

**UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE ADMINISTRATIVE LAW JUDGE**

In the Matter of:

MICHAEL I. KROLL,

Respondent.

Proceeding No. D2019-15

April 5, 2021

INITIAL DECISION AND ORDER

This above-captioned matter arises from a *Complaint* filed by the Director of the Office of Enrollment and Discipline (“OED Director”) for the United States Patent and Trademark Office (“USPTO” or “Office”) against Michael I. Kroll (“Respondent”) pursuant to 37 C.F.R. §§ 11.32 and 11.34.

I. Procedural Posture

On March 6, 2019, the *Complaint* in this matter was received and assigned to the undersigned for hearing pursuant to 35 U.S.C. § 32 as implemented by 37 C.F.R. Part 11. The *Complaint* alleged four Counts of misconduct under the USPTO disciplinary rules. Those counts include (Count I) engaging in unauthorized practice before the Office in patent and trademark matters; (Count II) impermissibly dividing fees with another practitioner; (Count III) engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation; and (Count IV) failing to cooperate with the OED’s investigation.

Respondent filed an answer on April 12, 2019, which did not admit or deny the allegations contained in the *Complaint* as required by 37 C.F.R. § 11.36(c). Rather, the filing rehashed arguments previously made in Respondent’s *Motion to Dismiss* filed on April 5, 2019. On September 17, 2019, Respondent submitted a filing that included responses to the factual allegations contained in the *Complaint*.

Thereafter, the Court authorized the OED Director to conduct limited discovery in this matter.¹ Through information obtained during discovery, the OED Director had reason to believe that Respondent commingled personal funds and client funds within the same account. This resulted in the OED Director moving for leave to amend the *Complaint* to add Count V, which concerned Respondent’s handling and management of client funds. On June 12, 2020, the Court granted the OED Director leave to amend the *Complaint* to add Count V. Respondent filed a timely *Answer* to the *Amended Complaint* on June 24, 2020.

¹ Respondent did not request leave to conduct discovery, which must be authorized by the Court. See 37 C.F.R. § 11.52.

On November 23, 2020, the OED Director moved for partial summary judgment. Respondent filed a response to the *Motion*, which did not dispute the facts that the OED Director claims are material. However, Respondent proffered argument that he did not engage in misconduct and that mitigating circumstances exist. And, although the deadline for dispositive motions had passed, Respondent also included a *Cross-Motion to Dismiss the Complaint* with his response to the *Motion*. The OED Director timely responded to Respondent's *Cross-Motion* on January 17, 2021. Respondent then filed a reply to the OED Director's *Response to Cross-Motion to Dismiss* although leave of Court to do so had not been requested or granted.

The Court granted partial summary judgment in a ruling dated February 22, 2021. In the ruling, the Court granted summary judgment in favor of the OED Director on Counts I, II, and V of the *Amended Complaint*. After consideration of the undisputed facts and the factors set forth 37 C.F.R. § 11.54(b), the Court determined that Respondent's exclusion from practice before the Office was warranted. The Court also stated that the remaining Counts (III and IV) of the *Amended Complaint* would be adjudicated at a hearing.

Following the Court's ruling on partial summary judgment, the OED Director moved the Court to dismiss the remaining counts of the *Amended Complaint*. And, because the dismissal would result in no remaining issues for hearing, the OED Director also requested that the Court incorporate its ruling on summary judgment into an Initial Decision. Respondent opposed the OED Director's request for dismissal of the remaining counts. However, Respondent failed to cite a valid basis to conduct a hearing on charges the OED Director no longer wished to pursue.² Accordingly, the OED Director's *Motion to Dismiss* is **GRANTED** as to Counts III and IV of the *Amended Complaint*. The Court's February 22, 2021 ruling is incorporated below as this Court's *Initial Decision*.

II. Ruling on Respondent's Cross-Motion to Dismiss

Respondent moves for dismissal of this matter. In support, Respondent claims he requested an opinion from the OED as to whether the misconduct alleged in the *Amended Complaint*, which involves Respondent's activities while suspended or excluded from practice before the USPTO, was permissible under the USPTO disciplinary rules, but the OED refused. Respondent states that other agencies offer such advisory opinions, and the OED's refusal to do so "necessitated Respondent's conduct" because he, in good faith, had to seek the advice of a registered patent practitioner, who told him that the conduct was permissible.

Respondent's *Cross-Motion to Dismiss* does not allege there is a defect in the form of the *Complaint* or other procedural defect that would warrant dismissal. Rather, Respondent attempts to raise defenses that he believes would either excuse the alleged misconduct or mitigate a possible sanction. Respondent's attempts to raise these issues now is woefully untimely.

² Respondent claimed a hearing on the remaining Counts could yield evidence that would mitigate the sanction imposed on summary judgment. However, if such evidence exists, Respondent had the burden to cite to it for the Court's consideration on summary judgment. The fact that Respondent failed to do so suggests that such evidence does not actually exist.

In answering a complaint, a respondent must specify all defenses, their nexus to the misconduct, and the reason each provides a defense or mitigation. 37 C.F.R. § 11.36(c). Any defenses not timely raised in an answer cannot be relied upon. Id.

The Court granted Respondent significant leeway to file an answer responding to the OED Director's factual allegations and raising defenses. The Court first extended the deadline for Respondent to file an answer in the *Order* dated April 12, 2019.³ And, although untimely, the Court accepted Respondent's admissions and denials to the factual allegations that were included in the *Complaint* with his filing dated September 17, 2019.⁴ The Court gave Respondent yet another chance to raise defenses when it ordered Respondent to file a response to the *Amended Complaint* by June 25, 2020. Despite these opportunities, Respondent failed to raise the OED Director's alleged refusal to offer an advisory opinion as an issue until well after his Respondent's answer was filed and dispositive motions were due, and on the eve of a now-postponed hearing. Respondent's defense is, therefore, untimely and stricken. See 37 C.F.R. § 11.36(c) (stating that untimely defenses may not be relied upon).

Moreover, the Court is not persuaded by Respondent's position that "but for" the OED's refusal to provide an advisory opinion Respondent would not have engaged in misconduct. This argument is based on the principle of proximate cause, which is a necessary element usually applied in negligence claims. See e.g., United States v. St. Louis Univ., 336 F.3d 294, 302 (4th Cir. 2003) (stating that a plaintiff must establish both causation-in-fact and proximate cause in order to recover); Talkington v. Atria Reclamelucifers Fabrieken BV (Cricket BV), 152 F.3d 254, 264 (4th Cir. 1998) ("In a negligence action, a plaintiff must demonstrate that the defendant's breach of duty was the proximate cause of the plaintiff's damage.").

However, Respondent fails to first satisfy another necessary element, which is the existence of a duty by the OED to provide such advisory opinions. Talley v. Danek Med., Inc., 179 F.3d 154, 157 (4th Cir. 1999) (stating that the identification of a legal duty of a defendant to the plaintiff is an essential element of negligence); De Angelis v. Lutheran Med. Ctr., 58 N.Y.2d 1053, 1055, 462 N.Y.S.2d 626, 627, 449 N.E.2d 406, 407 (1983) ("Duty is essentially a legal term by which we express our conclusion that there can be liability."). Here, Respondent does not cite any legal requirement for the OED to provide advisory opinions, and the Court is unable to find any affirmative duty for the OED to do so. Further, the USPTO has promulgated regulations that specifically cover the circumstances and activities of practitioners who are suspended or excluded. See 37 C.F.R. § 11.58. Therefore, this defense or basis for dismissal is unpersuasive.

Based on the foregoing, the Court finds Respondent's arguments raised in his *Cross-Motion to Dismiss* to be untimely and unpersuasive. Accordingly, the *Cross-Motion* is **DENIED**.

³ During this time, Respondent was represented by counsel and did not raise the issue of the OED's refusal to provide an advisory opinion.

⁴ In this filing, Respondent argued the merits of his previously raised defenses, but did not raise the issue of the OED refusing to provide an advisory opinion.

III. Ruling on the OED Director’s Motion for Partial Summary Judgment

The OED Director filed a *Motion for Partial Summary Judgment* (“Motion”) claiming there is no dispute as to the material facts alleged in Counts I, II, and V of the *Amended Complaint*, and that he is entitled to summary judgment as a matter of law. In addition, the OED Director requested that the Court impose a sanction excluding Respondent from practice before the Office for his violations of the USPTO disciplinary rules. In response, Respondent does not deny most of the factual allegations contained in the *Amended Complaint*. However, Respondent notes that many of the allegations contained in the *Amended Complaint* are unsupported hearsay. Respondent also reiterates previously raised defenses, which he believes should excuse his conduct.

Applicable Law

The USPTO has the “exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it.” Kroll v. Finnerty, 242 F.3d 1359, 1364 (Fed. Cir. 2001); see Sperry v. Fla. ex rel. Fla. Bar, 373 U.S. 379 (1963) (upholding the USPTO’s exclusive authority against challenge from state bar); Haley v. Lee, 129 F. Supp 3d 337, 386 (E.D. Va. 2015) (noting that “Congress gave the USPTO wide latitude to govern the conduct of the members of its bar”). The Director of the USPTO may suspend or exclude a person from practice before the Patent and Trademark Office if the person is “shown to be incompetent or disreputable, or guilty of gross misconduct,” or if the person violates regulations established by the Office. 35 U.S.C. § 32.

The USPTO has duly promulgated regulations governing the conduct of persons authorized to practice before the Office. Effective May 3, 2013, the USPTO implemented new disciplinary regulations entitled Rules of Professional Conduct, which are based upon the American Bar Association (“ABA”) Model Code of Professional Responsibility. See CHANGES TO REPRESENTATION OF OTHERS BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE, 78 Fed. Reg. 20179 (Apr. 3, 2013) (Final Rule) (codified at 37 C.F.R. §§ 11.101-11.901). The USPTO’s purpose for modelling its disciplinary rules after the ABA’s Model Code of Professional Responsibility was to “provid[e] attorneys with consistent professional conduct standards, and large bodies of both case law and opinions written by disciplinary authorities that have adopted the ABA Model Rules.” Id. at 20180.

Burden of Proof. The OED Director has the burden of proving the alleged violations by clear and convincing evidence. 37 C.F.R. § 11.49. Thereafter, Respondent has the burden to prove any affirmative defense by clear and convincing evidence. Id.

