preparation and prosecution of applications for patent, but has never become registered to practice as either a Patent Agent or Patent Attorney." The commentator suggested that the rules should state what such individuals or employees may do. The suggestion is not being adopted. Only registered practitioners (attorneys and agents) may practice patent law before the PTO. The commentator also suggested that the rules should provide that long-time corporate or government employees who have never been registered should be given limited recognition by the PTO. This suggestion is not being adopted. Limited recognition will be given only on a case-by-case basis. See § 10.9.

One comment suggested that "applicants" and "trademark applications" in the first sentence of § 10.14(c) rendered it unclear whether an individual authorized to practice before the PTO in trademark cases could prosecute post-registration cases, such as a cancellation proceeding. The rule has been clarified by changing "applicants" to "parties" and "trademark applications" to "trademark cases". An individual authorized to represent others under § 10.14 is authorized to appear in any trademark case.

Several comments were received discussing § 10.18. One comment made at the hearing suggested that the rule should specify who should read the paper being signed. The commentator stated: "I think it would be salutary if what you really mean is that the practitioner who signs it has read it." The suggestion is being adopted and the language of § 10.18(a)(1) has been changed from "the paper has been read" to "the paper has been read by the practitioner".

Two individuals commented that requiring the signature of a practitioner would eliminate the "custom" of having an associate sign the name of a principal attorney on a paper which the principal authorizes the associate to file. Section 10.18 requires that the practitioner signing the paper sign his or her own name. The rule would permit associate attorney John Smith to sign on behalf of principal attorney David Jones by signing the paper as follows: "David Jones by John Smith." The rule would not permit Smith to merely sign Jones' name or to sign "David Jones by JS." The rule does not authorize a non-practitioner (e.g., a para-legal or secretary) to sign a paper on behalf of a practitioner.

One comment asked the following:

> Assume an inventor is under Final Rejection and the period for proper response is near at hand. The attorney is now instructed to "keep the case alive" until a CIP [continuation-in-part] is prepared and filed. For reasons outside the control of the attorney, the CIP cannot be filed in time. Assume now the attorney files a Notice of Appeal, *never intending* to prosecute the appeal, intending only to buy time until the CIP can be filed. Would the filing of the Notice of Appeal violate Rule 10.18 and subject the attorney to PTO disciplinary action?

A notice of appeal is a proper response to a final rejection. Accordingly, it would not appear under the circumstances outlined that the notice of appeal was "interposed for delay" within the meaning of § 10.18(a)(4).

Three comments were received discussing § 10.22. One comment suggested that modifiers, such as "knowingly" and "willfully" be inserted in paragraphs (a) and (b) of § 10.22. The suggestion is not being adopted. A "materially false statement," a failure "to disclose a material fact," or furthering the application of another "known * * * to be unqualified" constitute acts which cannot be characterized as innocent. Accordingly, there is no need to insert the "modifiers" in the text of the rule. Another commentator suggested that the provisions of § 10.22 are not relevant to the federal objectives of the PTO. The PTO disagrees. Practitioners who (1) fail to tell the truth, (2) fail to reveal material information or (3) knowingly further the application of an unqualified individual to a bar, demonstrate that they are "disreputable" within the meaning of 35 U.S.C. 32. A third commentator suggested that § 10.22(b) is too broad because a practitioner could recommend an individual for membership in a bar and the individual might fail to pass the bar examination. Unless a practitioner has good reason to know that the individual will fail to pass a bar examination, it is not apparent how the practitioner's recommendation could amount to a violation of the PTO Code of Professional Responsibility.

Numerous comments were received discussing § 10.23. One comment suggested that § 10.23(c)(8) be changed to require notification of a client rather than requiring correspondence to be forwarded. This suggestion has been adopted by making appropriate changes to § 10.23(c)(8).

A suggestion was made to delete the reference to $5000 in § 10.23(c)(17). This suggestion is not being adopted. See the

[*] The general counsel's participation in rule making and in court litigation would be entirely compatible with his role in advising the agency in the decision of adjudicatory cases subject to section 5(c).

discussion in the advance notice, 49 FR 10016, column 1.

A suggestion was made that § 10.23(c)(5) has "a built-in inequity as regards different patent attorneys in different states." According to the commentator, a practitioner suspended for an act by Ohio might not be suspended for the same act by New York. The commentator reasons it would be unfair for the Office to suspend the Ohio practitioner, but not the New York practitioner. The commentator's concern is not warranted in view of the second sentence of § 10.1.

Another commentator noted that § 10.23(a)(3) "points up the difficulty of superimposing * * * [a] set of rules on of the various local jurisdictions." Here again, the commentator's concern is not believed warranted in view of the second sentence of § 10.1. Another commentator noted that "moral turpitude" is hard to define. It was suggested that possession of marijuana is regarded as a crime involving moral turpitude in some states where a 99-year sentence may be received. It was suggested that in other states possession of marijuana might result in "a slap on the wrist." If a practitioner is incarcerated for a crime in a state, it follows that the practitioner is not capable of representing individuals before the Office. This is true even if the same practitioner would not have been incarcerated in another state for the same act.

The Florida Bar raised a question concerning § 10.23(c)(5) which is answered under the discussion above of § 10.1. Section 10.23(c)(5) has been changed to make suspension or disbarment "on ethical grounds" a basis for suspension or disbarment by the Office. "Ethical grounds" would include incompetence, but would not include failure to pay State bar dues.

One comment suggested that "disreputable" and "gross misconduct" in § 10.23(a) be defined. The terms "disreputable" and "gross misconduct" appear in 35 U.S.C. 32 and need no further definition in the rules. For a discussion of "disreputable," see *Poole v. United States*, 54 A.F.T.R. 2d (P-H) 84-5536 (D.D.C June 29, 1984).

Several comments suggested that the Model Rules of Professional Conduct of the American Bar Association (1983) be adopted in place of § 10.23. Adoption of the Model Rules was given consideration prior to publication of the advance notice and the notice of proposed rulemaking. The matter has been considered again. However, it has not been demonstrated to the Office that a large number of states have adopted the Model Rules. As noted in the notice of proposed rulemaking, at least Virginia has rejected the Model Rules. Accordingly, the PTO will not, at this time, adopt the Model Rules. If a large number of states adopt the Model Rules in the future, the PTO would be willing to reconsider its position.

One comment suggested that "before the Office" be inserted after the word "conduct" in § 10.23(b) (4), (5), and (6). This suggestion is not being adopted in view of the second sentence of § 10.1.

A suggestion was received that "improperly" be inserted at the beginning of § 10.23(c)(4)(iii). This suggestion has been adopted.

A suggestion was received that the word "patent" be inserted before "application" in § 10.23(c)(7). This suggestion has been adopted.

A suggestion was received that § 10.23(c)(15) be changed so that a trademark practitioner could present potentially scandalous subject matter in order to receive a determination on the merits of registrability. See e.g., *In re McGinley*, 660 F.2d 481, 211 USPQ 668 (CCPA 1981). Section 10.23(c)(15) has been changed to refer only "making a scandalous or indecent statement in a paper filed in the Office."

Several individuals suggested that it may be difficult to determine the identity of the "client" under § 10.23(c)(8), particularly in corporate patent departments. The PTO will presume that practitioners know the identities of their clients and that information conveyed to the client is being conveyed in a manner acceptable to the client.

Section 10.23(c)(12) has been changed in response to comments which suggested that it would be difficult for practitioners to comply with § 10.23(c)(12) on the one hand and §§ 10.24 and 10.131 on the other hand. The purpose of § 10.23(c)(12) is to eliminate a frivolous complaint against practitioners. Accordingly, § 10.23(c)(12) has been changed to define as misconduct "knowingly filing, or causing to be filed, a frivolous complaint alleging a violation by a practitioner of the Patent and Trademark Office Code of Professional Responsibility."

Several individuals criticized § 10.24. The provisions of § 10.24 are derived from DR 1-103 of the Code of Professional Responsibility of the American Bar Association (1970)—the rule currently applicable to practitioners. See 37 CFR 1.344 and 2.13. The PTO is not aware that the current rule causes any problems. Accordingly, the numerous suggestions to delete or amend § 10.24 are not being adopted.

One comment was received which suggested that charging another person with trademark infringement and requesting that the person withdraw a pending application "might be . . . interpreted as a violation" of § 10.31(a). The PTO disagrees. A reasonable interpretation of the rule does not justify the unreasonable construction by the commentator.

At the hearing, an individual discussed § 10.32. The individual suggested that three "practices" should be sanctioned under any PTO Code of Professional Responsibility and it was suggested that all three practices might be prohibited by § 10.32. *First*, the individual suggested that "the giving of moderately priced presents . . . to established clients on appropriate occasions—Christmas, weddings of their daughters" should not constitute a violation of § 10.32. The PTO agrees. The giving of a gift to an "established client" on the occasions suggested is not a gift "to a person for recommending the practitioner's services." *Second*, the individual suggested that a practitioner should not be prohibited from "paying for ordinary client entertainment." The PTO agrees. Again the "client" is not "a person recommending the practitioner's services" in return for being entertained. *Third*, the individual argued that the rules should not preclude an "exchange" of cases with foreign practitioners." An "exchange" was said to occur "[w]here a foreign patent practioner in his country sends cases to an American patent or trademark practitioner to prosecute before the PTO, and you send the foreign firm cases to prosecute before the foreign patent office, on the more or less explicit basis that it's something in the nature of a trade." According to the individual, the "exchange" ordinarily takes place without knowledge of the practitioner's client. The individual expressed the opinion that "exchanges" without knowledge of the client presently occur routinely. The PTO believes that the suggested "exchange" may ethically take place *only* when the practitioner's clients are fully advised of the exchange. Three other witnesses at the hearing expressed the view—correctly the PTO believes—that client knowledge is essential to an ethical exchange of the type contemplated. No change in § 10.32 is being made.

A suggestion was received that "in matters before the Office" be inserted after "professional employment" in § 10.33. The suggestion is not being adopted in view of the second sentence of § 10.1. Another comment suggested that Rule 7.3 of the Model Rules of Professional Conduct (1983) be adopted in place of § 10.33. The suggestion is not

being adopted. Section 10.33 is based partly on Rule 7.3, but contains the additional language "under circumstances evidencing undue influence, intimidation, or overreaching." Section 10.33 is designed to prohibit so-called "ambulance chasing." In *Ohralik* v. *Ohio State Bar Ass'n.*, 436 U.S. 447 (1978), the Supreme Court held that a state could lawfully regulate ambulance chasing. In its opinion, the Supreme Court said:

> We need not discuss or evaluate each of these interests in detail as appellant has conceded that the State has a legitimate and indeed "compelling" interest in preventing those aspects of solicitation that involve fraud, undue influence, intimidation, overreaching, and other forms of "vexatious conduct." We agree that protection of the public from these aspects of solicitation is a legitimate and important state interest.

436 U.S. at 462. The additional language appearing in § 10.33 is designed to limit the application of § 10.33 to those situations in which the PTO has a legitimate interest. See also 35 U.S.C. 32 and § 10.31(a).

A suggestion was received that § 10.35(b) should be deleted. According to the suggestion, "[r]egulation of the practitioner's business arrangements should be left to state regulation." While the PTO is in general agreement with the rationale suggested, there exist partnerships of agents which are not subject to regulation by any state. Moreover, the commentator has not suggested or shown that § 10.35(b) is inconsistent with the policy of any state. Practitioners should not be free to hold themselves out as being associated with a partnership or other organizations when an association does not in fact exist.

One comment suggested that "in the locality" be deleted from § 10.36(b)(3). This suggestion is being adopted, because "in the locality" has no particular significance in the practice of patent and trademark law. Clients of patent and trademark practitioners are not necessarily located where counsel are located. Moreover, the practice is national in scope.

An individual at the hearing suggested that the PTO should delete subparagraphs (1) and (2) from § 10.37(a). This suggestion is not being adopted. The individual suggested that a client need not know that "employment" has been referred to another practitioner or to a foreign practitioner. The PTO disagrees and so did three other individuals who expressed a view at the hearing. Moreover, the PTO believes that when "farming out" occurs with the consent of a client, that the fee division should be proportional to the services rendered. Under § 10.37, "farming out" of work without knowledge and consent of a client will constitute a disciplinary rule violation.

One commentator suggested that § 10.39 "may result in numerous claims to the effect that a practitioner brought a proceeding 'merely for the purpose of harassing or maliciously injuring another person.' " Section 10.39 continues existing policy (37 CFR 1.344 and DR 2-109 of the ABA Code (1970)). Under existing policy, the PTO has not experienced "numerous claims." Accordingly, there is no reason to expect such claims under § 10.39.

A suggestion was received that the first sentence of § 10.40(a) be changed to read: "A practitioner may withdraw from employment in a proceeding before the Office without permission from the Commissioner in those instances in which a substitute has been selected and is willing to serve." This suggestion is not being adopted. If "a substitute has been selected and is willing to serve," presumably with the consent of the client, a new power of attorney may be filed in the PTO. Another commentator suggested that § 10.40 should not apply to corporate attorneys. This suggestion likewise is not being adopted. If a corporate attorney changes jobs, the attorney should withdraw from representing the "old" corporation *or* the old corporation should revoke any power of attorney.

One comment suggested that the PTO should be under a burden of deciding requests for permission to withdraw within thirty (30) days. This suggestion is not being adopted, but it is and will continue to be PTO policy to promptly decide requests for permission to withdraw.

One comment suggested that ", and may not withdraw in other matters," be deleted from § 10.40(c). This suggestion has been adopted.

One comment asked whether a power of attorney given during prosecution of a patent application continues to be viable after the patent is issued. The answer is "yes." Communications received during reexamination proceedings are sent to the correspondence address established during prosecution of the application which matures into the patent being reexamined. See 37 CFR 1.525. Notices concerning maintenance fees likewise are mailed to the correspondence address. See 37 CFR 1.363, 49 FR 34725 (Aug. 31, 1984). The commentator also raised a question of who is the client when a case is filed on behalf of an individual, but the individual's assignee pays the practitioner's bills. Practitioners are expected to know the identities of their clients. If a practitioner is hired by a corporation and wishes to make that fact plain on the record of a patent application, the practitioner may file an assignment and a power of attorney signed by the assignee. If a dispute should then occur between the individual and the assignee, the record would be clear that the assignee is the client.

A comment suggested that § 10.40(a) "would appear to be unreasonable" in view of the language "giving due notice to another practitioner." Such language does not appear in § 10.40(a).

An oral comment was received by phone which questioned whether the use of para-legals or apprentices by a practitioner constitutes the unauthorized practice of law. If a para-legal or apprentice works under the direction of a practitioner and the practitioner does not allow the para-legal or apprentice to hold themselves out as a practitioner, there is no unauthorized practice of law problem within the meaning of § 10.47.

One comment discussing § 10.49 made the following statement:

> * * * if the intent of this section is to prohibit a practitioner from forming a partnership with a lawyer who, while in good standing with his State bar, does not qualify to practice before the Office (either because he has not taken the patent examination or is not qualified to handle trademark matters), then it should be stricken.

As explained in the notice of proposed rulemaking (49 FR 33797, column 3), the PTO does not intend to prohibit formation of law firms by members of the Bar of any state.

One comment suggested that "in matters before the Office" should be inserted after "employment" in § 10.62(a). This suggestion is not being adopted in view of the second sentence of § 10.1.

Another comment suggested that §§ 10.62 and 10.63 be replaced with Rule 3.7(b) of the Model Rules of Professional Conduct of the ABA (1983). For reasons already discussed, the PTO is not adopting the Model Rules. The comment went on to suggest that practitioners would not be free to testify concerning attorney diligence in patent interference cases. The PTO has made it plain twice that it disagrees. See the advance notice (49 FR 10016, column 3 (March 16, 1984)) and the notice of proposed rulemaking (49 FR 33797, column 3, last paragraph (August 24, 1984)).

A comment suggested that language in §§ 10.62 and 10.63 is not clear. Specifically, the commentator referred to "solely to an uncontested matter" or "solely to a matter of formality." This language occurs in the current rules and has not caused any known difficulty.

Two comments were received which suggested that § 10.64(b) should permit practitioners to pay fees which rightfully should be paid by a practitioner. This suggestion is being adopted and the following sentence has been added to § 10.64(b): "A practitioner may, however, advance any fee required to prevent or remedy an abandonment of a client's application by reason of an act or omission attributable to the practitioner and not to the client, whether or not the client is ultimately liable for such fee." One of the commentators supplied the following rationale with which the PTO agrees:

It sometimes happens that payment of a fee is necessitated by some act or omission for which the practitioner and not the client is responsible. One example is a fee for an extension of time to respond to an Office Action (see 37 CFR 1.17 and 1.136), where the delay has resulted from the practitioner's workload for other clients, or from the practitioner's absence from his or her office for purposes unrelated to the client's business. Another example is a petition fee for revival of an application unintentionally abandoned through some inadvertent oversight on the practitioner's part. In these circumstances, it would seem unjust to require the client to bear the cost of the fee.

One comment suggested that § 10.65 should be amended to indicate that it relates only to matters before the PTO. This suggestion is not being adopted in view of the second sentence of § 10.1.

Another comment suggested that § 10.65(a) "may limit a practitioner serving on the board of directors of a client." The commentator went on to say that practitioners serving on boards of directors is a common practice. Inasmuch as the client consents to practitioner serving on the board, it is believed that § 10.65 does not limit a practitioner as suggested by the commentator.

One comment was received which suggested that § 10.66(d) be changed to exclude corporate patent departments. According to the comment, "why should an entire corporate patent department have to withdraw if one of its members has to withdraw for disciplinary reasons?" In situations where it would not be appropriate for an entire firm or department to withdraw, § 10.66(d) permits the Commissioner or the Director to so order. See e.g., *Sunkist Growers, Inc.* v. *The Benjamin Ansehl Co.*, 221 USPQ 1077 (Comm'r. Pat. 1984). Another comment suggested that § 10.66 should be amended to indicate that it relates only to matters before the PTO. This suggestion is not being adopted in view of the second sentence of § 10.1.

One comment was received which suggested that § 10.67 be amended to indicate that it relates only to matters before the PTO. This suggestion is not being adopted in view of the second sentence of § 10.1.

A comment was received which suggested that § 10.68(c) might be construed to preclude a practitioner from joining a law firm where attorneys who are not registered to practice before the PTO "are in control," i.e., are the "senior" partners. The definition of practitioner (see § 10.1(r)) precludes such a construction, because any attorney in good standing in any State is a practitioner. Another comment suggested that § 10.68 be amended to indicate that it relates only to matters before the PTO. This suggestion is not being adopted in view of the second sentence of § 10.1.

One comment was made at the hearing which suggested that modifiers, such as "knowingly, willfully, intentionally," be inserted in § 10.77. This suggestion is not being adopted. The PTO believes § 10.77 states clearly the prohibited conduct.

A comment was received which suggested that §§ 10.77, 10.78 and 10.84 be amended to indicate that they refer only to matters before the PTO. This suggestion is not being adopted in view of the second sentence of § 10.1.

One comment suggested that the term "unwarranted" in § 10.85(a)(2) is "too vague as to its limits." The PTO disagrees. Contrary to the suggestion by the commentator, it is believed that practitioners can readily determine whether they are advocating a position that is unwarranted under existing law.

A comment was received which suggested that § 10.85(b) can place a difficult burden on patent counsel. In support of his position, the commentator gave two examples and commented on both examples as follows:

Example 1: A client engages a patent attorney in the preparation of a patent application, and the patent attorney goes through the usual routine of advising the client of statutory bars, duty to disclose, etc. The attorney prepares and files the application, and during the course of the prosecution, the client informs the attorney of some activities that occurred a couple of years before filing the application, which activities might constitute an offer for sale. The attorney advises that this must be disclosed to the Patent Examiner, but the applicant refuses to follow this course of action and discharges the patent attorney. The client then engages another attorney to complete the prosecution, without telling the new attorney of the potentially damaging prior art.

Comment: In accordance with my interpretation of § 10.85(b), the first attorney would be required to disclose this situation to the Office, unless the term "perpetrated a fraud" as it appears in that rule does not include the deliberate failure to disclose relevant prior art. My concern is that this could make for some very poor relationships with the client who might not understand the attorney's duty of disclosure before the Office.

Example 2: A rather poor inventor has managed to drum up enough money for the filing fee for a patent application and then proceeds to prepare and file his own patent application, without the assistance of a patent attorney. After a few months, the inventor obtains some financing from an investor, and the inventor and the investor consult the patent attorney to see if he would continue with the prosecution of the application. The attorney reviews the fact pattern and informs both the inventor and the investor that there is unquestionably some prior art, in the form of an earlier publication by the inventor, which must be disclosed before the Office. When the inventor and the investor find that the attorney intends to disclose this prior art as soon as he is engaged as their attorney, the inventor and the investor tell the attorney that they would rather engage the services of some other patent attorney, and that they will not tell the second attorney of the prior art.

Comment: As I would interpret § 10.85(b), the first patent attorney would be obliged to inform the Office of the relevant prior art. The first patent attorney would likely have the serial number and filing date of the application, and it would appear to me that the patent attorney would have to disclose not only the prior art, but also disclose the intent of the inventor and the investor not to disclose the same. This is pretty harsh treatment, and I can see where the inventor and the investor would have some very hard feelings against the patent attorney.

The PTO agrees that under the circumstances of Example 1, a "client * * * might not understand the attorney's duty of disclosure. * * *" Likewise, the PTO can understand "where the inventor and the investor [in Example 2] would have some very hard feelings against the patent attorney." Nevertheless, the commentator has correctly noted in each case that the practitioner is required to advise the PTO. The practitioner's obligation under § 10.85(b) has not been changed by the rules and is mandated by *Kingsland* v. *Dorsey*, 338 U.S. 318 (1949). See also Nahstoll, *The Lawyer's Allegiance: Priorities Regarding Confidentiality*, 41 Wash. & Lee L. Rev. 421 (1984).

A comment was received which suggested that § 10.85 be amended to indicate that it pertains only to matters before the PTO. The suggestion is not being adopted in view of the second sentence of § 10.1.

Two comments were received which suggested that § 10.87(a) could be construed to prohibit a practioner from recommending that a client meet with an opposing party for settlement discussions. Both comments suggested

that § 10.87(a) be amended to permit a practitioner to recommend that a client engage in settlement discussions directly with an opposing party. The suggestion is being adopted and the following sentence has been added to § 10.87(a): "It is not improper, however, for a practitioner to encourage a client to meet with an opposing party for settlement discussions."

A suggestion was made that § 10.87 be amended to indicate that it pertains only to matters before the PTO. The suggestion is not being adopted in view of the second sentence of § 10.1.

One comment suggested that § 10.89(c)(5) be "eliminated on the grounds of vagueness" because one cannot "be expected to comply with apparently unpublished customs of courstesy or practice." The suggestion is being adopted. Paragraph (6) of § 10.89(c) is being redesignated as paragraph (5) and has also been changed to read: "Engage in undignified or discourteous conduct before the Office (see § 1.3 of this Subchapter)." Paragraph (7) has been redesignated as paragraph (6).

Another comment discussing § 10.89 asked "since when must counsel cite to the Examiner in *ex parte* proceedings cases known to be directly adverse to the position being advocated?" Counsel are expected to advise patent and trademark examiners of known controlling authority which is contrary to a position being advocated. It is important for counsel to do so in *ex parte* cases because there is no *advocate* taking a position contrary to the position being taken by an applicant. See also *Southern Pacific Transportation Co.* v. *Public Utilities Commission of the State of California*, 716 F.2d 1285, 1291 (9th Cir. 1983).

A commentator contended that § 10.89(a) "makes no sense" because a decision of the PTO may have been overruled by the Federal Circuit. Section 10.89(a) is limited to "a decision of the Office made in the course of a proceeding." Practitioners are expected to follow interlocutory orders entered in PTO proceedings. Obviously if such an order is ultimately overruled or reversed by a court, it no longer need be followed. The same commentator suggested that § 10.89(c)(3) is not appropriate. Specifically, the commentator indicated that practitioners often rely on the specification of a patent application and prior art. The specification and prior art are evidence, not the "practitioner's personal knowledge."

One commentator suggested that §§ 10.92 and 10.93 be amended to indicate that they relate solely to matters before the PTO. This suggestion is not being adopted in view of the second sentence of § 10.1.

A commentator at the hearing suggested that § 10.93 be changed to permit practitioners to discuss procedural matters with interlocutory examiners or members of the Board of Patent Interferences or the Trademark Trial and Appeal Board. In view of Pub. L. 98-622, November 8, 1984, the Board of Patent Interferences will cease to exist on February 8, 1985. All patent interference cases will be transfered to the Board of Patent Appeals and Interferences and will be assigned to an examiner-in-chief. Practitioners may consult an examiner-in-chief orally upon adequate notice to opposing counsel. A telephone conference call may be arranged when opposing counsel desires to participate in the oral consultation. The same is true of the interlocutory examiners or members of the Trademark Trial and Appeal Board. Questions of a purely procedural nature may be asked. However, an examiner-in-chief or the interlocutory examiner or member of the Trademark Trial and Appeal Board may nevertheless decline to answer procedural questions without opposing counsel being present or involved in a conference call.

One commentator suggested that §§ 10.101, 10.102, 10.103, and 10.111 be amended to indicate that they refer only to proceedings in the PTO. The suggestion is not being adopted in view of the second sentence of § 10.1.

One comment suggested that practitioners residing in the United States should be able to maintain trust funds in a bank in any State. This suggestion is being adopted and § 10.112(a) has been changed to implement the suggestion. However, if a State bar requires funds to be kept in a bank within the State, a practitioner would be required to keep funds in a bank in the State in order to comply with State rules. Another comment suggested that § 10.112(c)(2) is not practical. According to the commentator, "invention samples and invention disclosures and drawings usually are the client's property, but keeping them in a safe deposit box is totally impractical." The commentator overlooks that portion of § 10.112(c)(2) which reads "in a safe deposit box or other place of safekeeping. * * *" A client may consent to a practitioner keeping invention samples, invention disclosures, and drawings in the practitioner's office. The practitioner, of course, should see to it that the office is maintained with appropriate security.

An individual testified at the hearing that § 10.112 is not clear. According to the individual, "I think the rules should specify that if you get money up front from a client, whether it's called a retainer, pre-payment, or whatever * * * that money has to be put into a trust fund or a trust account * * * and that you can't take the money out and spend it until you have performed the services and sent a bill to the client that says X dollars has come out of your trust account in payment of Y services." The PTO believes that § 10.112(b)(2) specifies "that you can't take the money out and spend it until you have performed the services" and that § 10.112(c)(3) specifies that you must send "a bill to the client." Accordingly, no change to § 10.112 is necessary.

One commentator testified at the hearing that the PTO rules do not address "those individuals who, due to a mental or physical defect, are not able to bring themselves in conformity with the rules of conduct." * * *" On the contrary, § 10.130 specifies that any practitioner shown to be "incompetent" may be suspended or excluded. The commentator at the hearing referred to an individual "who has a drinking problem or one who is mentally incapable or representing people before the * * * Office." The statute (35 U.S.C. 32) and the rules address such an individual. As noted in the advance notice, the PTO has declined to adopt the suggestion appearing in Manson, *Helping Lawyers Who Need Help (But Won't Ask for It!)*, 25 Va. Bar News 27 (June 1977). See 49 FR 10017, column 1 (Mar. 16, 1984). If an individual is suspended due to a drinking problem, reinstatement (see § 10.160) may be conditioned on a clear and convincing showing that the drinking problem has been overcome.

One individual testified at the hearing that a "statute of limitations" should be inserted in § 10.131. This suggestion is not being adopted. As the individual noted during testimony, statutes of limitations do not apply in disciplinary proceedings.

A suggestion was received that § 10.132 be changed to expressly provide that:

> No disposition adverse to the respondent shall be recommended by the Director until the respondent shall have been afforded the opportunity to be heard.

This suggestion is not being adopted. Section 10.132(a) provides that, where necessary, the Director shall comply with 5 U.S.C. 558(c) prior to calling a meeting of the Committee on Discipline. The relevant portion of 5 U.S.C. 558(c) provides:

Except in cases of willfulness or those in which public health, interest, or safety requires otherwise, the withdrawal, suspension, revocation, or annulment of a license is lawful only if, before the institution of agency proceedings therefor, the licensee has been given:

(1) notice by the agency in writing of the facts or conduct which may warrant the action; and

(2) opportunity to demonstrate or achieve compliance with all lawful requirements.

Where appropriate, a notice under § 558(c) will be issued prior to the time the Director takes a case to the Committee on Discipline. Any reply to § 558(c) notice will be reviewed by the Director and the Committee on Discipline prior to deciding whether a complaint should be filed.

Another suggestion was received which indicated that § 10.132(c) should be changed so that the "accused practitioner * * * [would] have the right to select an administrative law judge from a panel of such judges, such panel including the names of at least two law judges." This suggestion is not being adopted. No rationale was given in support of the suggestion and there is no known reason to permit a respondent to select the particular administrative law judge (ALJ) to be assigned to hear the practitioner's case.

Several changes have been made in § 10.133 by the PTO which are not in response to any comment or suggestion. The language "§§ 10.132(b) and 10.134" in the first sentence of § 10.133(b) has been changed to "§ 10.134". This change was made because a reference to § 10.132(b) is not necessary. The language "his or her resignation by filing" in the first sentence of § 10.133(b) has also been deleted as unnecessary. The second sentence of paragraph (b) of § 10.133 has been replaced by new paragraphs (c) and (d). New paragraph (c) specifies the content of an affidavit of resignation filed prior to the date set by the ALJ for a hearing. New paragraph (d) specifies the content of an affidavit of resignation filed on or after the date set by the ALJ for a hearing. Old paragraph (c) has been redesignated as new paragraph (e) and the language "paragraph (b)" therein has been changed to read "paragraphs (b) and (c)". Old paragraphs (d) and (e) have been redesignated as new paragraphs (f) and (g), respectively.

New paragraph (c) of § 10.133 has been added to define the conditions under which a practitioner may resign prior to the date set by the ALJ for a hearing. Experience has shown that practitioners do not readily resign prior to hearing if they are required to admit the charges against them and/or are required to admit that they could not have been defended against the charges or the subject of an investigation. Paragraph (c) does not require a practitioner to admit the charges or any lack of defense at the time of resignation. Rather, under § 10.133(c)(5), any admission is operative at the time of a request for reinstatement and only for the *limited* purpose of determining the request for reinstatement. By deferring the time when the practitioner makes the admissions, it is believed that settlements are more likely. Once a hearing begins, however, there is no reason to permit a resignation without admission of the facts and a lack of defense. The admissions of paragraph (c)(5) are relevant in determining whether reinstatement should be granted and whether sufficient time has passed between resignation and any application for reinstatement.

One comment was made at the hearing which suggested that "if, in fact there is a real stalemate in a settlement discussion, that there be some avenue so that there be, in essence, binding arbitration" on the part of the respondent and the Director. This suggestion is not being adopted. There is no reason to impose binding arbitration in disciplinary matters. While settlements are to be encouraged, if the parties (the respondent and the Director) cannot reach a mutually agreeable settlement, the proper recourse is to proceed with the disciplinary proceeding.

A suggestion was received that the second sentence of § 10.138 be deleted. The suggestion is not being adopted. The second sentence of § 10.138 provides that evidence obtained by a subpoena under 35 U.S.C. 24 will not be admitted unless prior approval was obtained from the ALJ to proceed under section 24. This provision is necessary to retain control over the proceedings in the ALJ. Moreover, an order authorizing a party to proceed under section 24 can be helpful to any district court which is required to determine whether an individual should be compelled to answer counsel's questions. Additional rationale in support of the PTO's decision not to adopt the suggestion appears in the advance notice (49 FR 10019, columns 1 and 2) and in the notice of proposed rulemaking (49 FR 33800, column 1).

Two individuals testified at the hearing concerning § 10.144. Section 10.144 provides that hearings in disciplinary cases will not be open to the public. One individual suggested that hearings in disciplinary matters should be opened to the public. The other individual took the opposite position and supported § 10.144 as proposed. The suggestion to open hearings to the public is not being adopted at this time. The PTO believes that a practitioner should not unnecessarily be exposed to charges of alleged wrongdoing until the practitioner is found to have violated the PTO Code of Professional Responsibility. Unnecessary and premature exposure could cause a practitioner's client to find other counsel based on mere allegations. Additionally, the PTO is required to maintain information concerning patent applications in secrecy. 35 U.S.C. 122. In most disciplinary cases information concerning a patent application is revealed at any hearing. Accordingly, the PTO will not provide for public hearings. However, the PTO intends to further study the possibility of hearings open to the public (e.g., in a disciplinary proceeding involving only trademark matters) and may, in the future, propose to modify § 10.144.

Numerous comments were received which suggested that the burden of proof set forth in § 10.149 should be changed from "preponderance of evidence" to "clear and convincing evidence." As announced at the hearing, this suggestion is being adopted. The "clear and convincing evidence" standard brings § 10.149 in conformance with § 10.158(d)(1)(ii) which also requires proof by clear and convincing evidence.

The term "clear and convincing evidence" is not succeptable to a precise definition. The PTO, therefore, deems it appropriate to set forth its views on what constitutes "clear and convincing evidence." "Clear and convincing evidence" falls somewhere between proof beyond a reasonable doubt and proof by a preponderance of evidence.

A reasonable doubt is a doubt based upon reason and common sense—the kind of doubt that would make a reasonable person hesitate to act. Proof beyond a reasonable doubt must, therefore, be proof of such a convincing character that a person would be willing to rely and act upon it unhesitatingly in the most important of his or her affairs. Devitt, *Federal Jury Practice and Instructions* § 11.01 (2d ed. 1970).

To establish a fact by a preponderance of evidence means to prove that fact is more likely so than not so. A preponderance of evidence means such evidence as, when considered and compared with that opposed to it, has more convincing force, and produces in the mind of the trier of fact a belief that what is sought to be proved is more likely true than not true. Devitt, *supra* at § 7.01.

Clear and convincing evidence is that measure or degree of proof which will produce in the mind of the trier of fact a firm belief or conviction as to an allegation sought to be established; it is more than a preponderance of evidence, but less than that required to establish guilt beyond a reasonable doubt. *Hobson* v. *Eaton*, 399 F.2d 781 (6th Cir. 1968)."It does not mean clear and unequivocal." *Fred C. Walker Agency, Inc.* v. *Lucas*, 215 Va. 535, 540–541, 211 S.E.2d 88, 92 (1975).

Several comments were received which suggested that § 10.150 be changed to make the Federal Rules of Evidence applicable to disciplinary proceedings. The suggestion is not being adopted. The PTO has explained, in both the advance notice (49 FR 10020, column 2) and the notice of proposed rulemaking (49 FR 33801, columns 1 and 2) why it cannot adopt the Federal Rules of Evidence in disciplinary cases. The "Federal Rules of Evidence . . . do not apply to administrative proceedings . . . ." Davis, *Administrative Law Treatise*, § 14.01 (Supp. 1970). The controlling law is set out in 5 U.S.C. 556(d) which provides in part: "Any oral or documentary evidence may be received, but the agency as a matter of policy shall provide for the exclusion of irrelevant, immaterial, or unduly repetitious evidence. A sanction may not be imposed or rule or order issued except on consideration of the whole record or those parts thereof cited by an party and supported by and in accordance with the reliable, probative, and substantial evidence." It appears to be the concern of some of the comments that the Administrative Procedure Act does not articulate an appropriate standard of evidence and that hearsay may be admitted. Suffice it to say that many adjudications occur daily under the Administrative Procedure Act, including disciplinary proceedings. The following language appearing in an opinion of the Eleventh Circuit in *TRW-United Greenfield Division* v. *National Labor Relations Board*, 716 F.2d 1391, 1394 (11th Cir. 1983), may be helpful:

> At the hearing the ALJ refused to allow five additional employees to testify that other employees told them that such a statement had been made. TRW contends it was denied a full and fair hearing by the exclusion of this testimony. The general rule is that administrative tribunals are not bound by the strict rules of evidence governing jury trials. *Opp Cotton Mills, Inc.* v. *Administrator of Wage & Hour Div.*, 312 U.S. 126, 155, 61 S.Ct. 524, 537, 85 L.Ed. 624 (1971). Thus, the admission of testimony which would be deemed incompetent in judicial proceedings would not invalidate the administrative order. *Tagg Bros. & Moorhead* v. *United States*, 280 U.S. 420, 442, 50 S.Ct. 220, 225, 74 L.Ed. 524 (1930). But this assurance of a desirable flexibility in administrative procedure does not go so far as to justify orders without a basis in evidence having rational probative force. Mere uncorroborated hearsay or rumor does not constitute substantial evidence. *Consolidated Edison Co.* v. *N.L.R.B.*, 305 U.S. 197, 230, 59 S.Ct. 206, 217, 83 L.Ed. 126 (1938). Therefore, the hearsay testimony of other employees would not have amounted to substantial evidence sufficient to support a finding for the company. We find that TRW was not denied a full and fair hearing by the judge's refusal to admit hearsay testimony.