The clear and convincing standard is applied “to protect particularly important interests . . . where there is a clear liberty interest at stake.” Thomas v. Nicholson, 423 F.3d 1279, 1283 (Fed. Cir. 2005). This is an intermediate standard “between a preponderance of the evidence and proof beyond a reasonable doubt.” Addington v. Texas, 441 U.S. 418, 424-25 (1979). The standard requires evidence “of such weight that it produces in the mind of the trier of fact a firm belief or conviction, without hesitancy, as to the truth of the allegations sought to be

established.” Jimenez v. DaimlerChrysler Corp., 269 F.3d 439, 450 (4th Cir. 2001). “Evidence is clear ‘if it is certain, unambiguous, and plain to the understanding,’ and it is convincing ‘if it is reasonable and persuasive enough to cause the trier of facts to believe it.’” Foster v. Allied Signal, Inc., 293 F.3d 1187, 1194 (10th Cir. 2002) (citing Ortega v. IBP, Inc., 874 P.2d 1188, 1198 (Kan. 1994), disapproved of by In re B.D.-Y., 187 P.3d 594 (Kan. 2008)).

Standard of Review. Pursuant to 37 C.F.R. § 11.43, motions commonly filed under the Federal Rules of Civil procedure, including motions for summary judgment, may be filed in USPTO disciplinary cases. Although the Federal Rules of Civil Procedure do not govern these proceedings, the Court applies the standard for summary judgment found in Rule 56(c) of the Federal Rules. Moatz v. Kersey, Proceeding No. D2004-05, at 5 (USPTO June 27, 2007) (decision on reconsideration).⁵

Rule 56 permits summary judgment where the moving party demonstrates “lack of a genuine, triable issue of material fact” and where, “under the governing law, there can be but one reasonable conclusion as to the outcome.” Fed. R. Civ. Pro. 56; Celotex Corp. v. Catrett, 477 U.S. 317, 327 (1986); Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 250 (1986). An issue is “genuine” only if the evidence is such that a reasonable fact finder could rule in favor of either party. Anderson, 477 U.S. at 248. A fact is “material” only if it is capable of affecting the outcome of the case under governing law. Id.

Relevant Facts Not in Dispute

Respondent was registered as a patent practitioner by the USPTO on December 6, 1973. Respondent’s registration number is 26,755. In 1973, Respondent was also admitted to practice law in the State of New York and is currently an active member in good standing.

Respondent is no stranger to the Office of Enrollment and Discipline. He has been suspended three times with his first two suspensions being stayed pending successful probationary periods. Respondent’s most recent suspension, which was not stayed, began on June 18, 2016.⁶ During this suspension, yet another disciplinary complaint was filed against him. This ultimately led to the USPTO Director affirming a decision to exclude Respondent from practice before the Office on December 11, 2017. See In re Kroll, Proceeding No. D2016-23 (USPTO Dec. 11, 2017) (final order). Although Respondent was suspended and ultimately excluded from practice before the Office, Respondent did not withdraw as attorney of record for the patent applications that were pending since before his suspension, nor did he advise the USPTO of a change in correspondence address. As a result, the USPTO continued to send Notices regarding existing patent and trademark applications to Respondent.

⁵ USPTO disciplinary decisions cited herein are available at <https://foia.documents.uspto.gov/oed/>.

⁶ The Order suspending Respondent was imposed on March 4, 2018. However, Respondent was afforded 30 days of limited recognition to conclude work on behalf of a client on any matters that were pending before the Office. See 37 C.F.R. § 11.58(c).

I. Respondent's Relationship with Edwin Schindler

Edwin Schindler is an attorney licensed to practice law in the state of New York and is a registered patent practitioner. Mr. Schindler and Respondent have a long-standing working relationship, and both are listed as co-practitioners in multiple patent and trademark applications. At all relevant times, Respondent and Mr. Schindler maintained separate legal offices.

On July 3, 2018, the USPTO's Office of Enrollment and Discipline ("OED") sent Mr. Schindler a request for information ("RFI"). The RFI included a list of 32 patent applications in which both Mr. Schindler and Respondent were listed as attorneys of record. The RFI requested that Mr. Schindler disclose whether Respondent had communicated with or provided services to the applicants in any of the identified patent applications after June 17, 2016, and requested that Mr. Schindler describe the substance of the work or communications.

Mr. Schindler replied to the RFI on July 19, 2018. In his reply, Mr. Schindler explained that he has a "working relationship" with Respondent and explained that Respondent is generally "the attorney to communicate with his legal clientele who have been notified of his inability to practice before the [USPTO]." Mr. Schindler further explained, in part: "[Respondent] has continued to communicate with his legal clientele, since Michael Kroll does continue to be an 'attorney.' This would be true of all patent applications listed at pages 2-3 of your letter to me, except Patent Application Serial No. 14/931,538... ."

On July 20, 2018, Mr. Schindler stated to the OED, verbally, that he and Respondent have separate legal practices and neither is employed by the other. Mr. Schindler also told the OED that, regarding patent matters, he does referral work for Respondent's clients. He explained that Respondent engages with each client and counsels the client about whether to file a patent application. Respondent then drafts a patent application and submits it to Mr. Schindler who reviews the draft patent application. If Mr. Schindler has substantive edits, he sends the proposed edits to Respondent, who discusses the proposed edits with the client, amends the application accordingly, and sends the application back to Mr. Schindler. Mr. Schindler then signs and files the patent application with the USPTO. He stated that he generally does not directly communicate with the client and that it is Respondent who does so.

Regarding trademark matters, Mr. Schindler stated that he receives referral work from Respondent with respect to such matters before the USPTO. Mr. Schindler indicated that he generally drafts the trademark applications himself but that he normally does not communicate with the clients. Rather, he stated that Respondent handles the communication with trademark clients.

Mr. Schindler advised the OED that Respondent collects fees from clients for patent and trademark work and that Respondent then divides the fees with Mr. Schindler by paying him directly for the work he performed on the cases. Mr. Schindler told the OED that neither he nor Respondent counsel clients about their fee division nor do they obtain the clients' written consent to their fee division arrangement. Mr. Schindler further stated that he and Respondent have continued with their business practices without much alteration since Respondent was suspended from practice before the USPTO.

On July 24, 2018, the OED sent Mr. Schindler a Second RFI. The Second RFI again requested that Mr. Schindler disclose whether Respondent communicated with or provided services, after June 17, 2016, to the applicants in any of the 32 patent applications identified in the July 3, 2018 RFI, and again requested that Mr. Schindler describe the substance of the work or communications. Mr. Schindler submitted a reply to the Second RFI on August 14, 2018. In response, Mr. Schindler stated,

... there is nothing that prevents any of Mr. Kroll's clients for [sic] picking up a telephone ad contacting me at anytime [sic] to discuss the patent and trademark work that I am handling for the client. ...

* * *

It is my understanding that Michael Kroll, who remains an attorney admitted to practice and in good standing, in New York, has had correspondence with our joint clientele since June 17, 2016. I do not have access to Mr. Kroll's correspondence. ...

* * *

Clients who reasonably review the work product forwarded to them by Mr. Kroll would readily realize that Michael Kroll is not the patent attorney doing the work. ... the clients ... should reasonably realize[] that Mr. Kroll's status is no longer that of a patent attorney acting on their behalf.

II. Representation of [REDACTED] while suspended or excluded by the USPTO

On [REDACTED], Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") naming [REDACTED] as [REDACTED] inventor. The filing included a power of attorney to Respondent and Mr. Schindler. On [REDACTED], the USPTO issued a final Office action, mailed to Respondent, rejecting all of the pending claims in the [REDACTED] application.

On [REDACTED], Mr. Schindler filed a Request for Continued Examination in the [REDACTED] application. Then, on [REDACTED], Respondent sent [REDACTED] an e-mail stating that "we timely responded to [an] office action dated [REDACTED] [and] are now waiting for a response from the Patent Office." [REDACTED], the USPTO issued a non-final Office action in the [REDACTED] application rejecting all of the pending claims. Respondent sent [REDACTED] an e-mail on [REDACTED], which stated in part:

... please note we **overcame all** of the numerous previously cited prior art and for the first time [the] Examiner cited a single piece of new prior art that we need to overcome.

Please note we would like your response to attached on or **before:** [REDACTED] so that there will be no chance of the application becoming abandoned.

Respondent also attached a letter to [REDACTED] to that e-mail. The letter solicited a \$3,225 fee for preparing and filing a response to the [REDACTED] Office action, and stated in relevant part:

... the fee to respond to the above referenced enclosed/attached office action is ... \$3225 The response will be substantial and includes [] an interview with the Examiner. ... Please note that rather than respond to the above referenced office action with an interview and amendment we may decide to respond to the above referenced office action with a Continuation application, Continuation-In-Part application or a refiled application (with or without priority). ...

* * *

If you decide to respond please e-mail any comments or suggestions that you would like us to include in the yet to be filed response. Prior to filing an amendment we need to discuss the details of the required amendment that must be filed as otherwise the case will become abandoned.

Accordingly unless we hear otherwise we will assume you do not wish to proceed and the case will become abandoned.

Respondent did not file a response to the [REDACTED] non-final Office action issued in the [REDACTED] application. On [REDACTED], the USPTO issued a Notice of Abandonment in the [REDACTED] application. The Notice stated that the [REDACTED] “application is abandoned in view of [a]pplicant’s failure to timely file a proper reply to the Office letter mailed on [REDACTED].” On August 10, 2018, [REDACTED] informed the OED that he had continued to work with Respondent on his patent and trademark matters since June 2016 and that he received emails from Respondent regarding the [REDACTED] application in September, October, and November of 2016.

III. Representation of [REDACTED] while suspended or excluded by the USPTO

On [REDACTED] Respondent filed U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”) naming [REDACTED] as [REDACTED] inventor. The filing included a power of attorney to Respondent and Mr. Schindler. After he was suspended by the USPTO on June 18, 2016, Respondent continued to receive communications from the Office regarding the [REDACTED] application, such as a [REDACTED] Final Rejection, because Respondent did not promptly advise the Office of a change in correspondence address.

Thereafter, on [REDACTED], Mr. Schindler filed a Request for Continued Examination in the [REDACTED] application. On [REDACTED], the USPTO issued a non-final Office action in the

█ application rejecting or withdrawing from consideration each of the pending claims. Respondent did not file a response to the █ non-final Office action. As a result, the USPTO issued a Notice of Abandonment in the █ application on █. The notice stated that the █ “application is abandoned in view of [a]pplicant’s failure to timely file a proper reply to the Office letter mailed on █.”

On August 29, 2018, █ told the OED that Respondent never informed him that Respondent had been suspended or excluded from practice before the USPTO. █ stated to the OED that Respondent told him if he wanted Respondent to file a response to the Office action that he would have to pay more money. █ said that he had spent all of his money on his wife’s medical bills and did not have any more money to give to Respondent. █ told the OED that he believes his invention is worthy but now feels he has lost the investment that he made in pursuit of a patent.

IV. Respondent’s Representation of Carlos Botero

Respondent worked on █ patent █ for Carlos Botero. Respondent first began representing Mr. Botero in patent matters before Respondent was suspended and excluded and continued to do so even after his suspension and exclusion. On August 15, 2018, Mr. Botero informed the OED that he did not know Mr. Schindler. Mr. Botero explained that he pays all fees directly to Respondent, and recently paid Respondent \$3,275 to reply to an Office action. Mr. Botero also informed the OED that Respondent had never told him that Respondent had been suspended or excluded from practice before the USPTO.

A. U.S. Patent Application No. █

On █, Respondent filed U.S. Patent Application No. █ (“the █ application”) naming █ as █ inventor. The filing included a power of attorney to Respondent and Mr. Schindler. Thereafter on █ the USPTO issued a final Office action in the █ application rejecting or withdrawing from consideration all of the pending claims. The Office action was mailed to Respondent at the address at which he had authorized the USPTO to send correspondence pertaining to the █ application. A few days later, Respondent sent █ an email regarding the █ application. A letter signed by Respondent was attached to the email. The letter stated, in relevant part:

... in order to prevent abandonment we must respond as noted below ...

* * *

the fee to respond to ... [the] Office action dated █ [is] \$3650 The response will be substantial and accordingly please take care of **no later than:** █ as otherwise the case could become abandoned.

Please note that rather than respond to the above referenced office action with an interview and amendment we may decide to respond to the above referenced office action with a Continuation application, Continuation-In-Part application or a refiled application (with or without priority)....

...expertise is being applied to your file.

If you decide to respond please e-mail any comments or suggestions that you would like us to include in the yet to be filed response. Prior to filing an amendment we need to discuss the details of the required amendment that must be filed as otherwise the case **will become abandoned**.

Accordingly unless we hear otherwise we will assume you do not wish to proceed and the case will become **abandoned**.

On [REDACTED], Respondent sent [REDACTED] an email regarding the [REDACTED] application stating, in part: "... please note that the response to the last office action is being processed and we will advise as soon as we hear back from the Patent Office." Mr. Schindler filed a Request for Continued Examination, including an amendment, in the [REDACTED] application on [REDACTED].

On [REDACTED], the USPTO issued a non-final Office action in the [REDACTED] application rejecting or withdrawing from consideration all pending claims. After receiving the notice, Respondent sent [REDACTED] an email regarding the [REDACTED] application. A letter signed by Respondent was attached to the email. The letter stated, in part:

... in order to prevent abandonment we must respond as noted below

... the fee to respond to ... [the] Office action dated [REDACTED] [is] \$3650....

The response will be substantial and accordingly please take care of **no later than:** [REDACTED] as otherwise the case could become abandoned.

Please note that rather than respond to the above referenced office action with an interview and amendment we may decide to respond to the above referenced office action with a Continuation application, Continuation-In-Part application or a refiled application (with or without priority)

... expertise is being applied to your file.

If you decide to respond please e-mail any comments or suggestions that you would like us to include in the yet to be filed response. Prior to filing an amendment we need to discuss the details of the required amendment that must be filed as otherwise the case **will become abandoned**.

Accordingly unless we hear otherwise we will assume you do not wish to proceed and the case will become **abandoned**.

On [REDACTED], Mr. Schindler filed a reply to the [REDACTED] Office action in the [REDACTED] application. The reply included an amendment. Then, on [REDACTED], the USPTO issued a final Office action in the [REDACTED] application rejecting or withdrawing from consideration all pending claims. On [REDACTED], Respondent sent [REDACTED] an email regarding the [REDACTED] application. A letter from Respondent was attached to the email. The letter stated, in part:

... please find a copy [of the] last office action and cited prior art and to avoid abandonment we must timely respond.

* * *

We overcame the 35 USC 112, First Paragraph rejection as set forth in the previous Non-Final [office] action dated [REDACTED]....

The fee to respond to above is \$3275....

Since the response will be substantial please take care of **no later than:** [REDACTED] so that we do not approach the date of abandonment.

Please note that rather than respond to [the] above referenced office action with an amendment we may decide to respond with a Continuation application, Continuation-In-Part application or a refiled application (with or without priority).

... expertise is being applied to your file.

If you decide to respond please e-mail any comments or suggestions that you would like us to include in the yet to be filed response.

Accordingly unless we hear otherwise we will assume you do not wish to proceed and the case will become abandoned.

In [REDACTED], Respondent told [REDACTED] that he would be filing an amendment in the [REDACTED] application. On [REDACTED], Mr. Schindler filed a Request for Continued Examination, including an amendment, in the [REDACTED] application. As of the date of the filing of this *Complaint*, Respondent is still attorney of record in the [REDACTED] application.

B. U.S. Patent Application No. [REDACTED]

On [REDACTED], Respondent sent [REDACTED] an email with the subject line: "New patent application." The email states, in part:

This will confirm that we are working on your [REDACTED] invention.... Please note that since the US is a first to file country it is critical to file a patent application ASAP so that you can maintain priority and not lose the invention to an earlier filer.

On [REDACTED], Respondent sent [REDACTED] an email regarding [REDACTED] invention. Four pages of drawings were attached to the email. The email stated, in part: "With reference to ... attached first draft preliminary drawings please review and advise [of] any comments, additions, and or corrections." On [REDACTED], Respondent sent [REDACTED] another email regarding his [REDACTED] invention. A draft patent application was attached to the email. The email stated, in part: "Please advise if any changes and/or additions are necessary. If attached meets your approval please sign and return by e-mail the Declaration.... Trademark protection may be also available"

On [REDACTED], Respondent sent [REDACTED] another email regarding [REDACTED] invention with a draft patent application attached thereto. The email stated, in part:

... we prefer not to use a declaration that has an earlier date than the specification and drawings.

* * *

Please advise if any changes and/or additions are necessary.

If attached meets your approval please sign and return by e-mail the Declaration.

* * *

Trademark protection may be also available ...

On [REDACTED], Mr. Schindler filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") for a "[REDACTED]" naming [REDACTED] as [REDACTED] inventor/applicant. On the same day, Respondent sent [REDACTED] an email stating, in part: "... your ... patent application has been filed with the United States Patent Office and has been assigned serial number: [REDACTED] ... it is prudent to file in Canada and accordingly when convenient please advise." A few weeks later, Respondent sent [REDACTED] another email regarding the [REDACTED] application stating, in part: "... we strongly suggest we file in Canada and accordingly please advise."

C. U.S. Patent Application No. 15/650,961

On March 21, 2017, Respondent sent Mr. Botero an email regarding his heat bulb invention. Two pages of drawings were attached to the email. The email stated, in part: "... please review attached 2 drawings and advise [of] any additions and/or corrections." Several days later, Respondent sent Mr. Botero another email with a draft patent application attached. The email stated, in part: "Please advise if any changes and/or additions are necessary. If attached meets your approval please sign and return by e-mail the attached Declaration.... **Trademark protection may be also available....**"

On July 16, 2017, Mr. Schindler filed U.S. Patent Application No. 15/650,961 ("the '961 application") for a "High-Pressure Heat Bulb" naming Mr. Botero as the sole inventor/applicant. That same day, Respondent sent Mr. Botero an email stating, in part: "... your ... patent application has been filed with the United States Patent Office and has been assigned serial number: 15/650,961 ... it is **prudent** to file in Canada and accordingly when convenient please advise." Over a month later, Respondent followed up with a second email stating, in part: "... we strongly suggest we file in Canada and accordingly please advise."

On March 30, 2018, the USPTO issued a non-final Office action in the '961 application rejecting all of the pending claims. On April 5, 2018, Respondent sent Mr. Botero an email regarding the '961 application. A letter from Respondent was attached to the email, which states, in part:

... please find a copy [of the] last office action and cited prior art and to avoid abandonment we must timely respond.

* * *

We apologize for erroneous[ly] charging an additional \$2130 on [REDACTED] for the response [filed in the [REDACTED] application] and according[ly] will give credit for the overcharge.

Accordingly after above credit of \$2130 the net fee to respond to this office action ... is \$1825.

Since the response will be substantial please take care of **no later than:** Monday, 16 April 2018 so that we do not approach the date of abandonment.

Please note that rather than respond to the above referenced office action with an amendment we may decide to respond with a Continuation application, Continuation-In-Part application or a refiled application (with or without priority).

... expertise is being applied to your file.

If you decide to respond please e-mail any comments or suggestions that you would like us to include in the yet to be filed response. **Accordingly, unless we hear otherwise we will assume you do not wish to proceed and the case will become abandoned.**

A couple weeks later, Respondent sent Mr. Botero an email regarding the '961 application stating in part: "... we applied a credit of \$2570 and accordingly charged \$1385 to respond."

V. Representation of [REDACTED] while suspended or excluded by the USPTO

On [REDACTED], Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") naming [REDACTED] as [REDACTED] inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler.

On [REDACTED], the USPTO issued a final Office action in the [REDACTED] application rejecting or withdrawing from consideration all of the pending claims. The USPTO mailed the final Office action to Respondent at the address at which he had authorized the USPTO to send correspondence pertaining to the [REDACTED] application. Respondent did not file a response to the [REDACTED] final Office action.