See also *Steadman* v. *Securities and Exchange Commission*, 450 U.S. 91, 98 n. 17 (1981); *Richardson* v. *Perales*, 402 U.S. 389, 410–411 (1971); *Brown* v. *Gamage*, 377 F.2d 154, 158 (D.C.Cir.), *cert. denied*, 389 U.S. 858 (1967); Annotation, *Hearsay Evidence In Proceedings Before Federal Administrative Agencies*, 6 ALR Fed 76 (1971); and Davis, *Hearsay in Administrative Proceedings*, 32 Geo. Wash. L. Rev. 689 (1964).

A suggestion was received that § 10.151 be changed to make the deposition rules of the Federal Rules of Civil Procedure applicable to disciplinary proceedings. This suggestion is not being adopted. The discovery provisions of the Federal Rules of Civil Procedure are not being adopted by the PTO in disciplinary cases. Except for discovery which the parties agree to make voluntarily, all discovery under these rules will require the prior permission of the ALJ. This prior permission is designed to insure that the ALJ retains control over the proceeding. By requiring prior approval of the ALJ to take a deposition, the rules insure that the deposition will relate to evidence the ALJ deems to be relevant and will afford the ALJ the option of determining whether he or she wishes to observe the witness.

Several comments were received which suggested that § 10.152 be changed to permit more discovery. Some commentators urged adoption of the discovery provisions of the Federal Rules of Civil Procedure relating to requests for admission, interrogatories, and requests for production of documents. Other commentators felt that the discovery proposed in the notice of proposed rulemaking was not sufficient and that more discovery should be authorized. These latter commentators, however, did not urge adoption of the discovery provisions of the Federal Rules of Civil Procedure. As one commentator noted:

> Disciplinary proceedings are not in the nature of civil actions and full discovery within the scope of the Federal Rules of Civil Procedure is probably not needed or desirable.

The PTO agrees that more discovery is appropriate than would have been authorized under § 10.152 as proposed. The PTO does not agree, however, that discovery should be commensurate in scope with the discovery provisions of the Federal Rules of Civil Procedure.

One commentator at the hearing who urged adoption of the discovery provisions of the Federal Rules of Civil Procedure, correctly recognized the existence of "concerns of the Patent [and Trademark] Office regarding what are alleged to be general discovery abuses." There is ample basis for the PTO's concern. See e.g., Pollack, *Discovery—Its Abuse and Correction*, 80 F.R.D. 219 (1979) (reproducing remarks made by Judge Pollack at the Fifth Circuit Judicial Conference on April 26, 1978 at New Orleans). The same commentator at the hearing went on to note, however, that if the ALJ "gets on top of a case and monitors a case very actively, then no discovery abuses will occur, and if they do, they will be dealt with swiftly and properly."

Advocates of discovery "reform" seemingly rely on two principles which are claimed to be the cure-all for discovery abuse: (1) Active control by the judge and (2) sanctions. See e.g. *Second Report of the Special Committee for the Study of Discovery Abuse*, 92 F.R.D. 137 (1980). The PTO is not in a position to impose the most effective sanction—costs. However, the PTO can invest the ALJ with control over discovery. It is because the PTO can invest the ALJ with control over discovery that the suggestion for more discovery is being adopted. Section 10.152 has been changed to permit discovery which the PTO believes will be effective. The scope of the discovery, however, will not be commensurate in scope with the Federal Rules of Civil Procedure.

Paragraph (a) of § 10.152 will permit *limited* discovery *after* an answer is filed. Discovery is not authorized prior to the filing of an answer. A party seeking discovery will have to make out a clear and convincing case to the ALJ that discovery is necessary *and* relevant. If discovery is authorized, the ALJ may set conditions he or she deems appropriate to accomplish the discovery. For example, the ALJ may set the place and time for inspection of documents which are required to be produced or the ALJ can order a party to mail copies of the documents to the other party. Under paragraph (a) of § 10.152, discovery is limited to a *reasonable* number of requests for admissions,

interrogatories, or requests for production of documents and things. Consideration was given to setting numerical maximums for requests for admission, interrogatories and requests for production of documents and things. See e.g., Local Rule 11.1 of the U.S. District Court for the Eastern District of Virginia. However, numerical maximums are not presently specified. Should discovery become a problem, the PTO will give further consideration to limiting the number of discovery requests which a party may file.

Paragraph (b) § 10.152 specifies certain matters which *cannot* be discovered. Matter which will be used by another party solely for impeachment or cross-examination cannot be discovered. Documents which will be used as part of the Director's case-in-chief of the respondent's case-in-rebuttal or affirmative defenses are subject to discovery. Patent applications not available to a respondent under 35 U.S.C. § 122 are not subject to discovery. Matter relating to disciplinary proceedings commenced prior to the effective date of these rules is not available. For the most part, the reasons for a particular length of suspension or disbarment have not been stated in the past. Accordingly, disciplinary proceedings commenced prior to these rules are not particularly relevant. See *Poole* v. *United States*, 54 A.F.T.R. 2d (P-H) 84-5536 (D.D.C. June 29, 1984). Prior disciplinary proceedings which resulted in public discipline being imposed will continue to be available in the Office of the Director of Enrollment and Discipline. Respondents will continue to be free to inspect the files of those proceedings. Matters relating to experts, except as may be required by the ALJ under § 10.152(e), likewise are not subject to discovery. Privileged matter and attorney work product are excluded from matter which can be discovered.

Paragraph (c) sets forth some factors the ALJ can consider in determining whether to authorize discovery or to limit discovery which is authorized. The factors include delay (which is a major consideration in disciplinary matters), burden on the party required to produce discovery, availability of the discovery sought to the public (in which case, discovery may not be necessary), the extent to which the matter sought to be discovered is equally available to both parties, and the extent to which discovery is available from another source.

Paragraph (d) of § 10.152 requires a party desiring discovery to file a motion which explains, in detail, how each request is relevant to an issue raised in the complaint or the answer.

Paragraph (e) of § 10.152 sets out matter which the ALJ can require a party to produce in a pre-hearing statement. Subparagraph (4) states the matter the ALJ can require disclosed related to experts.

The PTO has every reason to believe that the discovery authorized by § 10.152 will be useful and that sufficient authority has been given to the ALJ to effectively control discovery and prevent abuses. The PTO intends to monitor discovery closely in the future and will consider amending these rules if abuses occur.

One comment suggested that § 10.154(b) be modified by adding "any extenuating circumstances" as a matter to be considered in imposing a penalty. This suggestion is being adopted. Another comment suggested that § 10.154 should address "probation." This suggestion is not being adopted. Nevertheless, the PTO has authority to place a practitioner on probation for all or a portion of any suspension and to revoke the probation upon a showing of a violation. See *In re Dula*, 1030 *Official Gazette* 20 (May 17, 1983).

One comment suggested that § 10.155 be modified to specify that the Director should serve a copy of any appeal "on the respondent or on the attorney for respondent." This suggestion is not being adopted. However, in view of the suggestion the language "on the respondent" (both occurrences) in § 10.155(a) is being deleted. Section 10.142(a) specifies how service is made on a respondent who is represented by an attorney.

A suggestion was received that § 10.157 be modified to provide that a stay would be entered in every case where a respondent seeks judicial review of a decision of the Commissioner. This suggestion was rejected at the time the notice of proposed rulemaking was published (49 FR 33802) and is not being adopted. There are cases where a stay is not appropriate, e.g., when the disbarred practitioner is incarcerated. There are other times when a stay may be appropriate. Accordingly, stays will be granted in the discretion of the Commissioner.

Several comments were received discussing § 10.158. Some commentators suggested that § 10.158 was "too lenient" and another suggested that it was "too hard" on suspended and excluded practitioners. Section 10.158 is designed to advise suspended practitioners as to what they can and cannot do during any period of suspension. The PTO believes that § 10.158 strikes a reasonable balance in a difficult area. See the discussion concerning § 10.158 in the advance notice (49 FR 10021, columns 2 and 3). One comment suggested that § 10.158 should be made applicable to corporations. This suggestion is being adopted by appropriate changes in § 10.158(c) to refer to client-employers. Another comment suggested that § 10.158(b) (1) and (2) be changed to refer to matters before the PTO. This suggestion is also being adopted.

An oral comment was received asking whether the Director could conduct an investigation in connection with a determination under § 10.158(d). The Director may conduct whatever investigation is warranted to determine whether a suspended or excluded practitioner seeking reinstatement has complied with regulations relating to suspended and excluded practitioners.

A comment was received regarding § 10.159(a) which suggested that the Director notify the American Bar Association National Discipline Data Bank when a practitioner is suspended or excluded. This suggestion is not being adopted as such. However, § 10.159(a) has been changed to authorize the Director to notify "any appropriate bar association." The PTO is not inclined to mention any particular bar association by name in the rules. It will be the practice of the PTO to notify the National Discipline Data Bank, among others, when a practitioner is disciplined. Another comment suggested that the entire file of a disciplinary proceeding should not be open to the public when only some, but not all, charges are sustained. This suggestion is not being adopted. In most disciplinary matters, it would be highly inconvenient to segregate the relevant from the irrelevant. Moreover, once discipline is imposed, the principal rationale for keeping the file secret no longer exists. The disciplined practitioner will suffer whatever public embarrassment results from discipline apart from whether part or all of the file is open to the public.

With respect to § 10.160, one commentator suggested that the burden on the suspended or excluded practitioner for reinstatement be stated in the rules. This suggestion is being adopted and a "clear and convincing showing" requirement has been added to §10.160(c). Section 10.149 sets out the burden on the Director for proof of allegations in the complaint and upon the respondent for proving affirmative defenses. The showing required by § 10.158(d)(1) is by "clear and convincing evidence." One commentator

suggested that the 5-year period of § 10.160(b) should be changed to a 3-year period. This suggestion is not being adopted. According to the commentator, the PTO has failed to state why a 5-year period was proposed. The commentator believes a 3-year period is more appropriate, although no reason is given in support of the commentator's belief. The PTO, after considering the matter, has concluded that some period must be specified and there is no reason to change the 5-year period proposed. A commentator suggested that a practitioner suspended for less than six months should "automatically" be reinstated. This suggestion is not being adopted, because the Director, as a condition to any reinstatement, must find that the suspended practitioner complied with § 10.158. Another commentator questioned whether the rules should provide for application for reinstatement during a period of probation. The PTO believes the rules need not make provision for application for reinstatement during probation. For example, if a practitioner is suspended for a period of three years and it is ordered that the practitioner be actually suspended for at least one year *and* that the last two years the practitioner be placed on probation, the practitioner would be able to apply for reinstatement after serving one year of the three year suspension.

The PTO disagrees with the following comment concerning § 10.161(b): "This clause is ex post facto legislation as it seeks retroactively an increase of penalties regarding conduct which occurred prior to the legislation." No legislation is involved. Section 10.161(b) does not "increase penalties."

TABLE 1.—PRINCIPAL SOURCE OF §§ 10.2 THROUGH 10.19

Section	Source
10.1 (preamble)	35 U.S.C. 31; *Sperry* v. *Florida*, 373 U.S. 379, 402 (1963).
10.1	35 U.S.C. 25; 28 U.S.C. 1746.
10.1(c)	5 U.S.C. 500(b).
10.1(g)	1 U.S.C. 1.
10.1(aa)	35 U.S.C. 100(c).
10.2(a)	New.
10.2(b)(1)	New, but see 37 CFR 1.341(i) (1983).
10.2(b)(2)	New, but see 37 CFR 1.348(a) (1983).
10.2(c)	New, but see 37 CFR 1.341(i) (1983).
10.3	37 CFR 1.341(i) (1983).
10.4(a)	New.
10.4(b)	New, but see 37 CFR 1.348(a) (1983).
10.4(c)	New.
10.5	37 CFR 1.341 (1983).
10.6(a)	37 CFR 1.341(a) (1983).
10.6(b)	37 CFR 1.341(b) (1983).
10.6(c)	37 CFR 1.341(e) (1983).
10.6(d)	37 CFR 1.341(f) (1983).
10.6(e)	37 CFR 1.341(g) (1983).
10.7 (a), (b)	37 CFR 1.341(c) (1983).
10.7(c)	New.
10.8	37 CFR 1.341(h) (1983).
10.9(a)	37 CFR 1.342 (1983).
10.9(b)	New.
10.10	37 CFR 1.343 (1983).
10.11	37 CFR 1.347 (1983).
10.12	[Reserved].
10.13	[Reserved].
10.14	5 U.S.C. 500(b) and 37 CFR 2.12 (1983).
10.15	35 U.S.C. 32; 5 U.S.C. 500(d)(2); 37 CFR 1.343 (1983); and 37 CFR 2.12(f) (1983).
10.16	[Reserved].
10.17	[Reserved].
10.18(a)	37 CFR 1.346 (1983) and 37 CFR 2.15 (1983), see also Rule 11, FRCP.
10.18(b)	35 U.S.C. 32 and Rule 11, FRCP.
10.19	[Reserved].

TABLE 2.—PRINCIPAL SOURCE OF SECTIONS OF 10.20 THROUGH 10.112, THE PTO CODE OF PROFESSIONAL RESPONSIBILITY

Section	Source
10.20	Preamble to MCPR (1980).
10.21	MCPR Canon 1 (1980).
10.22	MCPR DR 1-101 (1980).
10.23(a)	35 U.S.C. 32.
10.23(b)(1)	35 U.S.C. 32 and MCPR DR 1-102 (A)(1) (1980).
10.23(b) (2)-(6)	MCPR DR 1-102(A) (2)-(6) (1980).
10.23(c) (1)-(14)	PTO created.
10.23(c)(15)	Rule 11, FRCP.
10.23(c) (16)-(18)	PTO created.
10.23(d)	*U.S.* v. *Beecroft*, 608 F.2d 753 (9th Cir. 1979).
10.24	MCPR 1-103(1980).
10.25 through 10.29	[Reserved].
10.30	MCPR Canon 2(1980).
10.31(a)	35 U.S.C. 32.
10.31(b)	5 U.S.C. 501.
10.31(c)	37 CFR 1.345(c) (1983).
10.31(d)	Newly created.
10.32	MRPC Rule 7.2 (1983).
10.33	MRPC Rule 7.3 (1983).
10.34	MRPC Rule 7.4 (1983).
10.35(a)	5 U.S.C. 501 and MR PC Rule 7.5 (1983).
10.35(b)	MRPC Rule 7.5 (1983).
10.36	MCPR DR 2-106 (1980).
10.37	MCPR DR 2-107 (1980).
10.38	MCPR DR 2-108 (1980).
10.39	MCPR DR 2-109 (1980).
10.40	MCPR DR 2-110 (1980).
10.41 through 10.45	[Reserved].
10.46	MCPR Canon 3 (1980).
10.47 (a), (c)	MCPR DR 3-101 (1980).
10.47(b)	New (but see e.g., *Crawford* v. *State Bar of California*, 7 Cal. Rptr. 746, 355 P.2d 490 (Cal. 1960)).
10.48	MCPR DR 3-102 (1980).
10.49	MCPR DR 3-103 (1980).
10.50 through 10.55	[Reserved].
10.56	MCPR Canon 4 (1980).
10.57	MCPR DR 4-101 (1980).
10.58 through 10.60	[Reserved].
10.61	MCPR Canon 5 (1980).
10.62	MCPR DR 5-101 (1980).
10.63	MCPR DR 5-102 (1980).
10.64	MCPR DR 5-103 (1980).
10.65	MCPR DR 5-104 (1980).
10.66	MCPR DR 5-105 (1980).
10.67	MCPR DR 5-106 (1980).
10.68	MCPR DR 5-107 (1980).
10.69 through 10.75	[Reserved].
10.76	MCPR Canon 6 (1980).
10.77	MCPR DR 6-101 (1980).
10.78	MCPR DR 6-102 (1980).
10.79 through 10.82	[Reserved].
10.83	MCPR Canon 7 (1980).
10.84	MCPR DR 7-101 (1980).
10.85	MCPR DR 7-102 (1980).
10.86	[Reserved].
10.87	MCPR DR 7-104 (1980).
10.88	MCPR DR 7-105 (1980).
10.89	MCPR DR 7-106 (1980).
10.90	[Reserved].
10.91	[Reserved].
10.92	MCPR DR 7-109 (1980).
10.93	VCPR DR 7-109 (1984).
10.94 through 10.99	[Reserved].
10.100	MCPR Canon 8 (1980).
10.101(a)	MCPR DR 8-101 (1980).
10.101(b)	37 CFR 1.341(f) (1983) and 41 Op Att'y Gen. 21 (1948), *reprinted in* 1949 Dec. Comm'r. Pat. 1.
10.102	MCPR DR 8-102 (1980).
10.103	MCPR DR 8-103 (1980).
10.104 through 10.109	[Reserved].
10.110	MCPR Canon 9 (1980).
10.111	MCPR DR 9-101 (1980).
10.112	MCPR DR 9-102 (1980).

Abbreviations:
FRCP means Federal Rules of Civil Procedure.
MCPR means Model Code of Professional Responsibility of the ABA (1980).
MRPC means Model Rules of Professional Conduct of the ABA (1983).
VCPR means the Virginia Code of Professional Responsibility (1964).