On [REDACTED], the USPTO issued a Notice of Abandonment in the [REDACTED] application. The Notice stated that the [REDACTED] "application was abandoned in view of [a]pplicant's failure to timely reply to the Office letter mailed on [REDACTED]." The USPTO mailed the Notice to Respondent at the address at which he authorized the USPTO to send correspondence pertaining to the [REDACTED] application.

On August 13, 2018, [REDACTED] told the OED that Respondent had never informed him that Respondent had been suspended or excluded from practice [REDACTED]ore the USPTO.

VI. Representation of [REDACTED] while suspended or excluded by the USPTO

On [REDACTED], Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") naming [REDACTED] as [REDACTED] inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler. The following year, the USPTO issued a non-final Office action in the [REDACTED] application rejecting all of the pending claims. The USPTO mailed the non-final Office action to Respondent at the address at which he had authorized the USPTO to send correspondence pertaining to the [REDACTED] application. Respondent did not file a reply to the non-final Office action. Then, on [REDACTED], the USPTO issued a Notice of Abandonment in the [REDACTED] application. The Notice stated that the [REDACTED] "application is abandoned in view of [a]pplicant's failure to timely reply to the Office letter mailed on [REDACTED]." This Notice was also mailed to Respondent.

██████████ stated to the OED that Respondent had never informed him that the ██████████ application had gone abandoned. ██████████ also advised the OED that Respondent had never informed him that Respondent had been suspended or excluded from practice before the USPTO. ██████████ told the OED he has continued to work with Respondent on his patent matters and that Respondent is currently handling two or three pending patent matters for him.

VII. Representation of Adel Sayed El-Hennawy and Elena Frolova while suspended or excluded by the USPTO

On March 6, 2015, Respondent filed U.S. Patent Application No. 14/641,078 (“the ’078 application”) naming Adel Sayed El-Hennawy and Elena Frolova as joint inventors/applicants. The filing included a power of attorney to Respondent and Mr. Schindler. Nearly two years later, the USPTO issued a non-final Office action in the ’078 application rejecting or withdrawing from consideration all of the pending claims. The USPTO mailed the non-final Office action to Mr. Schindler, who filed an amendment in the ’078 application on May 5, 2017. Then, on August 1, 2017, the USPTO issued a Notice of Allowance and Fee(s) Due in the ’078 application. The notice was also mailed to Mr. Schindler, who paid the issue fee in the ’078 application. The ’078 application issued as U.S. Patent No. 9,789,227.

In March 2018, Mr. El-Hennawy called Respondent because he had made an improvement on his patented invention and wanted to obtain patent protection for the improvement. Respondent told Mr. El-Hennawy that he could assist him in filing a patent application for his improvement. Mr. El-Hennawy later told the OED that Respondent quoted him a fee and was willing to accept payment to prepare and prosecute a new patent application for him. Ultimately, however, Mr. El-Hennawy decided not to hire Respondent because he had been dissatisfied with Respondent’s prior services related to the prosecution of his patent.⁷

On August 8, 2018, Mr. El-Hennawy told the OED that Respondent had never informed him that Respondent had been suspended or excluded from practice before the USPTO. Mr. El-Hennawy told the OED that he did not know Mr. Schindler and had no idea that Mr. Schindler was helping to prosecute the ’078 application.

VIII. Representation of Amer Samad while suspended or excluded by the USPTO

On June 5, 2015, Respondent filed U.S. Patent Application No. 14/732,076 (“the ’076 application”) naming Amer Samad as the sole inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler.

On May 11, 2017, Mr. Samad sent Respondent an email inquiring about the status of his patent application. On May 12, 2017, Respondent responded by email to Mr. Samad’s email stating, in part: “We have not yet received a response from the Patent Office and will advise as soon as we hear anything further.”

⁷ It is unclear what those prior services were. As alleged in the *Complaint* and admitted by Respondent, Mr. Schindler received the Notices sent by the Office and filed the necessary responses for ’078 application.

On August 7, 2017, the USPTO issued a non-final Office action in the '076 application rejecting all of the pending claims. The USPTO mailed the Office action to Respondent at the address at which he had authorized the USPTO to send correspondence pertaining to the '076 application. Two days later, Respondent sent Mr. Samad an email regarding the '076 application, which included as an attachment a letter signed by Respondent. The letter stated, in part:

... please find [a] copy of the ... office action ... that must be responded to so that the application does not become abandoned.

The fee to respond to ... [the] Office action dated 08 August 2017 [is] \$ 3385.

* * *

The response will be substantial and please take care of **no later than:** Friday, 18 August 2017 as otherwise the case could become abandoned.

Please note that rather than respond to the ... office action with an amendment we may decide to respond ... with a Continuation application, Continuation-In-Part application or a refiled application (with or without priority).

* * *

... expertise is being applied to your file.

If you decide to respond please e-mail any comments or suggestions that you would like us to include in the yet to be filed response. Prior to filing an amendment we need to discuss the details of the required amendment that must be filed as otherwise the case **will become abandoned**.

Accordingly unless we hear otherwise we will assume you do not wish to proceed and the case will become **abandoned**.

On January 8, 2018, Mr. Schindler filed a reply to the August 7, 2017 Office action in the '076 application. The reply included, *inter alia*, amendments.

On April 30, 2018, the USPTO issued a final Office action in the '076 application rejecting all of the pending claims. On May 4, 2018, Respondent sent Mr. Samad an email regarding the '076 application. Respondent attached a letter to the email, which stated, in part:

... please find a copy of ... [the] last office action and cited prior art and to avoid abandonment we must timely respond.

* * *

Drawings that were objected to are now approved. Abstract that was objected to is now approved.

* * *

We overcame: Ikesu JP 2992881

To avoid abandonment we must respond ... and ...the fee ... is \$3185.

Accordingly since the response will be substantial please take care of **no later than:** Monday, 14 May 2018 so that there is no chance of the case becoming abandoned.

Please note that rather than respond to the ... office action with an amendment we may decide to respond with a Continuation application, Continuation-In-Part application or a refiled utility or design application (with or without priority).

... expertise is being applied to your file.

If you decide to respond please e-mail any comments or suggestions that you would like us to include in the yet to be filed response.

Accordingly unless we hear otherwise we will assume you do not wish to proceed and the case will become abandoned.

On August 9, 2018, Respondent told Mr. Samad that he had someone else working on the '076 application but did not tell Mr. Samad the name of that person. The next day, Mr. Samad told the OED that Respondent had never informed him that Respondent had been suspended and excluded from practice before the USPTO. Mr. Samad stated that he continued to work directly with Respondent with respect to the prosecution of the '076 application. Mr. Samad also stated to the OED that he does not know Mr. Schindler. As of the date of the *Amended Complaint*, Respondent has not withdrawn as an attorney of record in the '076 application.

IX. Representation of [REDACTED] while suspended or excluded by the USPTO

[REDACTED] hired Respondent to perform a prior art search, and prepare and prosecute a patent application for his [REDACTED] invention. Before he hired Respondent, [REDACTED] had another patent attorney perform a prior art search with respect to his invention. The other patent attorney found some relevant prior art references but determined that [REDACTED] invention was patentable. [REDACTED] gave Respondent a copy of the prior art search performed by the other attorney. [REDACTED] told the OED that Respondent merely

adopted the prior art search performed by the other attorney and did not perform any further search even though [REDACTED] paid Respondent to perform a prior art search.

On [REDACTED], Respondent filed U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”) naming [REDACTED] as [REDACTED] inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler. Then, on [REDACTED], the USPTO issued a non-final Office action in the [REDACTED] application rejecting all of the pending claims. The USPTO mailed the Office action to Respondent. When [REDACTED] saw the [REDACTED] Office action and the prior art cited therein, he became very angry because he believed that Respondent should have discovered the prior art cited in the Office action when Respondent performed the prior art search [REDACTED] had paid him to conduct. [REDACTED] informed Respondent that he did not wish to continue pursuing a patent.

On [REDACTED], the Office issued a Notice of Abandonment in the [REDACTED] application. The Notice stated that the [REDACTED] “application is abandoned in view of [a]pplicant’s failure to timely file a proper reply to the Office letter mailed on [REDACTED].” The USPTO mailed the notice to Respondent.

On August 10, 2018, [REDACTED] told the OED that Respondent had never informed him that Respondent had been suspended or excluded from practice before the USPTO and further told the OED that he was dissatisfied with Respondent’s work with respect to the [REDACTED] application. [REDACTED] also advised the OED that Respondent had never informed him of the [REDACTED] Notice of Abandonment issued in the [REDACTED] application.

X. Representation of [REDACTED] while suspended or excluded by the USPTO

On [REDACTED], Respondent filed U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”) naming [REDACTED] as [REDACTED] inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler. Over a year later, the USPTO issued a non-final Office action in the [REDACTED] application rejecting all of the pending claims. The USPTO mailed the Office action to Respondent at the address at which he had authorized the USPTO to send correspondence pertaining to the [REDACTED] application. Mr. Schindler filed a reply, which included amendments, to the [REDACTED] Office action on [REDACTED]. Shortly thereafter, the USPTO issued a final Office action in the [REDACTED] application again rejecting all of the pending claims.

Mr. Schindler and the USPTO went back in forth for nearly a year with Mr. Schindler filing replies with amendments and the USPTO issuing non-final Office actions rejecting all pending claims. Then, on [REDACTED], the USPTO issued a final Office action in the [REDACTED] application rejecting all of the pending claims. This led to Respondent asking [REDACTED] to pay him additional fees to continue prosecuting the [REDACTED] application. The Office issued a non-final rejection of the [REDACTED] application on [REDACTED].

On August 23, 2018, [REDACTED] ([REDACTED] daughter) informed the OED that Respondent never notified her father that Respondent had been suspended or excluded from

practice before the USPTO. [REDACTED] further stated that her father never spoke to or otherwise communicated with Mr. Schindler. [REDACTED] also told the OED that her father had paid Respondent between \$30,000 and \$40,000 to prepare and prosecute the [REDACTED] application. [REDACTED] stated that Respondent did not inform her father about the Office actions that issued in the [REDACTED] application.

XI. Representation of [REDACTED] while suspended or excluded by the USPTO

On [REDACTED], Respondent filed U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”) naming [REDACTED] as [REDACTED] inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler.