TABLE 3.—PRINCIPAL SOURCE OF §§ 10.130 THROUGH 10.161

Section	Source
10.130	35 U.S.C. 32.
10.131(a)	New, but see 37 CFR 1.348(a).
10.131(b)	MCPR DR 1-103 (1980).
10.131(c)	New.
10.132(a), (c)	New.
10.132(b)	New, but see 37 CFR 1.348(b) (1983).
10.133	New.
10.134	37 CFR 1.348(b) (1983).
10.135(a)(1)	New.
10.135(a)(2)	37 CFR 1.348(b) (1983).
10.135(a)(3)	New.
10.135(b)	New.
10.135(c)	New.
10.135(d)	5 U.S.C. 500(f).
10.136(a)	37 CFR 1.348(c) (1983).
10.136(b)	New.
10.136(c)	37 CFR 1.348(c) (1983).
10.136(d)	37 CFR 1.348(c) (1983).
10.136(e)	New.
10.137	37 CFR 1.348(c) (1983).
10.138	New.
10.139(a)	5 U.S.C. 3105.
10.139(b)	5 U.S.C. 556(c).
10.139(c)	New.
10.139(d)	New.
10.139(e)	New.
10.140(a)	5 U.S.C. 500(b).
10.140(b)	New.
10.141	New.
10.142	New.
10.143	New.
10.144	New.
10.145	New.
10.146-10.148	[Reserved].
10.149	New.
10.150(a)	5 U.S.C. 556(d).
10.150(b)	37 CFR 1.348(d)(3) (1983).
10.150(c)	New.
10.150(d)	New.
10.150(e)	New.
10.151	37 CFR 1.348(d)(3) (1983).
10.152	New, see *Silverman* v. *CFTC*, 549 F.2d 28 (7th Cir. 1977).
10.153	New, but see 5 U.S.C. 557(c).
10.154	See 5 U.S.C. 557(b) and 35 U.S.C. 32.
10.155	New.
10.156	New.
10.157	35 U.S.C. 32, Local Rule 1-26 (D.D.C.).
10.158	New.
10.159	New.
10.160	New.
10.161	New.

TABLE 3.—PRINCIPAL SOURCE OF §§ 10.130 THROUGH 10.161—Continued

Section	Source
10.162–10.169	[Reserved].
10.170	New, but see 37 CFR 1.163.

Other Considerations

The rules will not have a significant impact on the quality of the human environment or the conservation of energy resources.

The rules are in conformity with the requirements of the Regulatory Flexibility Act (Pub. L. 96–354) and Executive Order 12291.

The General Counsel of the Department of Commerce has certified to the Small Business Administration that the rules will not have a significant adverse economic impact on a substantial number of small entities (Regulatory Flexibility Act, Pub. L. 96–354). The rules regulate the conduct of attorneys and agents who represent individuals and juristic entities before the Patent and Trademark Office and would not be expected to result in an increase of fees charged by attorneys and agents to entities, including small entities.

The Patent and Trademark Office has determined that the rules are not a major rule under Executive Order 12291. The annual effect on the economy will be less than $100 million. There will be no major increase in costs or prices for consumers, individual industries, federal, state, or local government agencies, or geographic regions. There will be no significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of the United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

The information reporting requirements contained in the rules have been approved by the Office of Management and Budget, OMB Control No. 0651–0012 and OMB Control No. 0651–0017.

List of Subjects in 37 CFR Part 1, 2 and 10

Administrative practice and procedure, Authority delegations, Conflict of interests, Courts, Inventions and patents, Trademarks, Lawyers.

For the reasons given in the preamble and under the authority granted to the Commissioner of Patents and Trademarks by 5 U.S.C. 500; 15 U.S.C. 1123; and 35 U.S.C. 6, 31, 32, and 41. Parts 1, 2, and 10 of Title 37 of the Code of Federal Regulations are amended as set forth below:

PART 1— RULES OF PRACTICE IN PATENT CASES

1. Section 1.8 is amended by adding to paragraph (a)(2) a new paragraph (xiii) to read as follows:

§ 1.8 Certificate of mailing.

(a) * * *

(2) * * *

(xiii) Papers filed in connection with a disciplinary proceeding under Part 10 of this subchapter.

2. Section 1.21 is amended by adding to paragraph (a) two new paragraphs (5) and (6) to read as follows:

§ 1.21 Miscellaneous fees and charges.

(a) * * *

(5) For review of a decision of the Director of Enrollment and Discipline under § 10.2(c) 60.00

(6) For requesting regrading of an examination under § 10.7(c) 60.00

* * * * *

3. Section 1.31 is revised to read as follows:

§ 1.31 Applicants may be represented by a registered attorney or agent.

An applicant for patent may file and prosecute his or her own case, or he or she may be represented by a registered attorney, registered agent, or other individual authorized to practice before the Patent and Trademark Office in patent cases. See §§ 10.6 and 10.9 of this subchapter. The Patent and Trademark Office cannot aid in the selection of a registered attorney or agent.

§ 1.33 [Amended]

4. Section 1.33 is amended by removing from paragraph (c) "1.341 and 1.347" and inserting in its place "10.5 and 10.11".

5. Section 1.34 is amended by revising paragraph (a) as follows:

§ 1.34 Recognition for representation.

(a) When a registered attorney or agent acting in a representative capacity appears in person or signs a paper in practice before the Patent and Trademark Office in a patent case, his or her personal appearance or signature shall constitute a representation to the Patent and Trademark Office that under the provisions of this Subchapter and the law, he or she is authorized to represent the particular party in whose behalf he or she acts. In filing such a paper, the registered attorney or agent should specify his or her registration number with his or her signature. Further proof of authority to act in a representative capacity may be required.

* * * * *

§ 1.56 [Amended]

6. Section 1.56 is amended by removing from paragraphs (f) and (h) "1.346" and inserting in its place "10.18".

7. The center heading preceding § 1.341 is removed.

§§ 1.341–1.348 [Removed]

8. Sections 1.341 through 1.348 are removed.

§ 1.455 [Amended]

9. Section 1.455 is amended by removing from paragraph (a) "1.341" and inserting in its place "10.10".

PART 2—RULES OF PRACTICE IN TRADEMARK CASES

10. Section 2.11 is revised to read as follows:

§ 2.11 Applicants may be represented by an attorney.

The owner of a trademark may file and prosecute his or her own application for registration of such trademark, or he or she may be represented by an attorney or other individual authorized to practice in trademark cases under § 10.14 of this subchapter. The Patent and Trademark Office cannot aid in the selection of an attorney or other representative.

§§ 2.12–2.16 [Removed]

11. Sections 2.12 through 2.16 are removed.

12. Section 2.17 is amended by revising paragraph (a) as follows:

§ 2.17 Recognition for representation.

(a) When an attorney as defined in § 10.1(c) of this subchapter acting in a representative capacity appears in person or signs a paper in practice before the Patent and Trademark Office in a trademark case, his or her personal appearance or signature shall constitute a representation to the Patent and Trademark Office that, under the provisions of § 10.14 and the law he or she is authorized to represent the particular party in whose behalf he or she acts. Further proof of authority to act in a representative capacity may be required.

* * * * *

13. Section 2.19 is revised to read as follows:

§ 2.19 Revocation of power of attorney or of other authorization to represent, withdrawal.

(a) Authority to represent an applicant or a party to a proceeding may be revoked at any stage in the proceedings of a case upon notification to the Commissioner; and when it is so

revoked, the Office will communicate directly with the applicant or party to the proceeding or with such other qualified person as may be authorized. The Patent and Trademark Office will notify the person affected of the revocation of his or her authorization.

(b) An individual authorized to represent an applicant or party in a trademark case may withdraw upon application to and approval by the Commissioner.

14. The following Part 10 is added:

PART 10—REPRESENTATION OF OTHERS BEFORE THE PATENT AND TRADEMARK OFFICE

Sec.
10.1 Definitions.
10.2 Director of Enrollment and Discipline.
10.3 Committee on Enrollment.
10.4 Committee on Discipline.

Individuals Entitled to Practice Before the Patent and Trademark Office

10.5 Register of attorneys and agents in patent cases.
10.6 Registration of attorneys and agents.
10.7 Requirements for registration.
10.8 Oath and registration fee.
10.9 Limited recognition in patent cases.
10.10 Individuals not registered or recognized to practice in patent cases.
10.11 Removing names from the register.
10.12–10.13 [Reserved]
10.14 Individuals who may practice before the Office in trademark and other non-patent cases.
10.15 Refusal to recognize a practitioner.
10.16–10.17 [Reserved]
10.18 Signature and certificate of practitioner.
10.19 [Reserved]

Patent and Trademark Office Code of Professional Responsibility

10.20 Canons and Disciplinary Rules.
10.21 Canon 1.
10.22 Maintaining integrity and competence of the legal profession.
10.23 Misconduct.
10.24 Disclosure of information to authorities.
10.25–10.29 [Reserved]
10.30 Canon 2.
10.31 Communications concerning a practitioner's services.
10.32 Advertising.
10.33 Direct contact with prospective clients.
10.34 Communication of fields of practice.
10.35 Firm names and letterheads.
10.36 Fees for legal services.
10.37 Division of fees among practitioners.
10.38 Agreements restricting the practice of a practitioner.
10.39 Acceptance of employment.
10.40 Withdrawal from employment.
10.41–10.45 [Reserved]
10.46 Canon 3.
10.47 Aiding unauthorized practice of law.
10.48 Sharing legal fees.
10.49 Forming a partnership with a non-practitioner.

Sec.
10.50–10.55 [Reserved]
10.56 Canon 4.
10.57 Preservation of confidences and secrets of a client.
10.58–10.60 [Reserved]
10.61 Canon 5.
10.62 Refusing employment when the interest of the practitioner may impair the practitioner's independent professional judgment.
10.63 Withdrawal when the practitioner becomes a witness.
10.64 Avoiding acquisition of interest in litigation or proceeding before the Office.
10.65 Limiting business relations with a client.
10.66 Refusing to accept or continue employment if the interests of another client may impair the independent professional judgment of the practitioner.
10.67 Settling similar claims of clients.
10.68 Avoiding influence by others than the client.
10.69–10.75 [Reserved]
10.76 Canon 6.
10.77 Failing to act competently.
10.78 Limiting liability to client.
10.79–10.82 [Reserved]
10.83 Canon 7.
10.84 Representing a client zealously.
10.85 Representing a client within the bounds of the law.
10.86 [Reserved]
10.87 Communicating with one of adverse interest.
10.88 Threatening criminal prosecution.
10.89 Conduct in proceedings.
10.90–10.91 [Reserved]
10.92 Contact with witnesses.
10.93 Contact with officials.
10.94–10.99 [Reserved]
10.100 Canon 8.
10.101 Action as a public official.
10.102 Statements concerning officials.
10.103 Practitioner candidate for judicial office.
10.104–10.109 [Reserved]
10.110 Canon 9.
10.111 Avoiding even the appearance of impropriety.
10.112 Preserving identity of funds and property of client.
10.113–10.129 [Reserved]

Investigations and Disciplinary Proceedings

10.130 Reprimand, suspension or exclusion.
10.131 Investigations.
10.132 Initiating a disciplinary proceeding; reference to an administrative law judge.
10.133 Conference between Director and practitioner; resignation.
10.134 Complaint.
10.135 Service of complaint.
10.136 Answer to complaint.
10.137 Supplemental complaint.
10.138 Contested case.
10.139 Administrative law judge; appointment; responsibilities; review of interlocutory orders; stays.
10.140 Representative for Director or respondent.
10.141 Filing of papers.
10.142 Service of papers.
10.143 Motions.
10.144 Hearings.
10.145 Proof; variance; amendment of pleadings.

Sec.
10.146–10.148 [Reserved].
10.149 Burden of proof.
10.150 Evidence.
10.151 Depositions.
10.152 Discovery.
10.153 Proposed findings and conclusions; post-hearing memorandum.
10.154 Initial decision of administrative law judge.
10.155 Appeal to the Commisaioner.
10.156 Decision of the Commissioner.
10.157 Review of Commissioner's final decision.
10.158 Suspended or excluded practitioner.
10.159 Notice of suspension or exclusion.
10.160 Petition for reinstatement.
10.161 Savings clause.
10.162–10.169 [Reserved]
10.170 Suspension of rules.

Authority: 5 U.S.C. 500; 15 U.S.C. 1123; 35 U.S.C. 6, 31, 32, 41.

§ 10.1 Definitions.

This part governs solely the practice of patent, trademark, and other law before the Patent and Trademark Office. Nothing in this part shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the Patent and Trademark Office to accomplish its federal objectives. Unless otherwise clear from the context, the following definitions apply to this part:

(a) "Affidavit" means affidavit, declaration under 35 U.S.C. 25 (see § 1.68 and § 2.20 of this subchapter), or statutory declaration under 28 U.S.C. 1746.

(b) "Application" includes an application for a design, plant, or utility patent, an application to reissue any patent, and an application to register a trademark.

(c) "Attorney" or "lawyer" means an individual who is a member in good standing of the bar of any United States court or the highest court of any State. A "non-lawyer" is a person who is not an attorney or lawyer.

(d) "Canon" is defined in § 10.20(a).

(e) "Confidence" is defined in § 10.57(a).

(f) "Differing interests" include every interest that may adversely affect either the judgment or the loyalty of a practitioner to a client, whether it be a conflicting, inconsistent, diverse, or other interest.

(g) "Director" means the Director of Enrollment and Discipline.

(h) "Disciplinary Rule" is defined in § 10.20(b).

(i) "Employee of a tribunal" includes all employees of courts, the Office, and other adjudicatory bodies.

(j) "Giving information" within the meaning of § 10.23(c)(2) includes making (1) a written statement or representation

or (2) an oral statement or representation.

(k) "Law firm" includes a professional legal corporation or a partnership.

(l) "Legal counsel" means practitioner.

(m) "Legal profession" includes the individuals who are lawfully engaged in practice of patent, trademark, and other law before the Office.

(n) "Legal service" means any legal service which may lawfully be performed by a practitioner before the Office.

(o) "Legal System" includes the Office and courts and adjudicatory bodies which review matters on which the Office has acted.

(p) "Office" means Patent and Trademark Office.

(q) "Person" includes a corporation, an association, a trust, a partnership, and any other organization or legal entity.

(r) "Practitioner" means (1) an attorney or agent registered to practice before the Office in patent cases or (2) an individual authorized under 5 U.S.C. 500(b) or otherwise as provided by this Subchapter, to practice before the Office in trademark cases or other non-patent cases. A "suspended or excluded practitioner" is a practitioner who is suspended or excluded under § 10.156. A "non-practitioner" is an individual who is not a practitioner.

(s) A "proceeding before the Office" includes an application, a reexamination, a protest, a public use proceeding, a patent interference, an *inter partes* trademark proceeding, or any other proceeding which is pending before the Office.

(t) "Professional legal corporation" means a corporation authorized by law to practice law for profit.

(u) "Registration" means registration to practice before the Office in patent cases.

(v) "Respondent" is defined in § 10.134(a)(1).

(w) "Secret" is defined in § 10.57(a).

(x) "Solicit" is defined in § 10.33.

(y) "State" includes the District of Columbia, Puerto Rico, and other federal territories and possessions.

(z) "Tribunal" includes courts, the Office, and other adjudicatory bodies.

(aa) "United States" means the United States of America, its territories and possessions.

§ 10.2 Director of Enrollment and Discipline.

(a) *Appointment.* The Commissioner shall appoint a Director of Enrollment and Discipline. In the event of the absence of the Director or a vacancy in the Office of the Director, the Commissioner may designate an employee of the Office to serve as acting Director of Enrollment and Discipline. The Director and any acting Director shall be an active member in good standing of the bar of a State.

(b) *Duties.* The Director shall:

(1) Receive and act upon applications for registration, prepare and grade the examination provided for in § 10.7(b), maintain the register provided for in § 10.5, and perform such other duties in connection with enrollment and recognition of attorneys and agents as may be necessary.

(2) Conduct investigations into possible violations by practitioners of Disciplinary Rules, with the consent of the Committee on Discipline initiate disciplinary proceedings under § 10.132(b), and perform such other duties in connection with investigations and disciplinary proceedings as may be necessary.

(c) *Review of Director's decision.* Any final decision of the Director refusing to register an individual under § 10.6, recognize an individual under §§ 10.9 or 10.14(c), or reinstate a suspended or excluded petitioner under § 10.160, may be reviewed by petition to the Commissioner upon payment of the fee set forth in § 1.21(a)(5). A petition filed more than 30 days after the date of the decision of the Director may be dismissed as untimely. Any petition shall contain (1) a statement of the facts involved and the points to be reviewed and (2) the action requested. Briefs or memoranda, if any, in support of the petition shall accompany or be embodied therein. The petition will be decided on the basis of the record made before the Director and no new evidence will be considered by the Commissioner in deciding the petition. Copies of documents already of record before the Director shall not be submitted with the petition. An oral hearing on the petition will not be granted except when considered necessary by the Commissioner.

(OMB Control No. 0651–0012.)

§ 10.3 Committee on Enrollment.

(a) The Commissioner may establish a Committee on Enrollment composed of one or more employees of the Office.

(b) The Committee on Enrollment shall, as necessary, advise the Director in connection with the Director's duties under § 10.2(b)(1).

§ 10.4 Committee on Discipline.

(a) The Commissioner shall appoint a Committee on Discipline. The Committee on Discipline shall consist of at least three employees of the Office, none of whom reports directly or indirectly to the Director or the Solicitor. Each member of the Committee on Discipline shall be a member in good standing of the bar of a State.

(b) The Committee on Discipline shall meet at the request of the Director and after reviewing evidence presented by the Director shall, by majority vote, determine whether there is probable cause to bring charges under § 10.132 against a practitioner. When charges are brought against a practitioner, no member of the Committee on Discipline, employee under the direction of the Director, or associate solicitor or assistant solicitor in the Office of the Solicitor shall participate in rendering a decision on the charges.

(c) No discovery shall be authorized of, and no member of the Committee on Discipline shall be required to testify about, deliberations of the Committee on Discipline.

Individuals Entitled To Practice Before the Patent and Trademark Office

§ 10.5 Register of attorneys and agents in patent cases.

A register of attorneys and agents is kept in the Office on which are entered the names of all individuals recognized as entitled to represent applicants before the Office in the preparation and prosecution of applications for patent. Registration in the Office under the provisions of this part shall only entitle the individuals registered to practice before the Office in patent cases.

§ 10.6 Registration of attorneys and agents.

(a) *Attorneys.* Any citizen of the United States who is an attorney and who fulfills the requirements of this part may be registered as a patent attorney to practice before the Office. When appropriate, any alien who is an attorney, who lawfully resides in the United States, and who fulfills the requirements of this part may be registered as a patent attorney to practice before the Office, *provided:* Registration is not inconsistent with the terms upon which the alien was admitted to, and resides in, the United States and *further provided:* The alien may remain registered only (1) if the alien continues to lawfully reside in the United States and registration does not become inconsistent with the terms upon which the alien continues to lawfully reside in the United States or (2) if the alien ceases to reside in the United States, the alien is qualified to be registered under paragraph (c) of this section. See also § 10.9(b).

(b) *Agents.* Any citizen of the United States who is not an attorney and who fulfills the requirements of this part may

be registered as a patent agent to practice before the Office. When appropriate, any alien who is not an attorney, who lawfully resides in the United States, and who fulfills the requirements of this part may be registered as a patent agent to practice before the Office, *provided:* Registration is not inconsistent with the terms upon which the alien was admitted to, and resides in, the United States, and *further provided:* The alien may remain registered only (1) if the alien continues to lawfully reside in the United States and registration does not become inconsistent with the terms upon which the alien continues to lawfully reside in the United States or (2) if the alien ceases to reside in the United States, the alien is qualified to be registered under paragraph (c) of this section. See also § 10.9(b).

Note.—All individuals registered prior to November 15, 1938, were registered as attorneys, whether they were attorneys or not, and such registrations have not been changed.

(c) *Foreigners.* Any foreigner not a resident of the United States who shall file proof to the satisfaction of the Director that he or she is registered and in good standing before the patent office of the country in which he or she resides and practices and who is possessed of the qualifications stated in § 10.7, may be registered as a patent agent to practice before the Office for the limited purpose of presenting and prosecuting patent applications of applicants located in such country, *provided:* The patent office of such country allows substantially reciprocal privileges to those admitted to practice before the United States Patent and Trademark Office. Registration as a patent agent under this paragraph shall continue only during the period that the conditions specified in this paragraph obtain.

(d) *Government employees.* Any officer or employee of the United States who is disqualified by statute (18 U.S.C. 203, 205) from practicing as an attorney or agent in proceedings or other matters before Government departments or agencies, may not be registered to practice before the Office. If any registered attorney or agent becomes an officer or employee of the United States who is disqualified by statute from practicing as an attorney or agent in proceedings and other matters before Government departments or agencies, his or her name shall be endorsed as inactive on the register during the period of any employment by the United States. An officer or employee of the United States whose official duties require the preparation and prosecution of applications for patent and who fulfills the requirements of this part may be registered to practice before the Office to the extent necessary to carry out his or her official duties. A written statement describing the official duties of the officer or employee and signed on behalf of the agency employing the officer or employee may be required by the Director.

(e) *Former Office employees.* No individual who has served in the Office will be registered after termination of his or her services, nor if registered before such service, be reinstated, unless he or she signs a written statement indicating that he or she has read 18 U.S.C. 207. No individual who has served in the patent examining corps of the Office will be registered after termination of his or her services, nor if registered before such service, be reinstated, unless he or she signs a written undertaking (1) not to prosecute or aid in any manner in the prosecution of any patent application pending in any patent examining group during his or her period of service therein and (2) not to prepare or prosecute or to assist in any manner in the preparation or prosecution of any patent application of another (i) assigned to such group for examination and (ii) filed within two years after the date he or she left such group, without written authorization of the Director. Associated and related classes in other patent examining groups may be required to be included in the undertaking or designated classes may be excluded from the undertaking. When an application for registration or reinstatement is made after resignation from the Office, the applicant will not be registered or reinstated if he or she has prepared or prosecuted or assisted in the preparation or prosecution of any patent application as indicated in this paragraph.

(OMB Control No. 0651-0012.)

§ 10.7 Requirements for registration.

(a) No individual will be registered to practice before the Office unless he or she shall:

(1) Apply to the Commissioner in writing on a form supplied by the Director and furnish all requested information and material and

(2) Establish to the satisfaction of the Director that he or she is:

(i) Of good moral character and repute;

(ii) Possessed of the legal, scientific, and technical qualifications necessary to enable him or her to render applicants for patents valuable service; and

(iii) Is otherwise competent to advise and assist applicants for patents in the presentation and prosecution of their applications before the Office.

(b) In order that the Director may determine whether an individual seeking to have his or her name placed upon the register has the qualifications specified in paragraph (a) of this section, satisfactory proof of good moral character and repute and of sufficient basic training in scientific and technical matters must be submitted to the Director. Except as provided in this paragraph, each applicant for registration must take and pass an examination which is held from time to time. Each application for admission to take the examination for registration must be accompanied by the fee set forth in § 1.21(a)(1) of this subchapter. The taking of an examination may be waived in the case of any individual who has actively served for at least four years in the patent examining corps of the Office. The examination will not be administered as a mere academic exercise.

(c) Within two months from the date an applicant is notified that he or she failed an examination, the applicant may request regrading of the examination upon payment of the fee set forth in § 1.21(a)(6). Any applicant requesting regrading shall particularly point out the errors which the applicant believed occurred in the grading of his or her examination.

(OMB Control No. 0651-0012.)

§ 10.8 Oath and registration fee.

Before an individual may have his or her name entered on the register of attorneys and agents, the individual must, after his or her application is approved, subscribe and swear to an oath or make a declaration prescribed by the Commissioner and pay the registration fee set forth in § 1.21(a)(2) of this subchapter.

(OMB Control No. 0651-0012.)

§ 10.9 Limited recognition in patent cases.

(a) Any individual not registered under § 10.6 may, upon a showing of circumstances which render it necessary or justifiable, be given limited recognition by the Director to prosecute as attorney or agent a specified application or specified applications, but limited recognition under this paragraph shall not extend further than the application or applications specified.

(b) When registration of a resident alien under paragraphs (a) or (b) of § 10.6 is not appropriate, the resident alien may be given limited recognition as may be appropriate under paragraph (a) of this section.

§ 10.10 Individuals not registered or recognized to practice in patent cases.

Only practitioners who are registered under § 10.6 or individuals given limited recognition under § 10.9 will be permitted to prosecute patent applications of others before the Office.

§ 10.11 Removing names from the register.

(a) Registered attorneys and agents shall notify the Director of any change of address. Any notification to the Director of any change of address shall be separate from any notice of change of address filed in individual applications.

(b) A letter may be addressed to any individual on the register, at the address of which separate notice was last received by the Director, for the purpose of ascertaining whether such individual desires to remain on the register. The name of any individual failing to reply and give any information requested by the Director within a time limit specified will be removed from the register and the names of individuals so removed will be published in the Official Gazette. The name of any individual so removed may be reinstated on the register as may be appropriate and upon payment of the fee set forth in § 1.21(a)(3) of this subchapter.

(OMB Control No. 0651–0012.)

§§ 10.12–10.13 [Reserved]

§ 10.14 Individuals who may practice before the Office in trademark and other non-patent cases.

(a) *Attorneys.* Any individual who is an attorney may represent others before the Office in trademark and other non-patent cases. An attorney is not required to apply for registration or recognition to practice before the Office in trademark and other non-patent cases.

(b) *Non-lawyers.* Individuals who are not attorneys are not recognized to practice before the Office in trademark and other non-patent cases, except that individuals not attorneys who were recognized to practice before the Office in trademark cases under this chapter prior to January 1, 1957, will be recognized as agents to continue practice before the Office in trademark cases.

(c) *Foreigners.* Any foreign attorney or agent not a resident of the United States who shall prove to the satisfaction of the Director that he or she is registered or in good standing before the patent or trademark office of the country in which he or she resides and practices, may be recognized for the limited purpose of representing parties located in such country before the Office in the presentation and prosecution of trademark cases, *provided:* The patent or trademark office of such country allows substantially reciprocal privileges to those permitted to practice in trademark cases before the United States Patent and Trademark Office. Recognition under this paragraph shall continue only during the period that the conditions specified in this paragraph obtain.

(d) Recognition of any individual under this section shall not be construed as sanctioning or authorizing the performance of any act regarded in the jurisdiction where performed as the unauthorized practice of law.

(e) No individual other than those specified in paragraphs (a), (b), and (c) of this section will be permitted to practice before the Office in trademark cases. Any individual may appear in a trademark or other non-patent case in his or her own behalf. Any individual may appear in a trademark case for (1) a firm of which he or she is a member or (2) a corporation or association of which he or she is an officer and which he or she is authorized to represent, if such firm, corporation, or association is a party to a trademark proceeding pending before the Office.

§ 10.15 Refusal to recognize a practitioner.

Any practitioner authorized to appear before the Office may be suspended or excluded in accordance with the provisions of this part. Any practitioner who is suspended or excluded under this subpart or removed under § 10.11(b) shall not be entitled to practice before the Office.

§§ 10.16–10.17 [Reserved]

§ 10.18 Signature and certificate of practitioner.

(a) Every paper filed by a practitioner representing an applicant or party to a proceeding in the Office must bear the signature of, and be personally signed by, such practitioner except those papers which are required to be signed by the applicant or party. The signature of practitioner to a paper filed by him or her, constitutes a certificate that:

(1) The paper has been read by the practitioner;

(2) The paper's filing is authorized;

(3) To the best of his or her knowledge, information, and belief, there is good ground to support the paper, including any allegations of improper conduct contained or alleged therein; and

(4) It is not interposed for delay.

(b) Any practitioner knowingly violating the provisions of this section is subject to disciplinary action. See § 10.23(c)(15).

§ 10.19 [Reserved]

Patent and Trademark Office Code of Professional Responsibility

§ 10.20 Canons and Disciplinary Rules.

(a) Canons are set out in §§ 10.21, 10.30, 10.46, 10.56, 10.61, 10.76, 10.83, 10.100, and 10.110. Canons are statements of axiomatic norms, expressing in general terms the standards of professional conduct expected of practitioners in their relationships with the public, with the legal system, and with the legal profession.

(b) Disciplinary Rules are set out in §§ 10.22–10.24, 10.31–10.40, 10.47–10.57, 10.62–10.68, 10.77, 10.78, 10.84, 10.85, 10.87–10.89, 10.92, 10.93, 10.101–10.103, 10.111, and 10.112. Disciplinary Rules are mandatory in character and state the minimum level of conduct below which no practitioner can fall without being subjected to disciplinary action.

§ 10.21 Canon 1.

A practitioner should assist in maintaining the integrity and competence of the legal profession.

§ 10.22 Maintaining integrity and competence of the legal profession.

(a) A practitioner is subject to discipline if the practitioner has made a materially false statement in, or if the practitioner has deliberately failed to disclose a material fact requested in connection with, the practitioner's application for registration or membership in the bar of any United States court or any State court or his or her authority to otherwise practice before the Office in trademark and other non-patent cases.

(b) A practitioner shall not further the application for registration or membership in the bar of any United States court, State court, or administrative agency of another person known by the practitioner to be unqualified in respect to character, education, or other relevant attribute.

§ 10.23 Misconduct.

(a) A practitioner shall not engage in disreputable or gross misconduct.

(b) A practitioner shall not:

(1) Violate a Disciplinary Rule.

(2) Circumvent a Disciplinary Rule through actions of another.

(3) Engage in illegal conduct involving moral turpitude.

(4) Engage in conduct involving dishonesty, fraud, deceit, or misrepresentation.

(5) Engage in conduct that is prejudicial to the administration of justice.

(6) Engage in any other conduct that adversely reflects on the practitioner's fitness to practice before the Office.

(c) Conduct which constitutes a violation of paragraphs (a) and (b) of this section includes, but is not limited to:

(1) Conviction of a criminal offense involving moral turpitude, dishonesty, or breach of trust.

(2) Knowingly giving false or misleading information or knowingly participating in a material way in giving false or misleading information, to:

(i) A client in connection with any immediate, prospective, or pending business before the Office.

(ii) The Office or any employee of the Office.

(3) Misappropriation of, or failure to properly or timely remit, funds received by a practitioner or the practitioner's firm from a client to pay a fee which the client is required by law to pay to the Office.

(4) Directly or indirectly improperly influencing, attempting to improperly influence, offering or agreeing to improperly influence, or attempting to offer or agree to improperly influence an official action of any employee of the Office by:

(i) Use of threats, false accusations, duress, or coercion,

(ii) An offer of any special inducement or promise of advantage, or

(iii) Improperly bestowing of any gift, favor, or thing of value.

(5) Suspension or disbarment from practice as an attorney or agent on ethical grounds by any duly constituted authority of a State or the United States or, in the case of a practitioner who resides in a foreign country or is registered under § 10.6(c), by any duly constituted authority of:

(i) A State,

(ii) The United States, or

(iii) The country in which the practitioner resides.

(6) Knowingly aiding or abetting a practitioner suspended or excluded from practice before the Office in engaging in unauthorized practice before the Office under § 10.158.

(7) Knowingly withholding from the Office information identifying a patent or patent application of another from which one or more claims have been copied. See §§ 1.604(b) and 1.607(c) of this subchapter.

(8) Failing to inform a client or former client or failing to timely notify the Office of an inability to notify to a client or former client of correspondence received from the Office or the client's or former client's opponent in an *inter partes* proceeding before the Office when the correspondence (i) could have a significant effect on a matter pending before the Office, (ii) is received by the practitioner on behalf of a client or former client and (iii) is correspondence of which a reasonable practitioner would believe under the circumstances the client or former client should be notified.

(9) Knowingly misusing a certificate of mailing under § 1.8 of this subchapter or a certificate of "Express Mail" under § 1.10 of this subchapter.

(10) Violating the duty of candor or good faith requirements of § 1.56(a) of this subchapter.

(11) Knowingly filing, or causing to be filed, an application which is subject to being stricken under § 1.56(c) of this subchapter.

(12) Knowingly filing, or causing to be filed, a frivolous complaint alleging a violation by a practitioner of the Patent and Trademark Office Code of Professional Responsibility.

(13) Knowingly preparing or prosecuting a patent application in violation of an undertaking signed under § 10.6(e).

(14) Knowingly failing to advise the Director in writing of any change which would preclude continued registration under § 10.6.

(15) Knowingly signing a paper filed in the Office in violation of the provisions of § 10.18 or making a scandalous or indecent statement in a paper filed in the Office.

(16) Willfully refusing to reveal or report knowledge or evidence to the Director contrary to § 10.24 or paragraph (b) of § 101.31.

(17) Representing before the Office in a patent case either a joint venture comprising an inventor and an invention developer or an inventor referred to the registered practitioner by an invention developer when (i) the registered practitioner knows, or has been advised by the Office, that a formal complaint filed by a federal or state agency, based on any violation of any law relating to securities, unfair methods of competition, unfair or deceptive acts or practices, mail fraud, or other civil or criminal conduct, is pending before a federal or state court or federal or state agency, or has been resolved unfavorably by such court or agency, against the invention developer in connection with invention development services and (ii) the registered practitioner fails to fully advise the inventor of the existence of the pending complaint or unfavorable resolution thereof prior to undertaking or continuing representation of the joint venture or inventor. "Invention developer" means any person, and any agent, employee, officer, partner, or independent contractor thereof, who is not a registered practitioner and who advertises invention development services in media of general circulation or who enters into contracts for invention development services with customers as a result of such advertisement. "Invention development services" means acts of invention development required or promised to be performed, or actually performed, or both, by an invention developer for a customer. "Invention development" means the evaluation, perfection, marketing, brokering, or promotion of an invention on behalf of a customer by an invention developer, including a patent search, preparation of a patent application, or any other act done by an invention developer for consideration toward the end of procuring or attempting to procure a license, buyer, or patent for an invention. "Customer" means any individual who has made an invention and who enters into a contract for invention development services with an invention developer with respect to the invention by which the inventor becomes obligated to pay the invention developer less than $5,000 (not to include any additional sums which the invention developer is to receive as a result of successful development of the invention). "Contract for invention development services" means a contract for invention development services with an invention developer with respect to an invention made by a customer by which the inventor becomes obligated to pay the invention developer less than $5,000 (not to include any additional sums which the invention developer is to receive as a result of successful development of the invention).

(18) In the absence of information sufficient to establish a reasonable belief that fraud or inequitable conduct has occurred, alleging before a tribunal that anyone has committee a fraud on the Office or engaged in inequitable conduct in a proceeding before the Office.

(d) A practitioner who acts with reckless indifference to whether a representation is true or false is chargeable with knowledge of its falsity. Deceitful statements of half-truths or concealment of material facts shall be deemed actual fraud within the meaning of this part.

§ 10.24 Disclosure of information to authorities.

(a) A practitioner possessing unprivileged knowledge of a violation of a Disciplinary Rule shall report such knowledge to the Director.

(b) A practitioner possessing unprivileged knowledge or evidence concerning another practitioner, employee of the Office, or a judge shall reveal fully such knowledge or evidence upon proper request of a tribunal or other authority empowered to investigate or act upon the conduct of practitioners, employees of the Office, or judges.

(OMB Control No. 0651-0017.)

§§ 10.25-10.29 [Reserved]

§ 10.30 Canon 2.

A practitioner should assist the legal profession in fulfilling its duty to make legal counsel available.

§ 10.31 Communications concerning a practitioner's services.

(a) No practitioner shall with respect to any prospective business before the Office, by word, circular, letter, or advertising, with intent to defraud in any manner, deceive, mislead, or threaten any prospective applicant or other person having immediate or prospective business before the Office.

(b) A practitioner may not use the name of a Member of either House of Congress or of an individual in the service of the United States in advertising the practitioner's practice before the Office.

(c) Unless authorized under § 10.14(b), a non-lawyer practitioner shall not hold himself or herself out as authorized to practice before the Office in trademark cases.

(d) Unless a practitioner is an attorney, the practitioner shall not hold himself or herself out:

(1) To be an attorney or lawyer or

(2) As authorized to practice before the Office in non-patent and trademark cases.

§ 10.32 Advertising.

(a) Subject to § 10.31, a practitioner may advertise services through public media, including a telephone directory, legal directory, newspaper, or other periodical, radio, or television, or through written communications not involving solicitation as defined by § 10.33.

(b) A practitioner shall not give anything of value to a person for recommending the practitioner's services, except that a practitioner may pay the reasonable cost of advertising or written communication permitted by this section and may pay the usual charges of a not-for-profit lawyer referral service or other legal service organization.

(c) Any communication made pursuant to this section shall include the name of at least one practitioner responsible for its content.

§ 10.33 Direct contact with prospective clients.

A practitioner may not solicit professional employment from a prospective client with whom the practitioner has no family or prior professional relationship, by mail, in-person or otherwise, when a significant motive for the practitioner's doing so is the practitioner's pecuniary gain under circumstances evidencing undue influence, intimidation, or overreaching. The term "solicit" includes contact in person, by telephone or telegraph, by letter or other writing, or by other communication directed to a specific recipient, but does not include letters addressed or advertising circulars distributed generally to persons not specifically known to need legal services of the kind provided by the practitioner in a particular matter, but who are so situated that they might in general find such services useful.