On [REDACTED], the USPTO issued a non-final Office action in the [REDACTED] application rejecting all of the pending claims. Around [REDACTED], Respondent forwarded to [REDACTED] a copy of the Office action that had been issued in the [REDACTED] application. When [REDACTED] saw the prior art that was cited in the Office action, he was very angry because he believed that Respondent should have identified that prior art before he filed the [REDACTED] application. [REDACTED] was so angry with Respondent that he never communicated with Respondent again.

On [REDACTED], the USPTO issued a Notice of Abandonment in the [REDACTED] application. The Notice stated that the [REDACTED] “application is abandoned in view of [a]pplicant’s failure to timely file a proper reply to the Office letter mailed on [REDACTED].” The USPTO mailed the notice to Respondent at the address at which he had authorized the USPTO to send correspondence pertaining to the [REDACTED] application.

On August 10, 2018, [REDACTED] informed the OED that Respondent had never disclosed to him that Respondent had been suspended or excluded from practice before the USPTO. [REDACTED] told the OED that he paid Respondent a total of \$8,000 for the patent legal services rendered to him.

XII. Representation of [REDACTED] while suspended or excluded by the USPTO

On [REDACTED], Respondent filed U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”) naming [REDACTED] as [REDACTED] inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler. Several months later, the USPTO issued a non-final Office action in the [REDACTED] application rejecting all of the pending claims. [REDACTED] informed the OED that Respondent had sent him emails proposing to file an amendment in response to the [REDACTED] Office action issued in the [REDACTED] application. However, Respondent did not file a reply to the [REDACTED] non-final Office action.

On [REDACTED], the USPTO issued a Notice of Abandonment in the [REDACTED] application. The Notice stated that the [REDACTED] “application is abandoned in view of [a]pplicant’s failure to timely file a proper reply to the Office letter mailed on [REDACTED].” The USPTO

mailed the notice to Respondent at the address at which he had authorized the USPTO to send correspondence pertaining to the [REDACTED] application.

On September 4, 2018, [REDACTED] informed the OED that Respondent had never disclosed to him that Respondent had been suspended or excluded from practice before the USPTO. [REDACTED] told the OED that he wanted to file a reply with an amendment in response to the [REDACTED] Office action and to continue to pursue a patent on the claimed invention in the [REDACTED] application. [REDACTED] stated that Respondent told him that if he wanted to file a reply to the [REDACTED] Office action, [REDACTED] would have to pay Respondent a substantial amount of additional money. [REDACTED] told the OED that he believed Respondent was asking for too much money to prepare and file a reply, so [REDACTED] did not pay Respondent any additional money.

XIII. Representation of Jimmy Whitmire while suspended or excluded by the USPTO

On January 19, 2016, Respondent filed U.S. Patent Application No. 15/000,313 (“the ’313 application”) naming Jimmy Whitmire as the sole inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler.

On June 5, 2017, the USPTO issued a non-final Office action in the ’313 application rejecting all of the pending claims. Mr. Schindler filed a reply, which included amendments, to the June 5, 2017 Office action in the ’313 application. However, on September 25, 2017, the USPTO issued a final Office action in the ’313 application rejecting all of the pending claims. Neither Respondent nor Mr. Schindler filed a reply to the September 25, 2017 final Office action. As a result, on April 19, 2018, the USPTO issued a Notice of Abandonment in the ’313 application. The Notice stated that the ’313 “application is abandoned in view of [a]pplicant’s failure to timely file a proper reply to the Office letter mailed on 25 September 2017.”

On August 21, 2018, Mr. Whitmire told the OED that Respondent did inform him that Respondent had been suspended and excluded from practice before the USPTO, and also told him that Mr. Schindler would be working on his patent matter. However, Mr. Whitmire told the OED that he never spoke to or corresponded with Mr. Schindler. In addition, Mr. Whitmire stated that Respondent did not explain to him any fee division arrangement between Respondent and Mr. Schindler. Mr. Whitmire further advised the OED that Respondent did not inform him of the Office action or Notice of Abandonment issued in the ’313 application. Mr. Whitmire told the OED that Respondent did not show him or otherwise inform him of the reply filed by Mr. Schindler on September 5, 2017. Mr. Whitmire informed the OED that he had paid Respondent around \$10,000.

XIV. Representation of [REDACTED] while suspended or excluded by the USPTO

On [REDACTED], Respondent filed U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”) naming [REDACTED] as [REDACTED] inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler. A few months later, the USPTO issued a

non-final Office action in the [REDACTED] application rejecting all of the pending claims. Mr. Schindler filed a reply, which included amendments. However, on [REDACTED], the USPTO issued a final Office action in the [REDACTED] application rejecting all of the pending claims. Subsequently, on [REDACTED], the USPTO issued a Notice of Abandonment in the [REDACTED] application. The Notice stated that the [REDACTED] “application is abandoned in view of [a]pplicant’s failure to timely file a proper reply to the Office letter mailed on [REDACTED].”

On September 13, 2018, [REDACTED] informed the OED that Respondent had never disclosed to him that Respondent had been suspended or excluded from practice before the USPTO. [REDACTED] also stated to the OED that Respondent did not provide him with copies of the Office correspondence issued in the [REDACTED] application, nor did Respondent tell [REDACTED] that his patent application had been abandoned. [REDACTED] told the OED that he spoke to Respondent on the phone but never met him in person and does not know what he looks like. [REDACTED] stated that the only person he met with in person regarding his patent matter was a “Mr. Vreeland,” who he met at Mr. Schindler’s office address. [REDACTED] further advised the OED that he had never met Mr. Schindler and did not know that Mr. Schindler was filing documents in the [REDACTED] application.

[REDACTED] also told the OED that at one point Respondent asked him for more money to continue the prosecution of the [REDACTED] application. But [REDACTED] stated that he believed Respondent was just trying to “string him along” to get more money so he decided not to pay Respondent any more money.

XV. Representation of Andrew Cochran while suspended or excluded by the USPTO

On April 21, 2016, Respondent filed U.S. Patent Application No. 15/135,286 (“the ’286 application”) for a “Segmented Shaped Swim Fin” naming Mr. Cochran as the sole inventor/applicant. The filing included a power of attorney to Respondent and Mr. Schindler. That same day, Respondent also filed U.S. Patent Application No. 15/135,322 (“the ’322 application”) for a “Segmented Rounded Swim Fin” naming Mr. Cochran as the sole inventor/applicant. This filing also included a power of attorney to Respondent and Mr. Schindler.

On January 10, 2017, the USPTO issued non-final Office actions in the ’286 application and in the ’322 application rejecting all the pending claims in both. However, on February 15, 2017, Respondent sent Mr. Cochran an email regarding the ’286 application which stated, in part:

Attached please find [the] last office [action] together with your entire file from the US Patent Office.

The drawings have been approved by the patent Examiner.

Please note the fee to respond is \$3250 and to avoid abandonment please forward above fee no later than: Thursday, 23 February 2017

Please review attached file and forward any comments by above date.

A couple weeks later, Respondent sent Mr. Cochran an email regarding the '322 application stating, in part:

...[a]ttached please find [the] last office [action] together with your entire file from the US Patent Office together with the cited prior art.

The drawings have been approved by the patent Examiner.

Please note the fee to respond is **\$2725** and to avoid **abandonment** please forward above fee no later than: **Monday 13 March 2017**

Please review attached file and forward any comments by above date.

On June 12, 2017, Mr. Schindler filed a reply to the January 10, 2017 Office action in the '286 application. The reply included amendments. Respondent did the same for the '322 application. However, on November 15, 2017, the USPTO issued final Office actions in the '286 application and the '322 application rejecting all the pending claims in both. Several months later, the USPTO issued a Notices of Abandonment in both the '286 application and the '322 application.

On May 7, 2016, Mr. Schindler filed U.S. Design Patent Application No. 29/646,781 (“the '781 design application”) for a “Swim Fin” naming Mr. Cochran as the sole inventor/applicant. The application data sheet indicates that the '781 design application is a continuation of the '286 application. Mr. Schindler also filed a petition for a three-month extension of time in the '286 application for the purpose of establishing co-pendency with the '781 design application.

The next day, Mr. Schindler filed U.S. Design Patent Application No. 29/646,856 (“the '856 design application”) for a “Swim Fin” naming Mr. Cochran as the sole inventor/applicant. The application data sheet indicates that the '856 design application is a continuation of the '322 application. Mr. Schindler also filed a petition for a three-month extension of time in the '322 application for the purpose of establishing co-pendency with the '856 design application.

Several weeks later, on May 24, 2018, Respondent sent Mr. Cochran an email regarding the '286 and '322 applications stating, in part: “For both ... cases our response was to convert the utility patent applications into design patent applications. We are now waiting for the review of the 2 companion design patent applications and will advise when we receive a response.” Respondent sent Mr. Cochran another email regarding the '781 and '856 design applications a few months later. In the email, Respondent predicted that first Office actions would be issued in both applications in 20 months.

On August 15, 2018, Mr. Cochran informed the OED that Respondent had never disclosed to him that Respondent had been suspended or excluded from practice before the

USPTO. Mr. Cochran told the OED that he was not aware that the '286 and '322 applications were abandoned. Mr. Cochran said that he had spoken to Respondent on August 14, 2018, and Respondent told him that his patent matters were on track.

XVI. Respondent's representation of clients in trademark matters while suspended or excluded by the USPTO

As of July 20, 2016, Respondent has been the attorney of record in 42 U.S. Trademark Applications, namely: U.S. Trademark Application Serial Nos.: 87/051,415; 87/051,353; 87/045,048; 87/044,995; 87/044,044; 87/043,934; 87/043,822; 87/034,673; 86/963,736; 86/963,803; 86/735,553; 86/961,842; 86/828,960; 86/947,347; 86/897,628; 86/894,652; 86/151,093; 86/608,930; 86/151,014; 86/443,432; 86/443,397; 86/860,561; 86/606,019; 86/151,459; 86/871,666; 86/543,418; 86/677,478; 86/494,418; 86/332,272; 86/754,686; 86/776,642; 86/776,606; 86/776,534; 86/775,528; 86/704,475; 86/792,617; 86/704,456; 86/738,199; 86/738,155; 85/830,680; 85/855,372; and 85/855,538.