§ 10.34 Communication of fields of practice.

A registered practitioner may state or imply that the practitioner is a specialist as follows:

(a) A registered practitioner who is an attorney may use the designation "Patents," "Patent Attorney," "Patent Lawyer," "Registered Patent Attorney," or a substantially similar designation.

(b) A registered practitioner who is not an attorney may use the designation "Patents," "Patent Agent," "Registered Patent Agent," or a substantially similar designation, except that any practitioner who was registered prior to November 15, 1938, may refer to himself or herself as a "patent attorney."

§ 10.35 Firm names and letterheads.

(a) A practitioner shall not use a firm name, letterhead, or other professional designation that violates § 10.31. A trade name may be used by a practitioner in private practice if it does not imply a current connection with a government agency or with a public or charitable legal services organization and is not otherwise in violation of § 10.31.

(b) Practitioners may state or imply that they practice in a partnership or other organization only when that is the fact.

§ 10.36 Fees for legal services.

(a) A practitioner shall not enter into an agreement for, charge, or collect an illegal or clearly excessive fee.

(b) A fee is clearly excessive when, after a review of the facts, a practitioner of ordinary prudence would be left with a definite and firm conviction that the fee is in excess of a reasonable fee. Factors to be considered as guides in determining the reasonableness of a fee include the following:

(1) The time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly.

(2) The likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other employment by the practitioner.

(3) The fee customarily charged for similar legal services.

(4) The amount involved and the results obtained.

(5) The time limitations imposed by the client or by the circumstances.

(6) The nature and length of the professional relationship with the client.

(7) The experience, reputation, and ability of the practitioner or practitioners performing the services.

(8) Whether the fee is fixed or contingent.

§ 10.37 Division of fees among practitioners.

(a) A practitioner shall not divide a fee for legal services with another practitioner who is not a partner in or associate of the practitioner's law firm or law office, unless:

(1) The client consents to employment of the other practitioner after a full disclosure that a division of fees will be made.

(2) The division is made in proportion to the services performed and responsibility assumed by each.

(3) The total fee of the practitioners does not clearly exceed reasonable compensation for all legal services rendered to the client.

(b) This section does not prohibit payment to a former partner or associate pursuant to a separation or retirement agreement.

§ 10.38 Agreements restricting the practice of a practitioner.

(a) A practitioner shall not be a party to or participate in a partnership or employment agreement with another practitioner that restricts the right of a practitioner to practice before the Office after the termination of a relationship created by the agreement, except as a condition to payment of retirement benefits.

(b) In connection with the settlement of a controversy or suit, a practitioner shall not enter into an agreement that restricts the practitioner's right to practice before the Office.

§ 10.39 Acceptance of employment.

A practitioner shall not accept employment on behalf of a person if the practitioner knows or it is obvious that such person wishes to:

(a) Bring a legal action, commence a proceeding before the Office, conduct a defense, assert a position in any proceeding pending before the Office, or otherwise have steps taken for the person, merely for the purpose of harassing or maliciously injuring any other person.

(b) Present a claim or defense in litigation or any proceeding before the Office that is not warranted under existing law, unless it can be supported by good faith argument for an extension, modification, or reversal of existing law.

§ 10.40 Withdrawal from employment.

(a) A practitioner shall not withdraw from employment in a proceeding before the Office without permission from the Office (see §§ 1.36 and 2.19 of this subchapter). In any event, a practitioner shall not withdraw from employment until the practitioner has taken reasonable steps to avoid foreseeable prejudice to the rights of the client, including giving due notice to his or her client, allowing time for employment of another practitioner, delivering to the client all papers and property to which the client is entitled, and complying with applicable laws and rules. A practitioner who withdraws from employment shall refund promptly any part of a fee paid in advance that has not been earned.

(b) *Mandatory withdrawal.* A practitioner representing a client before the Office shall withdraw from employment if:

(1) The practitioner knows or it is obvious that the client is bringing a legal action, commencing a proceeding before the Office, conducting a defense, or asserting a position in litigation or any proceeding pending before the Office, or is otherwise having steps taken for the client, merely for the purpose of harassing or maliciously injuring any person;

(2) The practitoner knows or it is obvious that the practitoner's continued employment will result in violation of a Disciplinary Rule;

(3) The practitioner's mental or physical condition renders it unreasonably difficult for the practitioner to carry out the employment effectively; or

(4) The practitioner is discharged by the client.

(c) *Permissive withdrawal.* If paragraph (b) of this section is not applicable, a practitioner may not request permission to withdraw in matters pending before the Office unless such request or such withdrawal is because:

(1) The petitioner's client:

(i) Insists upon presenting a claim or defense that is not warranted under existing law and cannot be supported by good faith argument for an extension, modification, or reversal of existing law;

(ii) Personally seeks to pursue an illegal course of conduct;

(iii) Insists that the practitioner pursue a course of conduct that is illegal or that is prohibited under a Disciplinary Rule;

(iv) By other conduct renders it unreasonably difficult for the practitioner to carry out the employment effectively;

(v) Insists, in a matter not pending before a tribunal, that the practitioner engage in conduct that is contrary to the judgment and advice of the practitioner but not prohibited under the Disciplinary Rule; or

(vi) Has failed to pay one or more bills rendered by the practitioner for an unreasonable period of time or has failed to honor an agreement to pay a retainer in advance of the performance of legal services.

(2) The practitioner's continued employment is likely to result in a violation of a Disciplinary Rule;

(3) The practitioner's inability to work with co-counsel indicates that the best interests of the client likely will be served by withdrawal;

(4) The practitioner's mental or physical condition renders it difficult for the practitioner to carry out the employment effectively;

(5) The practitioner's client knowingly and freely assents to termination of the employment; or

(6) The practitioner believes in good faith, in a proceeding pending before the Office, that the Office will find the existence of other good cause for withdrawal.

§§ 10.41–10.45 [Reserved]

§ 10.46 Canon 3.

A practitioner should assist in preventing the unauthorized practice of law.

§ 10.47 Aiding unauthorized practice of law.

(a) A practitioner shall not aid a non-practitioner in the unauthorized practice of law before the Office.

(b) A practitioner shall not aid a suspended or excluded practitioner in the practice of law before the Office.

(c) A practitioner shall not aid a non-lawyer in the unauthorized practice of law.

§ 10.48 Sharing legal fees.

A practitioner or a firm of practitioners shall not share legal fees with a non-practitioner except that:

(a) An agreement by a practitioner with the practitioner's firm, partner, or associate may provide for the payment of money, over a reasonable period of time after the practitioner's death, to the practitioner's estate or to one or more specified persons.

(b) A practitioner who undertakes to complete unfinished legal business of a deceased practitioner may pay to the estate of the deceased practitioner that proportion of the total compensation which fairly represents the services rendered by the deceased practitioner.

(c) A practitioner or firm of practitioners may include non-practitioner employees in a compensation or retirement plan, even though the plan is based in whole or in part on a profit-sharing arrangement, providing such plan does not circumvent another Disciplinary Rule.

§ 10.49 Forming a partnership with a non-practitioner.

A practitioner shall not form a partnership with a non-practitioner if any of the activities of the partnership consist of the practice of patent, trademark, or other law before the Office.

§§ 10.50–10.55 [Reserved]

§ 10.56 Canon 4.

A practitioner should preserve the confidences and secrets of a client.

§ 10.57 Preservation of confidences and secrets of a client.

(a) "Confidence" refers to information protected by the attorney-client or agent-client privilege under applicable law. "Secret" refers to other information gained in the professional relationship that the client has requested be held inviolate or the disclosure of which would be embarrassing or would be likely to be detrimental to the client.

(b) Except when permitted under paragraph (c) of this section, a practitioner shall not knowingly:

(1) Reveal a confidence or secret of a client.

(2) Use a confidence or secret of a client to the disadvantage of the client.

(3) Use a confidence or secret of a client for the advantage of the practitioner or of a third person, unless the client consents after full disclosure.

(c) A practitioner may reveal:

(1) Confidences or secrets with the consent of the client affected but only after a full disclosure to the client.

(2) Confidences or secrets when permitted under Disciplinary Rules or required by law or court order.

(3) The intention of a client to commit a crime and the information necessary to prevent the crime.

(4) Confidences or secrets necessary to establish or collect the practitioner's fee or to defend the practitioner or the practitioner's employees or associates against an accusation of wrongful conduct.

(d) A practitioner shall exercise reasonable care to prevent the practitioner's employees, associates, and others whose services are utilized by the practitioner from disclosing or using confidences or secrets of a client, except that a practitioner may reveal the information allowed by paragraph (c) of this section through an employee.

§§ 10.58–10.60 [Reserved]

§ 10.61 Canon 5.

A practitioner should exercise independent professional judgment on behalf of a client.

§ 10.62 Refusing employment when the interest of the practitioner may impair the practitioner's independent professional judgment.

(a) Except with the consent of a client after full disclosure, a practitioner shall not accept employment if the exercise of the practitioner's professional judgment on behalf of the client will be or reasonably may be affected by the practitioner's own financial, business, property, or personal interests.

(b) A practitioner shall not accept employment in a proceeding before the Office if the practitioner knows or it is obvious that the practitioner or another practitioner in the practitioner's firm ought to sign an affidavit to be filed in the Office or be called as a witness, except that the practitioner may undertake the employment and the practitioner or another practitioner in the practitioner's firm may testify:

(1) If the testimony will relate solely to an uncontested matter.

(2) If the testimony will relate solely to a matter of formality and there is no reason to believe that substantial evidence will be offered in opposition to the testimony.

(3) If the testimony will relate solely to the nature and value of legal services rendered in the case by the practitioner or the practitioner's firm to the client.

(4) As to any matter, if refusal would work a substantial hardship on the client because of the distinctive value of the practitioner or the practitioner's firm as counsel in the particular case.

§ 10.63 Withdrawal when the practitioner becomes a witness.

(a) If, after undertaking employment in a proceeding in the Office, a practitioner learns or it is obvious that the practitioner or another practitioner in the practitioner's firm ought to sign an affidavit to be filed in the Office or be called as a witness on behalf of a practitioner's client, the practitioner shall withdraw from the conduct of the proceeding and the practitioner's firm, if any, shall not continue representation in the proceeding, except that the practitioner may continue the representation and the practitioner or another practitioner in the practitioner's firm may testify in the circumstances enumerated in paragraphs (1) through (4) of § 10.62(b).

(b) If, after undertaking employment in a proceeding before the Office, a practitioner learns or it is obvious that the practitioner or another practitioner in the practitioner's firm may be asked to sign an affidavit to be filed in the Office or be called as a witness other than on behalf of the practitioner's client, the practitioner may continue the representation until it is apparent that the practitioner's affidavit or testimony is or may be prejudicial to the practitioner's client.

§ 10.64 Avoiding acquisition of interest in litigation or proceeding before the Office.

(a) A practitioner shall not acquire a proprietary interest in the subject matter of a proceeding before the Office which the practitioner is conducting for a client, except that the practitioner may:

(1) Acquire a lien granted by law to secure the practitioner's fee or expenses; or

(2) Contract with a client for a reasonable contingent fee; or

(3) In a patent case, take an interest in the patent as part or all of his or her fee.

(b) While representing a client in connection with a contemplated or pending proceeding before the Office, a practitioner shall not advance or guarantee financial assistance to a client, except that a practitioner may advance or guarantee the expenses of going forward in a proceeding before the Office including fees required by law to be paid to the Office, expenses of investigation, expenses of medical examination, and costs of obtaining and presenting evidence, provided the client remains ultimately liable for such expenses. A practitioner may, however, advance any fee required to prevent or remedy an abandonment of a client's application by reason of an act or omission attributable to the practitioner and not to the client, whether or not the client is ultimately liable for such fee.

§ 10.65 Limiting business relations with a client.

A practitioner shall not enter into a business transaction with a client if they have differing interests therein and if the client expects the practitioner to exercise professional judgment therein for the protection of the client, unless the client has consented after full disclosure.

§ 10.66 Refusing to accept or continue employment if the interests of another client may impair the independent professional judgment of the practitioner.

(a) A practitioner shall decline proffered employment if the exercise of the practitioner's independent professional judgment in behalf of a client will be or is likely to be adversely affected by the acceptance of the proffered employment, or if it would be likely to involve the practitioner in representing differing interests, except to the extent permitted under paragraph (c) of this section.

(b) A practitioner shall not continue multiple employment if the exercise of the practitioner's independent professional judgment in behalf of a client will be or is likely to be adversely affected by the practitoner's representation of another client, or if it would be likely to involve the practitioner in representing differing interests, except to the extent permitted under paragraph (c) of this section.

(c) In the situations covered by paragraphs (a) and (b) of this section a practitioner may represent multiple clients if it is obvious that the practitioner can adequately represent the interest of each and if each consents to the representation after full disclosure of the possible effect of such representation on the exercise of the practitioner's independent professional judgment on behalf of each.

(d) If a practitioner is required to decline employment or to withdraw from employment under a Disciplinary Rule, no partner, or associate, or any other practitioner affiliated with the practitioner or the practitioner's firm, may accept or continue such employment unless otherwise ordered by the Director or Commissioner.

§ 10.67 Settling similar claims of clients.

A practitioner who represents two or more clients shall not make or participate in the making of an aggregate settlement of the claims of or against the practitioner's clients, unless each client has consented to the settlement after being advised of the existence and nature of all the claims involved in the proposed settlement, of

the total amount of the settlement, and of the participation of each person in the settlement.

§ 10.68 Avoiding influence by others than the client.

(a) Except with the consent of the practitioner's client after full disclosure, a practitioner shall not:

(1) Accept compensation from one other than the practitioner's client for the practitioner's legal services to or for the client.

(2) Accept from one other than the practitioner's client any thing of value related to the practitioner's representation of or the practitioner's employment by the client.

(b) A practitioner shall not permit a person who recommends, employs, or pays the practitioner to render legal services for another, to direct or regulate the practitioner's professional judgment in rendering such legal services.

(c) A practitioner shall not practice with or in the form of a professional corporation or association authorized to practice law for a profit, if a non-practitioner has the right to direct or control the professional judgment of a practitioner.

§§ 10.69–10.75 [Reserved]

§ 10.76 Canon 6.

A practitioner should represent a client competently.

§ 10.77 Failing to act competently.

A practitioner shall not:

(a) Handle a legal matter which the practitioner knows or should know that the practitioner is not competent to handle, without associating with the practitioner another practitioner who is competent to handle it.

(b) Handle a legal matter without preparation adequate in the circumstances.

(c) Neglect a legal matter entrusted to the practitioner.

§ 10.78 Limiting liability to client.

A practitioner shall not attempt to exonerate himself or herself from, or limit his or her liability to, a client for his or her personal malpractice.

§§ 10.79–10.82 [Reserved]

§ 10.83 Canon 7.

A practitioner should represent a client zealously within the bounds of the law.

§ 10.84 Representing a client zealously.

(a) A practitioner shall not intentionally:

(1) Fail to seek the lawful objectives of a client through reasonably available means permitted by law and the Disciplinary Rules, except as provided by paragraph (b) of this section. A practitioner does not violate the provisions of this section, however, by acceding to reasonable requests of opposing counsel which do not prejudice the rights of the client, by being punctual in fulfilling all professional commitments, by avoiding offensive tactics, or by treating with courtesy and consideration all persons involved in the legal process.

(2) Fail to carry out a contract of employment entered into with a client for professional services, but a practitioner may withdraw as permitted under §§ 10.40, 10.63, and 10.66.

(3) Prejudice or damage a client during the course of a professional relationship, except as required under this part.

(b) In representation of a client, a practitioner may:

(1) Where permissible, exercise professional judgment to waive or fail to assert a right or position of the client.

(2) Refuse to aid or participate in conduct that the practitioner believes to be unlawful, even though there is some support for an argument that the conduct is legal.

§ 10.85 Representing a client within the bounds of the law.

(a) In representation of a client, a practitioner shall not:

(1) Initiate or defend any proceeding before the Office, assert a position, conduct a defense, delay a trial or proceeding before the Office, or take other action on behalf of the practitioner's client when the practitioner knows or when it is obvious that such action would serve merely to harass or maliciously injure another.

(2) 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.

(3) Conceal or knowingly fail to disclose that which the practitioner is required by law to reveal.

(4) Knowingly use perjured testimony or false evidence.

(5) Knowingly make a false statement of law or fact.

(6) Participate in the creation or preservation of evidence when the practitioner knows or it is obvious that the evidence is false.

(7) Counsel or assist a client in conduct that the practitioner knows to be illegal or fraudulent.

(8) Knowingly engage in other illegal conduct or conduct contrary to a Disciplinary Rule.

(b) A practitioner who receives information clearly establishing that:

(1) A client has, in the course of the representation, perpetrated a fraud upon a person or tribunal shall promptly call upon the client to rectify the same, and if the client refuses or is unable to do so the practitioner shall reveal the fraud to the affected person or tribunal.

(2) A person other than a client has perpetrated a fraud upon a tribunal shall promptly reveal the fraud to the tribunal.

§ 10.86 [Reserved]

§ 10.87 Communicating with one of adverse interest.

During the course of representation of a client, a practitioner shall not:

(a) Communicate or cause another to communicate on the subject of the representation with a party the practitioner knows to be represented by another practitioner in that matter unless the practitioner has the prior consent of the other practitioner representing such other party or is authorized by law to do so. It is not improper, however, for a practitioner to encourage a client to meet with an opposing party for settlement discussions.

(b) Give advice to a person who is not represented by a practitioner other than the advice to secure counsel, if the interests of such person are or have a reasonable possibility of being in conflict with the interests of the practitioner's client.

§ 10.88 Threatening criminal prosecution.

A practitioner shall not present, participate in presenting, or threaten to present criminal charges solely to obtain an advantage in any prospective or pending proceeding before the Office.

§ 10.89 Conduct in proceedings.

(a) A practitioner shall not disregard or advise a client to disregard any provision of this Subchapter or a decision of the Office made in the course of a proceeding before the Office, but the practitioner may take appropriate steps in good faith to test the validity of such provision or decision.

(b) In presenting a matter to the Office, a practitioner shall disclose:

(1) Controlling legal authority known to the practitioner to be directly adverse to the position of the client and which is not disclosed by opposing counsel or an employee of the Office.

(2) Unless privileged or irrelevant, the identities of the client the practitioner represents and of the persons who employed the practitioner.

(c) In appearing in a professional capacity before a tribunal, a practitioner shall not:

(1) State or allude to any matter that the practitioner has no reasonable basis to believe is relevant to the case or that will not be supported by admissible evidence.

(2) Ask any question that the practitioner has no reasonable basis to believe is relevant to the case and that is intended to degrade a witness or other person.

(3) Assert the practitioner's personal knowledge of the facts in issue, except when testifying as a witness.

(4) Assert the practitioner's personal opinion as to the justness of a cause, as to the credibility of a witness, as to the culpability of a civil litigant, or as to the guilt or innocence of an accused; but the practitioner may argue, on the practitioner's analysis of the evidence, for any position or conclusion with respect to the matters stated herein.

(5) Engage in undignified or discourteous conduct before the Office (see § 1.3 of the subchapter).

(6) Intentionally or habitually violate any provision of this subchapter or established rule of evidence.

§§ 10.90–10.91 [Reserved]

§ 10.92 Contact with witnesses.

(a) A practitioner shall not suppress any evidence that the practitioner or the practitioner's client has a legal obligation to reveal or produce.

(b) A practitioner shall not advise or cause a person to be secreted or to leave the jurisdiction of a tribunal for the purpose of making the person unavailable as a witness therein.

(c) A practitioner shall not pay, offer to pay, or acquiesce in the payment of compensation to a witness contingent upon the content of the witness' affidavit, testimony or the outcome of the case. But a practitioner may advance, guarantee, or acquiesce in the payment of:

(1) Expenses reasonably incurred by a witness in attending, testifying, or making an affidavit.

(2) Reasonable compensation to a witness for the witness' loss of time in attending, testifying, or making an affidavit.

(3) A reasonable fee for the professional services of an expert witness.

§ 10.93 Contact with officials.

(a) A practitioner shall not give or lend anything of value to a judge, official, or employee of a tribunal under circumstances which might give the appearance that the gift or loan is made to influence official action.

(b) In an adversary proceeding, including any *inter partes* proceeding before the Office, a practitioner shall not communicate, or cause another to communicate, as to the merits of the cause with a judge, official, or Office employee before whom the proceeding is pending, except:

(1) In the course of official proceedings in the cause.

(2) In writing if the practitioner promptly delivers a copy of the writing to opposing counsel or to the adverse party if the adverse party is not represented by a practitioner.

(3) Orally upon adequate notice to opposing counsel or to the adverse party if the adverse party is not represented by a practitioner.

(4) As otherwise authorized by law.

§§ 10.94–10.99 [Reserved]

§ 10.100 Canon 8.

A practitioner should assist in improving the legal system.

§ 10.101 Action as a public official.

(a) A practitioner who holds public office shall not:

(1) Use the practitioner's public position to obtain, or attempt to obtain, a special advantage in legislative matters for the practitioner or for a client under circumstances where the practitioner knows or it is obvious that such action is not in the public interest.

(2) Use the practitioner's public position to influence, or attempt to influence, a tribunal to act in favor of the practitioner or of a client.

(3) Accept any thing of value from any person when the practitioner knows or it is obvious that the offer is for the purpose of influencing the practitioner's action as a public official.

(b) A practitioner who is an officer or employee of the United States shall not practice before the Office in patent cases except as provided in § 10.8(d).

§ 10.102 Statements concerning officials.

(a) A practitioner shall not knowingly make false statements of fact concerning the qualifications of a candidate for election or appointment to a judicial office or to a position in the Office.

(b) A practitioner shall not knowingly make false accusations against a judge, other adjudicatory officer, or employee of the Office.

§ 10.103 Practitioner candidate for judicial office.

A practitioner who is a candidate for judicial office shall comply with applicable provisions of law.

§§ 10.104–10.109 [Reserved]

§ 10.110 Canon 9.

A practitioner should avoid even the appearance of professional impropriety.

§ 10.111 Avoiding even the appearance of impropriety.

(a) A practitioner shall not accept private employment in a matter upon the merits of which he or she has acted in a judicial capacity.

(b) A practitioner shall not accept private employment in a matter in which he or she had personal responsibility while a public employee.

(c) A practitioner shall not state or imply that the practitioner is able to influence improperly or upon irrelevant grounds any tribunal, legislative body, or public official.

§ 10.112 Preserving identity of funds and property of client.

(a) All funds of clients paid to a practitioner or a practitioner's firm, other than advances for costs and expenses, shall be deposited in one or more identifiable bank accounts maintained in the United States or, in the case of a practitioner having an office in a foreign country or registered under § 10.6(c), in the United States or the foreign country.

(b) No funds belonging to the practitioner or the practitioner's firm shall be deposited in the bank accounts required by paragraph (a) of this section except as follows:

(1) Funds reasonably sufficient to pay bank charges may be deposited therein.

(2) Funds belonging in part to a client and in part presently or potentially to the practitioner or the practitioner's firm must be deposited therein, but the portion belonging to the practitioner or the practitioner's firm may be withdrawn when due unless the right of the practitioner or the practitioner's firm to receive it is disputed by the client, in which event the disputed portion shall not be withdrawn until the dispute is finally resolved.

(c) A practitioner shall:

(1) Promptly notify a client of the receipt of the client's funds, securities, or other properties.

(2) Identify and label securities and properties of a client promptly upon receipt and place them in a safe deposit box or other place of safekeeping as soon as practicable.

(3) Maintain complete records of all funds, securities, and other properties of a client coming into the possession of the practitioner and render appropriate accounts to the client regarding the funds, securities, or other properties.

(4) Promptly pay or deliver to the client as requested by a client the funds, securities, or other properties in the possession of the practitioner which the client is entitled to receive.

(OMB Control No. 0651-0017.)

§§ 10.113-10.129 [Reserved]

Investigations and Disciplinary Proceedings

§ 10.130 Reprimand, suspension or exclusion.

(a) The Commissioner may, after notice and opportunity for a hearing, (1) reprimand or (2) suspend or exclude, either generally or in any particular case, any individual, attorney, or agent shown to be incompetent or disreputable, who is guilty of gross misconduct, or who violates a Disciplinary Rule.

(b) Petitions to disqualify a practitioner in *ex parte* or *inter partes* cases in the Office are not governed by §§ 10.130 through 10.170 and will be handled on a case-by-case basis under such conditions as the Commissioner deems appropriate.

§ 10.131 Investigations.

(a) The Director is authorized to investigate possible violations of Disciplinary Rules by practitioners. See § 10.2(b)(2).

(b) Practitioners shall report and reveal to the Director any knowledge or evidence required by § 10.24. A practitioner shall cooperate with the Director in connection with any investigation under paragraph (a) of this section and with officials of the Office in connection with any disciplinary proceeding instituted under § 10.132(b).

(c) Any non-practitioner possessing knowledge or information concerning a violation of a Disciplinary Rule by a practitioner may report the violation to the Director. The Director may require that the report be presented in the form of an affidavit.

§ 10.132 Initiating a disciplinary proceeding; reference to an administrative law judge.

(a) If after conducting an investigation under § 10.131(a) the Director is of the opinion that a practitioner has violated a Disciplinary Rule, the Director shall, after complying where necessary with the provisions of 5 U.S.C. 558(c), call a meeting of the Committee on Discipline. The Committee on Discipline shall then determine as specified in § 10.4(b) whether a disciplinary proceeding shall be instituted under paragraph (b) of this section.

(b) If the Committee on Discipline determines that probable cause exists to believe that a practitioner has violated a Disciplinary Rule, the Director shall institute a disciplinary proceeding by filing a complaint under § 10.134. The complaint shall be filed in the Office of the Director. A disciplinary proceeding may result in:

(1) A reprimand, or

(2) Suspension or exclusion of a practitioner from practice before the Office.

(c) Upon the filing of a complaint under § 10.134, the Commissioner will refer the disciplinary proceeding to an administrative law judge.

§ 10.133 Conference between Director and practitioner; resignation.

(a) *General.* The Director may confer with a practitioner concerning possible violations by the practitioner of a Disciplinary Rule whether or not a disciplinary proceeding has been instituted.

(b) *Resignation.* Any practitioner who is the subject of an investigation under § 10.131 or against whom a complaint has been filed under § 10.134 may resign from practice before the Office only by submitting with the Director an affidavit stating his or her desire to resign.

(c) If filed prior to the date set by the administrative law judge for a hearing, the affidavit shall state that:

(1) The resignation is freely and voluntarily proffered;

(2) The practitioner is not acting under duress or coercion from the Office;

(3) The practitioner is fully aware of the implications of filing the resignation;

(4) The practitioner is aware (i) of a pending investigation or (ii) of charges arising from the complaint alleging that he or she is guilty of a violation of the Patent and Trademark Office Code of Professional Responsibility, the nature of which shall be set forth by the practitioner to the satisfaction of the Director;

(5) The practitioner acknowledges that, if and when he or she applies for reinstatement under § 10.160, the Director will conclusively presume, for the limited purpose of determining the application for reinstatement, that:

(i) The facts upon which the complaint is based are true and

(ii) The practitioner could not have successfully defended himself or herself against (A) charges predicated on the violation under investigation or (B) charges set out in the complaint filed against the practitioner.

(d) If filed on or after the date set by the administrative law judge for a hearing, the affidavit shall make the statements required by paragraphs (b)(1) through (4) of this section and shall state that:

(1) The practitioner acknowledges the facts upon which the complaint is based are true; and

(2) The resignation is being submitted because the practitioner could not successfully defend himself or herself against (i) charges predicated on the violation under investigation or (ii) charges set out in the complaint.

(e) When an affidavit under paragraphs (b) or (c) of this section is received while an investigation is pending, the Commissioner shall enter an order excluding the practitioner "on consent." When an affidavit under paragraphs (b) or (c) of this section is received after a complaint under § 10.134 has been filed, the Director shall notify the administrative law judge. The administrative law judge shall enter an order transferring the disciplinary proceeding to the Commissioner and the Commissioner shall enter an order excluding the practitioner "on consent."

(f) Any practitioner who resigns from practice before the Office under this section and who intends to reapply for admission to practice before the Office must comply with the provisions of § 10.158.

(g) *Settlement.* Before or after a complaint is filed under § 10.134, a settlement conference may occur between the Director and a practitioner for the purpose of settling any disciplinary matter. If an offer of settlement is made by the Director or the practitioner and is not accepted by the other, no reference to the offer of settlement or its refusal shall be admissible in evidence in the disciplinary proceeding unless both the Director and the practitioner agree in writing.

§ 10.134 Complaint.

(a) A complaint instituting a disciplinary proceeding shall:

(1) Name the practitioner, who may then be referred to as the "respondent."

(2) Give a plain and concise description of the alleged violations of the Disciplinary Rules by the practitioner.

(3) State the place and time for filing an answer by the respondent.

(4) State that a decision by default may be entered against the respondent if an answer is not timely filed.

(5) Be signed by the Director.

(b) A complaint will be deemed sufficient if it fairly informs the respondent of any violation of the Disciplinary Rules which form the basis for the disciplinary proceeding so that the respondent is able to adequately prepare a defense.

§ 10.135 Service of complaint.

(a) A complaint may be served on a respondent in any of the following methods:

(1) By handing a copy of the complaint personally to the respondent, in which case the individual handing the complaint to the respondent shall file an affidavit with the Director indicating the time and place the complaint was handed to the respondent.

(2) By mailing a copy of the complaint by "Express Mail" or first-class mail to:

(i) A registered practitioner at the address for which separate notice was last received by the Director or

(ii) A non-registered practitioner at the last address for the respondent known to the Director.

(3) By any method mutually agreeable to the Director and the respondent.

(b) If a complaint served by mail under paragraph (a)(2) of this section is returned by the U.S. Postal Service, the Director shall mail a second copy of the complaint to the respondent. If the second copy of the complaint is also returned by the U.S. Postal Service, the Director shall serve the respondent by publishing an appropriate notice in the *Official Gazette* for four consecutive weeks, in which case the time for answer shall be at least thirty days from the fourth publication of the notice.

(c) If a respondent is a registered practitioner, the Director may serve simultaneously with the complaint a letter under § 10.11(b). The Director may require the respondent to answer the § 10.11(b) letter within a period of not less than 15 days. An answer to the § 10.11(b) letter shall constitute proof of service. If the respondent fails to answer the § 10.11(b) letter, his or her name will be removed from the register as provided by § 10.11(b).

(d) If the respondent is represented by an attorney under § 10.140(a), a copy of the complaint shall also be served on the attorney.

§ 10.136 Answer to complaint.

(a) *Time for answer.* An answer to a complaint shall be filed within a time set in the complaint which shall be not less than thirty days.

(b) *With whom filed.* The answer shall be filed in writing with the administrative law judge. The time for filing an answer may be extended once for a period of no more than thirty days by the administrative law judge upon a showing of good cause provided a motion requesting an extension of time is filed within thirty days after the date the complaint is filed by the Director. A copy of the answer shall be served on the Director.

(c) *Content.* The respondent shall include in the answer a statement of the facts which constitute the grounds of defense and shall specifically admit or deny each allegation set forth in the complaint. The respondent shall not deny a material allegation in the complaint which the respondent knows to be true or state that respondent is without sufficient information to form a belief as to the truth of an allegation when in fact the respondent possesses that information. The respondent shall also state affirmatively special matters of defense.

(d) *Failure to deny allegations in complaint.* Every allegation in the complaint which is not denied by a respondent if the answer is deemed to be admitted and may be considered proven. No further evidence in respect of that allegation need be received by the administrative law judge at any hearing. Failure to timely file an answer will constitute an admission of the allegations in the complaint.

(3) *Reply by Director.* No reply to an answer is required by the Director and any affirmative defense in the answer shall be deemed to be denied. The Director may, however, file a reply if he or she chooses or if ordered by the administrative law judge.

§ 10.137 Supplemental complaint.

False statements in an answer may be made the basis of a supplemental complaint.

§ 10.138 Contested case.

Upon the filing of an answer by the respondent, a disciplinary proceeding shall be regarded as a contested case within the meaning of 35 U.S.C. 24. Evidence obtained by a subpoena issued under 35 U.S.C. 24 shall not be admitted into the record or considered unless leave to proceed under 35 U.S.C. 24 was previously authorized by the administrative law judge.

§ 10.139 Administrative law judge; appointment; responsibilities; review of interlocutory orders; stays.

(a) *Appointment.* An administrative law judge, appointed under 5 U.S.C 3105, shall conduct disciplinary proceedings as provided by this part.

(b) *Responsibilities.* The administrative law judge shall have authority to:

(1) Administer oaths and affirmations;

(2) Make rulings upon motions and other requests;

(3) Rule upon offers of proof, receive relevant evidence, and examine witnesses;

(4) Authorize the taking of a deposition of a witness in lieu of personal appearance of the witness before the administrative law judge;

(5) Determine the time and place of any hearing and regulate its course and conduct;

(6) Hold or provide for the holding of conferences to settle or simplify the issues;

(7) Receive and consider oral or written arguments on facts or law;

(8) Adopt procedures and modify procedures from time to time as occasion requires for the orderly disposition of proceedings;

(9) Make initial decisions under § 10.154; and

(10) Perform acts and take measures as necessary to promote the efficient and timely conduct of any disciplinary proceeding.

(c) *Time for making initial decision.* The administrative law judge shall set times and exercise control over a disciplinary proceeding such that an initial decision under § 10.154 is normally issued within six months of the date a complaint is filed. The administrative law judge may, however, issue an initial decision more than six months after a complaint is filed if in his or her opinion there exist unusual circumstances which preclude issuance of an initial decision within six months of the filing of the complaint.

(d) *Review of interlocutory orders.* An interlocutory order of an administrative law judge will not be reviewed by the Commissioner except:

(1) when the administrative law judge shall be of the opinion (i) that the interlocutory order involves a controlling question of procedure or law as to which there is a substantial ground for a difference of opinion and (ii) that an immediate decision by the Commissioner may materially advance the ultimate termination of the disciplinary proceeding or

(2) in an extraordinary situation where justice requies review

(e) *Stays pending review of interlocutory order.* If the Director or a respondent seeks review of an interlocutory order of an administrative law judge under paragraph (b)(2) of this section, any time period set for taking action by the administrative law judge shall not be stayed unless ordered by the Commissioner or the administrative law judge.

§ 10.140 Representative for Director or respondent.

(a) A respondent may be represented before the Office in connection with an investigation or disciplinary proceeding by an attorney. The attorney shall file a written declaration that he or she is an

attorney within the meaning of § 10.1(c) and shall state:

(1) The address to which the attorney wants correspondence related to the investigation or disciplinary proceeding sent and

(2) A telephone number where the attorney may be reached during normal business hours.

(b) The Commissioner shall designate at least two associate solicitors in the Office of the Solicitor to act as representatives for the Director in disciplinary proceedings. In prosecuting disciplinary proceedings, the designated associate solicitors shall not involve the Solicitor or the Deputy Solicitor. The Solicitor and the Deputy Solicitor shall remain insulated from the investigation and prosecution of all disciplinary proceedings in order that they shall be available as counsel to the Commissioner in deciding disciplinary proceedings.

§ 10.141 Filing of papers.

(a) The provisions of § 1.8 of this subchapter do not apply to disciplinary proceedings.

(b) All papers filed after the complaint and prior to entry of an initial decision by the administrative law judge shall be filed with the administrative law judge at an address or place designated by the administrative law judge. All papers filed after entry of an initial decision by the administrative law judge shall be filed with the Director. The Director shall promptly forward to the Commissioner any paper which requires action under this part by the Commissioner.

(c) The administrative law judge or the Director may provide for filing papers and other matters by hand or by "Express Mail."

§ 10.142 Service of papers.

(a) All papers other than a complaint shall be served on a respondent represented by an attorney by:

(1) Delivering a copy of the paper to the office of the attorney; or

(2) Mailing a copy of the paper by first-class mail or "Express Mail" to the attorney at the address provided by the attorney under § 10.140(a)(1); or

(3) Any other method mutually agreeable to the attorney and a representative for the Director.

(b) All papers other than a complaint shall be served on a respondent who is not represented by an attorney by:

(1) Delivering a copy of the paper to the respondent; or

(2) Mailing a copy of the paper by first-class mail or "Express Mail" to the respondent at the address to which a complaint may be served or such other address as may be designated in writing by the respondent; or

(3) Any other method mutually agreeable to the respondent and a representative of the Director.