On June 21, 2016, Respondent electronically signed and filed a "Response to Office Action" in U.S. Trademark Application Serial No. 86/151,093. That same day, Respondent electronically signed and filed a "Request for Reconsideration after Final Action" in U.S. Trademark Serial Number 86/151,014. Then, on September 12, 2016, Respondent participated in an interview with a trademark examining attorney in U.S. Trademark Serial Number 87/044,044.

XVII. Respondent's fee division arrangement with Mr. Schindler

As noted *supra*, Respondent and Mr. Schindler are not members of the same law firm and maintain separate legal offices. Respondent collects fees from clients and divides those fees with Mr. Schindler. Respondent does not inform his clients about the fee division arrangement and does not obtain the clients' written consent to the fee division arrangement. Mr. Schindler confirmed this information in statements made to the OED. Mr. Schindler specifically explained that Respondent pays Mr. Schindler directly for the work Mr. Schindler performs on the clients' cases. Most of Respondent's clients also confirmed to the OED that they pay all fees directly to Respondent.

XVIII. Respondent's Handling of Client Funds

Marcia S. Kroll is Respondent's wife. On or about October 4, 2007, Marcia S. Kroll opened personal bank account number [REDACTED] ("the [REDACTED] Account") at [REDACTED], located in Kamuela, HI. Ms. Kroll is the sole signatory and holder of the [REDACTED] Account.

At least between May 22, 2016 and February 21, 2020, the [REDACTED] Account held funds of Respondent's clients in connection with representations. Respondent used this account to directly pay Mr. Schindler his portion of the legal fees Respondent collected from clients.

Specifically, the following transactions, among many others, indicate that funds of Respondent's clients were held in the [REDACTED] Account, in connection with representations:

- a. Check [REDACTED], dated July 14, 2016, made payable to "Ed Schindler" in the amount of \$350.00, and indicating on the face of the check, "[REDACTED]/DUE 7/15/16/W/3 MO EXTENTION/\$350 CK 20804;"
- b. Check [REDACTED], dated September 7, 2016, made payable to "Ed Schindler" in the amount of \$250.00, and indicating on the face of the check "[REDACTED]/1ST EXT FOR SOU/IC 009/\$150 FILING FEE + /100 SERV FEE/S/N [REDACTED];"
- c. Check [REDACTED], dated October 8, 2016, made payable to "Ed Schindler" in the amount of \$250.00, and indicating on the face of the check "CLIENT PC M/K ON 9/14/16/M/K REIMBURSED 3S \$1350 CK [REDACTED];"
- d. Check [REDACTED], dated November 17, 2016, made payable to "Ed Schindler" in the amount of \$940.00, and indicating on the face of the check, "KENNEDY 2ND M FEE/7,451,962/940 PTO;"
- e. Check [REDACTED], dated December 3, 2016, made payable to "Ed Schindler" in the amount of \$1150.00, and indicating on the face of the check, "(illegible) 3 MO EXT/15/077,095 \$1150;"
- f. Check [REDACTED], dated January 5, 2017, made payable to "Ed Schindler" in the amount of \$940.00, and indicating on the face of the check, "KRUENBACH/(illegible) MAINT FEE 7,473,213 \$940;"
- g. Check [REDACTED], dated March 8, 2017, made payable to "Ed Schindler" in the amount of \$950.00, and indicating on the face of the check, "GOODBINDER-2 CASE/15/217,656/\$750 EXT/\$200 SERV;"
- h. Check [REDACTED], dated June 6, 2016, made payable to "Ed Schindler" in the amount of \$1040.00, and indicating on the face of the check, "PETTAWAY/7,544,331/\$940 PTO/100 SFEE;"
- i. Check [REDACTED], dated September 27, 2017, made payable to "Ed Schindler" in the amount of \$1040.00, and indicating on the face of the check "SCHMITZ/URGENT DUE (illegible)/ 9/29/17 7,594,335/ 2nd MFEE/\$940 PTO \$100 ES;"
- j. Check [REDACTED], dated December 8, 2017, made payable to "Ed Schindler" in the amount of \$650.00, and indicating on the face of the check, "[REDACTED] / 650 ES/ DUE END / DEC 2017;"
- k. Check [REDACTED], dated March 8, 2018, made payable to "Ed Schindler" in the amount of \$400.00, and indicating on the face of the check, "[REDACTED] [REDACTED];"

- l. Check [REDACTED], dated June 19, 2018, made payable to “Ed Schindler” in the amount of \$425.00, and indicating on the face of the check, “[REDACTED]/DUE TUE 06/19/18/[REDACTED] (illegible) 15/\$425;”
- m. Check [REDACTED], dated September 3, 2018, made payable to “Ed Schindler” in the amount of \$1150.00, and indicating on the face of the check, “[REDACTED]/DUE WED 9/5/18/3 MO EXT/ PTO-550/ES 800;”
- n. Check [REDACTED], dated November 6, 2018, made payable to “Ed Schindler” in the amount of \$1400.00, and indicating on the face of the check, “[REDACTED]/DUE TUE 11/13/19/ 2/ 2 MO EXT/PTO 2 MO EXT 150/2ND RCE 450/ES 800;”
- o. Check [REDACTED], dated December 7, 2018, made payable to “Ed Schindler” in the amount of \$350.00, and indicating on the face of the check, “[REDACTED]/DUE FRI 12-14-18/2-ISSUE FEE +/DRAWING/PTO 250/ES 100;”
- p. Check [REDACTED], dated March 15, 2019, made payable to “Ed Schindler” in the amount of \$500.00, and indicating on the face of the check, “[REDACTED]/PTO 100/ES 400;
- q. Check [REDACTED], dated June 6, 2019, made payable to “Ed Schindler” in the amount of \$225.00, and indicating on the face of the check, “[REDACTED]/DUE TUE 6/11/19/2ND EXT/[REDACTED]/\$225/[REDACTED];”
- r. Check [REDACTED], dated July 12, 2019, made payable to “Ed Schindler” in the amount of \$2150.00, and indicating on the face of the check, “BOTERO/DUE TUE 7/23/19/W/3 MO EXT/15/650,961/PTO 700/PTO RCE 650/ES 800;”
- s. Check [REDACTED], dated September 5, 2019, made payable to “Ed Schindler” in the amount of \$650.00, and indicating on the face of the check, “BOTERO DUE BY FRI/06 SEPT/15/650,961/PTO 500 ES 150;” and
- t. Check [REDACTED], dated December 6, 2019, made payable to “Ed Schindler” in the amount of \$450.00, and indicating on the face of the check “[REDACTED] [REDACTED]”/PTO-275/ES-175.”

At least between May 22, 2016 and February 21, 2020, the [REDACTED] Account also held funds that were not related to the representation of any client, including personal funds of Respondent and personal funds of Ms. Kroll. Specifically, the following transactions, in addition to many others, indicate that funds other than client funds were held in the [REDACTED] Account:

- a. On August 8, 2016, there was a pre-authorized payment made payable to Home Depot 1704 in the amount of \$415.62;
- b. Check [REDACTED], dated November 23, 2016, made payable to Costco in the amount of \$137.00;

- c. Check [REDACTED], dated January 6, 2017, made payable to Lyle's Painting in the amount of \$1002.00;
- d. Check [REDACTED], dated March 24, 2017, made payable to Dunkirk Realty in the amount of \$1998.98;
- e. Check [REDACTED], dated September 7, 2017, made payable to Costco in the amount of \$1178.09; and
- f. Check [REDACTED], dated August 30, 2019, made payable to Foodland in the amount of \$184.42.

And, on at least one occasion, Respondent wrote a check drawn on the [REDACTED] Account without identifying the payee: Check [REDACTED], dated July 29, 2016, made payable to "Petty Cash" in the amount of \$640.00.

For the period between May 22, 2016 and February 21, 2020, Respondent did not keep the following types of records for the [REDACTED] Account:

- a. Receipt and disbursement journals containing a record of deposits to and withdrawals from the [REDACTED] Account, specifically identifying the date, source, and description of each item deposited, as well as the date, payee, and purpose of each disbursement;
- b. Ledger records for the [REDACTED] Account showing, for each separate trust client or beneficiary, the source of all funds deposited, the names for all persons for whom the funds are or were held, the amount of such funds, the descriptions and amounts of charges or withdrawals, and the names of all persons or entities to whom such funds were disbursed;
- c. Copies of retainer and compensation agreements with clients;
- d. Copies of accountings to clients or third persons showing the disbursement of funds to them or on their behalf;
- e. Copies of bills for legal fees and expenses rendered to clients;
- f. Copies of records showing disbursements on behalf of clients;
- g. The physical or electronic equivalents of all checkbook registers, bank statements, records of deposit, pre-numbered canceled checks, and substitute checks provided by a financial institution;
- h. Records of all electronic transfers from client trust accounts, including the name of the person authorizing transfer, the date of transfer, the name of the recipient and

confirmation from the financial institution of the trust account number from which money was withdrawn and the date and the time the transfer was completed;

- i. Copies of monthly trial balances and quarterly reconciliations of the client trust accounts maintained by the Respondent; and
- j. Copies of those portions of client files that are reasonably related to client trust account transactions.

Discussion⁸

In the *Complaint*, the OED Director alleges five counts of misconduct. The OED Director now moves for summary judgment on Counts I, II, and V. As to Count I, the OED Director claims Respondent engaged in unauthorized practice before the USPTO in patent and trademark matters. For Count II, the OED Director claims Respondent engaged in the impermissible division of fees by sharing legal fees with Mr. Schindler. Finally, Count V alleges Respondent engaged in misconduct by commingling client funds with non-client funds, and failing to keep necessary records for bank accounts holding client funds.

In Respondent's *Answer to the Amended Complaint*, Respondent denies few of the alleged facts but denies all the legal conclusions that Respondent's conduct constitutes violations of the USPTO disciplinary rules. In some responses, Respondent states that he does not have sufficient knowledge to admit or deny the allegation. Respondent has also raised defenses supporting his position that his conduct was permissible.

I. Respondent fails to raise a genuine dispute as to material facts on Counts I, II, and V.

The OED Director claims there is no dispute as to the material facts on Counts I, II, and V. In support, the OED Director maintains that Respondent's statements that he did not have sufficient knowledge to admit or deny certain allegations constitute admissions. As such, the OED Director contends that Respondent admitted most of the factual allegations contained in the *Amended Complaint*. Regarding some of the material allegations that Respondent specifically denied, the OED Director proffers evidence in support of the allegation and notes that Respondent cannot produce evidence in rebuttal.

First, the OED Director claims Respondent's statements that he does not have sufficient knowledge to admit or deny an allegation constitute admissions. In answering a complaint, a respondent is required to "specifically admit or deny each allegation set forth in the complaint." 37 C.F.R. § 11.36(c). Further, "[e]very allegation in the complaint that is not denied by a respondent shall be deemed to be admitted and may be considered proven." *Id.* § 11.36(d).

⁸ The Court has considered all issues and supporting documentation raised in the parties' pleadings. Those issues not discussed here are not addressed because the Court finds they lack materiality or importance to the decision.

When Respondent submitted his responses to the allegation in the *Amended Complaint*, over a year had passed since most of those allegations were first presented in the original *Complaint*. During that time, Respondent could have investigated the allegations or requested leave of Court to conduct discovery. Respondent did neither of those things and, to date, Respondent has not presented argument or evidence that the allegations he failed to specifically admit or deny are untrue. Even when faced with the possibility of summary judgment in the OED Director's favor, Respondent has not pointed to any information in pleadings, admissions, or depositions that would raise an issue as to those facts. As such, the Court is inclined to consider those allegations admitted and proven due to Respondent's failure to deny them. See Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986) (stating that summary judgment may be appropriate after there has been adequate time for discovery); Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 245 (4th Cir. 2002) (noting that the nonmoving party cannot be "lax" in pursuing discovery).

Respondent also claims that many of the allegations are hearsay. The hearing procedures dictate that the rules of evidence prevailing in courts of law and equity are not controlling in disciplinary hearings. 37 C.F.R. § 11.50(a). And, in a disciplinary proceeding, the burden of proof for both parties is "clear and convincing evidence." Id. § 11.49. As previously cited, the standard requires evidence "of such weight that it produces in the mind of the trier of fact a firm belief or conviction, without hesitancy, as to the truth of the allegations sought to be established." Jimenez v. DaimlerChrysler Corp., 269 F.3d at 450.

After reviewing the *Amended Complaint*, the Court finds that many of the alleged facts constitute hearsay. For instance, there are multiple claims that clients told the OED that Respondent failed to inform them of his suspension and exclusion or inform them that Mr. Schindler was working on their pending matters before the Office. The OED Director supports these claims by citing to the notes of the OED staff attorney who spoke with the clients.

As hearsay is admissible, and Respondent has failed to deny that his clients made such statements to the OED, the Court accepts these allegations as undisputed. However, many of these claims, on their own, are insufficient to constitute clear and convincing evidence that the alleged misconduct occurred. At best, there is no dispute that Respondent's clients made these statements to the OED staff attorney. Still, the ultimate question is whether Respondent properly informed his clients. On this issue, there is information in the Government's exhibits on summary judgment suggesting Respondent notified his clients that he had been excluded and that Mr. Schindler would be handling their pending matters before the Office.⁹ Accordingly, the Court finds the allegations that Respondent failed to inform his clients of his suspension and exclusion to be in dispute.¹⁰

⁹ Specifically, the OED Director's *Motion* is supported by an exhibit wherein Mr. Schindler informed the OED that Respondent sent a notice to his clients regarding his suspension and Mr. Schindler's participation in their representation. Of course, such statement is also considered hearsay regarding the truth of the matter asserted. However, it is sufficient to raise a genuine issue of fact.

¹⁰ This disputed issue does not affect the outcome of this ruling as the OED Director has only moved for partial summary judgment. The parties will have the opportunity to present evidence relevant to this issue at the hearing.

The OED Director also claims Respondent's denials of factual allegations are insufficient to raise issues of material fact. The OED Director, as the moving party, has the initial burden to identify portions of pleadings, depositions, answers to interrogatories, and admissions on file that he believes demonstrate the absence of a genuine issue of material fact. Celotex Corp., 477 U.S. at 323. Thereafter, Respondent must "go beyond the pleadings" and designate specific facts showing there is a genuine issue for trial. Id., at 324. Respondent may meet this burden with his own affidavits or by identifying portions of depositions, answers to interrogatories, and admissions on file that raise a genuine issue of fact. Id.

Of the material facts alleged in the *Amended Complaint* for Counts I, II and V, Respondent denied the following facts: that he collects from clients fees that are then divided with Mr. Schindler without the clients' knowledge or written acceptance of such an arrangement; that Respondent did not maintain certain, specific records for the [REDACTED] bank account, which held client funds; that he used the [REDACTED] account to receive and disburse funds related to his unauthorized practice before the USPTO; and that Respondent's principal law office is on Skyline Drive in Plainview, N.Y.¹¹

As to these facts, the OED Director cited to pleadings and documents obtained through discovery to rebut Respondent's denials. For instance, the OED Director submitted bank records obtained through a subpoena to demonstrate that Respondent deposited into the [REDACTED] account a legal fee paid to him by Mr. Botero. The records also show that, shortly thereafter, Respondent wrote a check to Mr. Schindler from the same account for a portion of the fee he collected from Mr. Botero. The OED Director also cited to documents and statements supporting the claim that Mr. Schindler told the OED that he and Respondent had a fee sharing arrangement that they did not tell clients about, and the claim that clients told the OED that they paid legal fees directly to Respondent. To support the allegation that Respondent's principal office is in Plainview, New York, Respondent produces a printout from the New York court system directory listing Respondent's an address in Plainview, New York for Respondent. Conversely, Respondent has failed to proffer any evidence or information beyond those initial denials of alleged material facts. Respondent has alleged no specific facts nor offered any evidence to confirm that he obtained clients' written consent to fee-sharing arrangements or that he kept records of client funds in his bank account, which should have been easy for him to produce if such evidence existed. For those reasons, the Court finds that Respondent has failed to raise a genuine issue as to the material facts alleged in Counts I, II, and V. See Celotex Corp., 477 U.S. at 323-24 ("One of the principal purposes of the summary judgment rule is to isolate and dispose of factually unsupported claims or defenses."); Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586-87 (1986) (noting the nonmoving party may not rest upon mere allegations or denials, but must come forward with "specific facts showing that there is a genuine issue for trial").

¹¹ Respondent also denied several factual allegations that are not material to the Court's consideration of the OED Director's *Motion*. For instance, Respondent denies the amount of legal fees some clients claim to have paid to Respondent, and that he failed to inform a client of certain correspondence issued by the Office related to their pending matters. Respondent also disputes the allegation that he intentionally used the [REDACTED] account as part of a plan to conceal his unauthorized practice before the USPTO. However, Respondent's denial of these facts does not raise an issue for trial on the limited claims pending on summary judgment. See Anderson, 477 U.S. at 249 (noting that a fact is not "material" unless it affects the outcome).

II. The OED Director is entitled to judgment as a matter of law.

The OED Director claims the undisputed material facts alleged in Counts I, II, and V, demonstrate that Respondent engaged in misconduct in violation of the USPTO disciplinary rules. For Count I, the OED Director claims he is entitled to judgment as a matter of law, because Respondent's unauthorized practice before the Office constitutes the unauthorized practice of law in violation of 37 C.F.R. §§ 11.505 and 11.804(d). As to Count II, the OED Director claims he is entitled to judgement in his favor, because Respondent impermissibly engaged in a fee sharing agreement with Mr. Schindler in violation of 37 C.F.R. § 11.105(e). Finally, the OED Director claims for Count V that Respondent's commingling of client funds in the '949 account and failure to keep necessary records for the account violate 37 C.F.R. § 11.115(a), 11.115(c), and 11.115(f).

A. The undisputed material facts demonstrate Respondent engaged in the misconduct alleged in Count I of the Amended Complaint.

As Count I of the *Amended Complaint*, the OED Director first claims that the undisputed, material facts support a finding that Respondent engaged in unauthorized practice before the Office in violation of 37 C.F.R. § 11.505. However, Respondent claims he did not violate the USPTO disciplinary rules, because he had no contact with the Office regarding his clients' patent and trademark matters after he was suspended or excluded from practice before the Office.

The USPTO disciplinary rules state that “[a] practitioner shall not practice law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction.” 37 C.F.R. § 11.505. The USPTO is considered a jurisdiction for the purposes of this rule. CHANGES TO REPRESENTATION OF OTHERS BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE, 78 Fed. Reg. 20180, 20180-01 (Apr. 3, 2013); see also *In Re Discipline of Peirce*, 128 P.3d 443,444 (Nev. 2006) (“We therefore conclude that ‘another jurisdiction’ includes the USPTO. The professional conduct rules are similar, so that what constitutes misconduct before the USPTO is misconduct in Nevada.”). Congress expressly authorized the USPTO to regulate the legal profession within its jurisdiction, see 35 U.S.C. § 5(b)(2)(D), and the USPTO has exercised this authority by issuing regulations that, among other things, require a person to obtain and maintain the OED Director's approval to engage in practice before the Office. See 32 C.F.R. part 11, subpart B (establishing criteria under which OED Director grants recognition to practice before the Office); *id.* § 11.20 (authorizing OED Director to impose disciplinary sanctions including suspension and exclusion on practitioners); *id.* § 11.58(a) (prohibiting a suspended or excluded practitioner from engaging in practice before the Office).

“Practice before the Office” includes, but is not limited to, any “law-related service that comprehends any matter connected with the presentation to the Office or any of its officers relating to a client's rights, privileges, duties, or responsibilities under the laws or regulations administered by the Office for the grant of a patent or registration of a trademark....” 37 C.F.R. § 11.5(b). Such presentations include, “preparing necessary documents in contemplation of filing the documents with the Office, corresponding and communicating with the Office, and representing a client through documents or at interviews, hearings, and meetings, as well as

communicating with and advising a client concerning matters pending or contemplated to be presented before the Office.” Id.