(c) A respondent shall serve on the representative for the Director one copy of each paper filed with the administrative law judge or the Director. A paper may be served on the representative for the Director by:

(1) Delivering a copy of the paper to the representative; or

(2) Mailing a copy of the paper by first-class mail or "Express Mail" to an address designated in writing by the representative; or

(3) Any other method mutually agreeable to the respondent and the representative.

(d) Each paper filed in a disciplinary proceeding shall contain therein a certificate of service indicating:

(1) The date on which service was made and

(2) The method by which service was made.

(e) The administrative law judge or the Commissioner may require that a paper be served by hand or by "Express Mail."

(f) Service by mail is completed when the paper mailed in the United States is placed into the custody of the U.S. Postal Service.

§ 10.143 Motions.

Motions may be filed with the administrative law judge. The administrative law judge will determine on a case-by-case basis the time period for response to a motion and whether replies to responses will be authorized. No motion shall be filed with the administrative law judge unless such motion is supported by a written statement by the moving party that the moving party or attorney for the moving party has conferred with the opposing party or attorney for the opposing party in an effort in good faith to resolve by agreement the issues raised by the motion and has been unable to reach agreement. If issues raised by a motion are resolved by the parties prior to a decision on the motion by the administrative law judge, the parties shall promptly notify the administrative law judge.

§ 10.144 Hearings.

(a) The administrative law judge shall preside at hearings in disciplinary proceedings. Hearings will be stenographically recorded and transcribed and the testimony of witnesses will be received under oath or affirmation. The administrative law judge shall conduct hearings in accordance with 5 U.S.C. 556. A copy of the transcript of the hearing shall become part of the record. A copy of the transcript shall be provided to the Director and the respondent at the expense of the Office.

(b) If the respondent to a disciplinary proceeding fails to appear at the hearing after a notice of hearing has been given by the administrative law judge, the administrative law judge may deem the respondent to have waived the right to a hearing and may proceed with the hearing in the absence of the respondent.

(c) A hearing under this section will not be open to the public except that the Director may grant a request by a respondent to open his or her hearing to the public and make the record of the disciplinary proceeding available for public inspection, *provided*, Agreement is reached in advance to exclude from public disclosure information which is privileged or confidential under applicable laws or regulations. If a disciplinary proceeding results in disciplinary action against a practitioner, and subject to § 10.159(c), the record of the entire disciplinary proceeding, including any settlement agreement, will be available for public inspection.

§ 10.145 Proof; variance; amendment of pleadings.

In case of a variance between the evidence and the allegations in a complaint, answer, or reply, if any, the administrative law judge may order or authorize amendment of the complaint, answer, or reply to conform to the evidence. Any party who would otherwise be prejudiced by the amendment will be given reasonable opportunity to meet the allegations in the complaint, answer, or reply, as amended, and the administrative law judge shall make findings on any issue presented by the complaint, answer, or reply as amended.

§§ 10.146–10.148 [Reserved]

§ 10.149 Burden of proof.

In a disciplinary proceeding, the Director shall have the burden of proving his or her case by clear and convincing evidence and a respondent shall have the burden of proving any affirmative defense by clear and convincing evidence.

§ 10.150 Evidence.

(a) *Rules of evidence.* The rules of evidence prevailing in courts of law and equity are not controlling in hearings in disciplinary proceedings. However, the administrative law judge shall exclude

evidence which is irrelevant, immaterial, or unduly repetitious.

(b) *Depositions.* Depositions of witnesses taken pursuant to § 10.151 may be admitted as evidence.

(c) *Government documents.* Official documents, records, and papers of the Office are admissible without extrinsic evidence of authenticity. These documents, records and papers may be evidenced by a copy certified as correct by an employee of the Office.

(d) *Exhibits.* If any document, record, or other paper is introduced in evidence as an exhibit, the administrative law judge may authorize the withdrawal of the exhibit subject to any conditions the administrative law judge deems appropriate.

(e) *Objections.* Objections to evidence will be in short form, stating the grounds of objection. Objections and rulings on objections will be a part of the record. No exception to the ruling is necessary to preserve the rights of the parties.

§ 10.151 Depositions.

(a) Depositions for use at the hearing in lieu of personal appearance of a witness before the administrative law judge may be taken by respondent or the Director upon a showing of good cause and with the approval of, and under such conditions as may be deemed appropriate by, the administrative law judge. Depositions may be taken upon oral or written questions, upon not less than ten days written notice to the other party, before any officer authorized to administer an oath or affirmation in the place where the deposition is to be taken. The requirement of ten days notice may be waived by the parties and depositions may then be taken of a witness and at a time and place mutually agreed to by the parties. When a deposition is taken upon written questions, copies of the written questions will be served upon the other party with the notice and copies of any written cross-questions will be served by hand or "Express Mail" not less than five days before the date of the taking of the deposition unless the parties mutually agree otherwise. A party on whose behalf a deposition is taken shall file a copy of a transcript of the deposition signed by a court reporter with the administrative law judge and shall serve one copy upon the opposing party. Expenses for a court reporter and preparing, serving, and filing depositions shall be borne by the party at whose instance the deposition is taken.

(b) When the Director and the respondent agree in writing, a deposition of any witness who will appear voluntarily may be taken under such terms and condition as may be mutually agreeable to the Director and the respondent. The deposition shall not be filed with the administrative law judge and may not be admitted in evidence before the administrative law judge unless he or she orders the deposition admitted in evidence. The admissibility of the deposition shall lie within the discretion of the administrative law judge who may reject the deposition on any reasonable basis including the fact that demeanor is involved and that the witness should have been called to appear personally before the administrative law judge.

§ 10.152 Discovery.

Discovery shall not be authorized except as follows:

(a) After an answer is filed under § 10.136 and when a party establishes in a clear and convincing manner that discovery is necessary and relevant, the administrative law judge, under such conditions as he or she deems appropriate, may order an opposing party to:

(1) Answer a reasonable number of written requests for admission or interrogatories;

(2) Produce for inspection and copying a reasonable number of documents; and

(3) Produce for inspection a reasonable number of things other than documents.

(b) Discovery shall not be authorized under paragraph (a) of this section of any matter which:

(1) Will be used by another party solely for impeachment or cross-examination;

(2) Is not available to the party under 35 U.S.C. § 122;

(3) Relates to any disciplinary proceeding commenced in the Patent and Trademark Office prior to March 8, 1985;

(4) Relates to experts except as the administrative law judge may require under paragraph (e) of this section.

(5) Is privileged; or

(6) Relates to mental impressions, conclusions, opinions, or legal theories of any attorney or other representative of a party.

(c) The administrative law judge may deny discovery requested under paragraph (a) of this section if the discovery sought:

(1) Will unduly delay the disciplinary proceeding;

(2) Will place an undue burden on the party required to produce the discovery sought; or

(3) Is available (i) generally to the public, (ii) equally to the parties; or (iii) to the party seeking the discovery through another source.

(d) Prior to authorizing discovery under paragraph (a) of this section, the administrative law judge shall require the party seeking discovery to file a motion (§ 10.143) and explain in detail for each request made how the discovery sought is necessary and relevant to an issue actually raised in the complaint or the answer.

(e) The administrative law judge may require parties to file and serve, prior to any hearing, a pre-hearing statement which contains:

(1) A list (together with a copy) of all proposed exhibits to be used in connection with a party's case-in-chief,

(2) A list of proposed witnesses,

(3) As to each proposed expert witness:

(i) An identification of the field in which the individual will be qualified as an expert;

(ii) A statement as to the subject matter on which the expert is expected to testify; and

(iii) A statement of the substance of the facts and opinions to which the expert is expected to testify,

(4) The identity of government employees who have investigated the case, and

(5) Copies of memoranda reflecting respondent's own statements to administrative representatives.

(f) After a witness testifies for a party if the opposing party requests, the party may be required to produce, prior to cross-examination, any written statement made by the witness.

§ 10.153 Proposed findings and conclusions; post-hearing memorandum.

Except in cases when the respondent has failed to answer the complaint, the administrative law judge, prior to making an initial decision, shall afford the parties a reasonable opportunity to submit proposed findings and conclusions and a post-hearing memorandum in support of the proposed findings and conclusions.

§ 10.154 Initial decision of administrative law judge.

(a) The administrative law judge shall make an initial decision in the case. The decision will include (a) a statement of findings and conclusions, as well as the reasons or basis therefore with appropriate references to the record, upon all the material issues of fact, law, or discretion presented on the record, and (b) an order of suspension or exclusion from practice, an order of reprimand, or an order dismissing the complaint. The administrative law judge shall file the decision with the Director and shall transmit a copy to the

representative of the Director and to the respondent. In the absence of an appeal to the Commissioner, the decision of the administrative law judge will, without further proceedings, become the decision of the Commissioner of Patents and Trademarks thirty (30) days from the date of the decision of the administrative law judge.

(b) The initial decision of the administrative law judge shall explain the reason for any penalty or reprimand, suspension or exclusion. In determining any penalty, the following should normally be considered:

(1) The public interest;

(2) The seriousness of the violation of the Disciplinary Rule;

(3) The deterrent effects deemed necessary; and

(4) The integrity of the legal profession; and

(5) Any extenuating circumstances.

§ 10.155 Appeal to the Commissioner.

(a) Within thirty (30) days from the date of the initial decision of the administrative law judge under § 10.154, either party may appeal to the Commissioner. An appeal by the respondent will be filed with the Director in duplicate and will include exceptions to the decisions of the administrative law judge and supporting reasons for those exceptions. If the Director files the appeal, the Director shall serve a copy of the appeal. Within thirty (30) days after receipt of an appeal or copy thereof, the other party may file a reply brief, in duplicate with the Director. If the Director files the reply brief, the Director shall serve a copy of the reply brief. Upon the filing of an appeal and a reply brief, if any, the Director shall transmit the entire record to the Commissioner.

(b) The appeal will be decided by the Commissioner on the record made before the administrative law judge.

(c) The Commissioner may order reopening of a disciplinary proceeding in accordance with the principles which govern the granting of new trials. Any request to reopen a disciplinary proceeding on the basis of newly discovered evidence must demonstrate that the newly discovered evidence could not have been discovered by due diligence.

§ 10.156 Decision of the Commissioner.

(a) An appeal from an initial decision of the administrative law judge shall be decided by the Commissioner. The Commissioner may affirm, reverse, or modify the initial decision or remand the matter to the administrative law judge for such further proceedings as the Commissioner may deem appropriate. Entry of a decision by the Commissioner is a final agency action in a disciplinary proceeding. In making a final decision, the Commissioner shall review the record or those portions of the record as may be cited by the parties in order to limit the issues. The Commissioner shall transmit a copy of the final decision to the Director and to the respondent.

(b) A final decision of the Commissioner may dismiss a disciplinary proceeding, reprimand a practitioner, or may suspend or exclude the practitioner from practice before the Office.

§ 10.157 Review of Commissioner's final decision.

(a) Review of the Commissioner's final decision in a disciplinary case may be had by a petition filed in the United States District Court for the District of Columbia. See 35 U.S.C. 32 and Local Rule 1–26 of the United States District Court for the District of Columbia.

(b) The Commissioner may stay a final decision pending review of the Commissioner's final decision.

§ 10.158 Suspended or excluded practitioner.

(a) A practitioner who is suspended or excluded from practice before the Office under § 10.156(b) shall not engage in unauthorized practice of patent, trademark and other non-patent law before the Office.

(b) Unless otherwise ordered by the Commissioner, any practitioner who is suspended or excluded from practice before the Office under § 10.156(b) shall:

(1) Within 30 days of entry of the order of suspension or exclusion, notify all bars of which he or she is a member and all clients of the practitioner for whom he or she is handling matters before the Office in separate written communications of the suspension or exclusion and shall file a copy of each written communication with the Director.

(2) Within 30 days of entry of the order of suspension or exclusion, surrender a client's active Office case files to (i) the client or (ii) another practitioner designated by the client.

(3) Not hold himself or herself out as authorized to practice law before the Office.

(4) Promptly take any necessary and appropriate steps to remove from any telephone, legal, or other directory any advertisement, statement, or representation which would reasonably suggest that the practitioner is authorized to practice patent, trademark or other non-patent law before the Office, and within 30 days of taking those steps, file with the Director an affidavit describing the precise nature of the steps taken.

(5) Not advertise the practitioner's availability or ability to perform or render legal services for any person having immediate, prospective, or pending business before the Office.

(6) Not render legal advice or services to any person having immediate, prospective, or pending business before the Office as to that business.

(7) Promptly take steps to change any sign identifying a practitioner's or the practitioner's firm's office and the practitioner's or the practitioner's firm's stationery to delete therefrom any advertisement, statement, or representation which would reasonably suggest that the practitioner is authorized to practice law before the Office.

(8) Within 30 days, return to any client any unearned funds, including any unearned retainer fee, and any securities and property of the client.

(c) A practitioner who is suspended or excluded from practice before the Office and who aids another practitioner in any way in the other practitioner's practice of law before the Office, may, under the direct supervision of the other practitioner, act as a para-legal for the other practitioner or perform other services for the other practitioner which are normally performed by lay-persons, *provided:*

(1) The practitioner who is suspended or excluded is:

(i) A salaried employee of:

(A) The other practitioner;

(B) The other practitioner's law firm; or

(C) A client-employer who employs the other practitioner as a salaried employee;

(2) The other practitioner assumes full professional responsibility to any client and the Office for any work performed by the suspended or excluded practitioner for the other practitioner;

(3) The suspended or excluded practitioner, in connection with any immediate, prospective, or pending business before the Office, does not:

(i) Communicate directly in writing, orally, or otherwise with a client of the other practitioner;

(ii) Render any legal advice or any legal services to a client of the other practitioner; or

(iii) Meet in person or in the presence of the other practitioner with:

(A) Any Office official in connection with the prosecution of any patent, trademark, or other case;

(B) Any client of the other practitioner, the other practitioner's law

firm, or the client-employer of the other practitioner;

(c) Any witness or potential witness which the other practitioner, the other practitioner's law firm, or the other practitioner's client-employer may or intends to call as a witness in any proceeding before the Office. The term "witness" includes individuals who will testify orally in a proceeding before, or sign an affidavit or any other document to be filed in, the Office.

(d) When a suspended or excluded practitioner acts as a para-legal or performs services under paragraph (c) of this section, the suspended or excluded practitioner shall not thereafter be reinstated to practice before the Office unless:

(1) The suspended or excluded practitioner shall have filed with the Director an affidavit which (i) explains in detail the precise nature of all para-legal or other services performed by the suspended or excluded practitioner and (ii) shows by clear and convincing evidence that the suspended or excluded practitioner has complied with the provisions of this section and all Disciplinary Rules, and

(2) The other practitioner shall have filed with the Director a written statement which (i) shows that the other practitioner has read the affidavit required by subparagraph (d)(1) of this section and that the other practitioner believes every statement in the affidavit to be true and (ii) states why the other practitioner believes that the suspended or excluded practitioner has complied with paragraph (c) of this section.

§ 10.159 Notice of suspension or exclusion.

(a) Upon issuance of a final decision reprimanding a practitioner or suspending or excluding a practitioner from practice before the Office, the Director shall give notice of the final decision to appropriate employees of the Office and to interested departments, agencies, and courts of the United States. The Director shall also give notice to appropriate authorities of any State in which a practitioner is known to be a member of the bar and any appropriate bar association.

(b) The Director shall cause to be published in the *Official Gazette* the name of any practitioner suspended or excluded from practice. Unless otherwise ordered by the Commissioner, the Director shall publish in the *Official Gazette* the name of any practitioner reprimanded by the Commissioner.

(c) The Director shall maintain records, which shall be available for public inspection, of every disciplinary proceeding where a practitioner is reprimanded, suspended, or excluded unless the Commissioner orders that the proceeding be kept confidential.

§ 10.160 Petition for reinstatement.

(a) A petition for reinstatement of a practitioner suspended for a period of less than five years will not be considered until the period of suspension has passed.

(b) A petition for reinstatement of a practitioner excluded from practice will not be considered until five years after the effective date of the exclusion.

(c) An individual who has resigned under § 10.133 or who has been suspended or excluded may file a petition for reinstatement. The Director may grant a petition for reinstatement when the individual makes a clear and convincing showing that the individual will conduct himself or herself in accordance with the regulations of this part and that granting a petition for reinstatement is not contrary to the public interest. As a condition to reinstatement, the Director may require the individual to:

(1) Meet the requirements of § 10.7, including taking and passing an examination under § 10.7(b) and

(2) Pay all or a portion of the costs and expenses, not to exceed $1,500, of the disciplinary proceeding which led to suspension or exclusion.

(d) Any suspended or excluded practitioner who has violated the provisions of § 10.158 during his or her period of suspension or exclusion shall not be entitled to reinstatement until such time as the Director is satisfied that a period of suspension equal in time to that ordered by the Commissioner or exclusion for five years has passed during which the suspended or excluded practitioner has complied with the provisions of § 10.158.

(e) Proceedings on any petition for reinstatement shall be open to the public. Before reinstating any suspended or excluded practitioner, the Director shall publish in the *Official Gazette* a notice of the suspended or excluded practitioner's petition for reinstatement and shall permit the public a reasonable opportunity to comment or submit evidence with respect to the petition for reinstatement.

§ 10.161 Savings clause.

(a) A disciplinary proceeding based on conduct engaged in prior to the effective date of these regulations may be instituted subsequent to such effective date, if such conduct would continue to justify suspension or exclusion under the provisions of this part.

(b) No practitioner shall be subject to a disciplinary proceeding under this part based on conduct engaged in before the effective date hereof if such conduct would not have been subject to disciplinary action before such effective date.

10.162–10.169 [Reserved]

10.170 Suspension of rules.

(a) In an extraordinary situation, when justice requires, any requirement of the regulations of this part which is not a requirement of the statutes may be suspended or waived by the Commissioner or the Commissioner's designee, *sua sponte*, or on petition of any party, including the Director or the Director's representative, subject to such other requirements as may be imposed.

(b) Any petition under this section will not stay a disciplinary proceeding unless ordered by the Commissioner or an administrative law judge.

Dated: December 21, 1984.

Gerald J. Mossinghoff,

Commissioner of Patents and Trademarks.

[FR Doc. 85-2803 Filed 2-5-85; 8:45 am]

BILLING CODE 3510-16-M