Respondent does not dispute the allegations that, after he was suspended and excluded by the USPTO, he continued to communicate with and advise certain clients regarding patent applications that they had pending before the Office. Such conduct constitutes practice before the Office in patent matters. 37 C.F.R. § 11.5(b)(1). Respondent also engaged in practice before the Office in trademark matters by signing and filing responses to notices from the Office related to two trademark applications, and by participating in an interview with a trademark examining attorney in a third trademark application. See id. § 11.5(b)(2) (stating that practice before the Office includes preparing necessary documents in contemplation of filing the documents with the Office, and representing a client at interviews concerning matters pending before the Office). Accordingly, the Court finds that the material facts demonstrate, by clear and convincing evidence, that Respondent violated 37 C.F.R. § 11.505 by engaging in unauthorized practice before the Office.¹²

In Count I, the OED Director also alleges Respondent’s unauthorized practice before the Office constitutes a violation of 37 C.F.R. § 11.804(d) proscribing conduct that is prejudicial to the administration of justice.

Conduct that is prejudicial to the administration of justice is “conduct which impedes or subverts the process of resolving disputes” or “frustrates the fair balance of interests or ‘justice’ essential to litigation or other proceedings.” In re Friedman, 23 P.3d 620, 628 (Alaska 2001).¹³ Generally, an attorney engages in such conduct when his behavior negatively impacts the public’s perception of the courts or legal profession or undermines public confidence in the efficacy of the legal system. Att’y Grievance Comm’n v. Rand, 981 A.2d 1234, 1242 (Md. 2009). Courts have found that the unauthorized practice of law is a serious threat to the effective administration of justice. United States v. Johnson, 327 F.3d 554, 560 (7th Cir. 2003); see also Am. Exp. Co. v. Monfort Food Distrib. Co., 545 S.W.2d 49, 52 (Tex. Civ. App. 1976) (“The purpose of the rule requiring legal matters to be handled by persons trained in the law and familiar with court procedure is to further the efficient administration of justice.”).

The undisputed material facts demonstrate that Respondent engaged in the unauthorized practice of law by practicing before the Office while suspended or excluded. As noted *supra*, such misconduct is a serious threat to the effective administration of justice. Therefore, the material facts also demonstrate, by clear and convincing evidence, that Respondent’s misconduct violates 37 C.F.R. § 11.804(d), which proscribes conduct that is prejudicial to the administration

¹² However, the Court disagrees that Respondent’s failure to withdraw from pending patent and trademark applications after his suspension and exclusion, alone, constitutes the unauthorized practice of law before the Office. Although the USPTO regulations specifically state that the specific activities listed therein are not an all-inclusive catalogue of conduct constituting practice before the Office, the general theme is that practice before the Office requires an affirmative act. Indeed, the regulations contemplate a service and use verbs such as “preparing,” “corresponding,” “communicating,” “representing,” and “advising.” See 37 C.F.R. § 11.5(b), (b)(1), and (b)(2). Therefore, the Court does not find Respondent’s failure to withdraw from pending patent and trademark applications violates 37 C.F.R. § 11.505 proscribing unauthorized practice before the Office.

¹³ Decisions issued by state bars that have adopted the ABA Model Rules after which the USPTO disciplinary rules are modelled are “useful to understanding the PTO Rules.” In re Flindt, D2016-04, n. 5 (USPTO Aug 4, 2017).

of justice. Based on the foregoing, the OED Director is entitled to judgment as matter of law for Respondent's misconduct cited in Count I of the *Amended Complaint*.¹⁴

B. The undisputed material facts demonstrate Respondent engaged in the misconduct alleged in Count II of the Amended Complaint.

As to Count II of the *Amended Complaint*, the OED Director claims the material facts demonstrate that Respondent and Mr. Schindler engaged in the impermissible division of fees in violation of 37 C.F.R. § 11.105(e).¹⁵ In response, Respondent claims the fact that he and Mr. Schindler maintained separate offices is not material to the issue of dividing legal fees. Respondent's assessment is incorrect.

The USPTO disciplinary rules include a specific provision that provides for the division of legal fees among practitioners who are not in the same law firm. This provision sets forth three requirements: (1) the division is in proportion to the services performed by each practitioner or each practitioner assumes joint responsibility for the representation; (2) the client agrees to the arrangement, including the share each practitioner will receive, and the arrangement is confirmed in writing; and (3) the total fee is reasonable. 37 C.F.R. § 11.105(e)(1)-(3).

Because Mr. Schindler and Respondent are not part of the same law firm, any time they divide client fees, they must meet all three requirements set forth in 37 C.F.R. § 11.105(e)(1)-(3) to comply with the USPTO's fee-sharing rules. As noted *supra*, Respondent failed to raise a genuine dispute as to the allegations that he divides fees collected from clients with Mr. Schindler without informing those clients about the fee division arrangement, and without obtaining the clients' written consent to the fee division arrangement, in violation of 37 C.F.R. § 11.105(e)(2). Respondent also admitted that Mr. Schindler corroborated these allegations in his communications with the OED. Finally, the OED Director presented evidence that many of the clients told the OED that they paid all legal fees directly to Respondent. Accordingly, the Court finds that the OED Director demonstrated, by clear and convincing evidence, that the undisputed material facts demonstrate Respondent engaged in impermissible fee divisions with Respondent in violation of 37 C.F.R. § 11.105(e).

C. The undisputed facts demonstrate Respondent engaged in misconduct in his handling of client funds.

For Count V, the OED Director claims the undisputed facts demonstrate Respondent had a practice of depositing legal fees paid by clients into a personal bank account in Hawaii

¹⁴ In the *Amended Complaint*, the OED Director also claims Respondent's misconduct alleged in Count I violates the USPTO disciplinary rule prohibiting practitioners from "engaging in any other conduct referenced in Count I of the Complaint that adversely reflects on the practitioner's fitness to practice before the Office." See 37 C.F.R. § 11.804(i). However, the OED Director explains that, because Respondent's liability on the previous two charges is clear, the OED Director does not at this time seek summary judgment on this third, alternative charge in Count I.

¹⁵ As with Count I, the OED Director elected not to pursue summary judgment on an alternative charge that Respondent's impermissible fee sharing with Mr. Schindler constitutes other conduct that adversely reflects on Respondent's fitness to practice before the Office in violation of 37 C.F.R. § 11.804(i).

belonging to Respondent's wife. Additionally, Respondent failed to maintain the necessary records for that account and wrote a check from that account that was payable to an unnamed payee. The OED Director claims this misconduct violates the USPTO disciplinary rules governing the safekeeping of client property.

The USPTO has specific rules governing a practitioner's handling of client funds. They require, *inter alia*, that client funds shall be kept separate from the practitioner's funds. 37 C.F.R. § 11.115(a). If the funds involve legal fees and expenses that have been paid in advance, such monies must be deposited into a client trust account and drawn upon only when fees are earned, and expenses are incurred. Id. § 11.115(c). Unless a practitioner has the consent of a client to do otherwise, the practitioner must keep client funds in a separate account maintained in the state where the practitioner's office is situated. Id. § 11.115(a).

The USPTO also has disciplinary rules extensively covering the specific requirements for accounts that hold client funds. Id. § 11.115(f). For instance, the rules list ten types of records that must be kept for client accounts. Id. § 11.115(f)(1). Additionally, the practitioner must ensure certain safeguards are in place for client trust accounts. Such measures include ensuring that only the practitioner or a person under the practitioner's direct supervision has signatory authority on the trust account, and that withdrawals are only made by check payable to a named payee. Id. § 11.115(f)(3).

Respondent admitted that client funds were deposited into a bank account, belonging to his wife, at a bank located in Hawaii, even though Respondent's principal office is in New York where he is licensed to practice. This is a violation of USPTO disciplinary rule 37 C.F.R. § 11.115(a), which requires client funds to be maintained in the state where the practitioner's office is situated. Respondent's wife is the sole signatory and holder of that account, which is a violation of disciplinary rule 37 C.F.R. § 11.115(f)(2)(i).

Some of the client funds deposited into the bank account consisted of legal fees and/or expenses that had been paid in advance. Respondent violated 37 C.F.R. § 11.115(c) by depositing such advances into his wife's account rather than a client trust account. The account also held Respondent and his wife's personal funds, in violation of 37 C.F.R. § 11.115(a) proscribing the commingling of funds. Respondent used this account to disburse funds to Mr. Schindler and to pay personal expenses. On one occasion, Respondent wrote a check drawn on the account that was made payable to "Petty Cash." In so doing, Respondent violated 37 C.F.R. § 11.115(f)(2)(iii), which requires that withdrawals from accounts holding client funds must be made by check payable to a named payee. Finally, Respondent failed to keep the requisite records required for accounts containing client funds as required by 37 C.F.R. § 11.115(a) and 37 C.F.R. § 11.115(f)(1). Accordingly, the Court finds that the OED Director has proven the allegations set forth in Count V of the *Amended Complaint* by clear and convincing evidence and is entitled to judgment as a matter of law.¹⁶

¹⁶ As with Counts I and II, the OED Director does not seek summary judgment on all the allegations contained in Count V. Specifically, the OED Director omits violations of 37 C.F.R. § 11.804(c) and (d), but reserves them for submission of additional evidence at a hearing.

D. Respondent's defenses are insufficient to excuse his misconduct.

Respondent's primary defense focuses on his understanding that his conduct was permissible. He explains that he is an attorney licensed by the state of New York, and therefore is permitted to aid Mr. Schindler in the prosecution of their clients' patent applications regardless of Respondent's suspension and exclusion. In response to the *Motion*, Respondent downplays his actions by comparing them to those of a paralegal or independent contractor, which he believes excuses his misconduct. Respondent is mistaken.

The USPTO rules provide that an excluded or suspended practitioner may act as a paralegal for another practitioner, or perform for the other practitioner services that are normally performed by laypersons. 37 C.F.R. § 11.58(e). However, specific requirements exist for such services and activities to be allowed. *Id.* In such arrangements, the excluded or suspended practitioner must be a salaried employee of the other practitioner or the other practitioner's firm, or the excluded or suspended practitioner must employ the other practitioner as a salaried employee. *Id.* § 11.58(e)(1). The excluded or suspended practitioner must also be under the supervision of the other practitioner, who must also assume full, professional responsibility to any client and the Office for any work performed by the excluded or suspended practitioner. *Id.* § 11.58(e)(2). Even if these requirements are met, the USPTO rule explicitly prohibits an excluded or suspended practitioner from communicating directly with a client of the other practitioner regarding any immediate or prospective business before the Office, and from rendering legal advice or any legal services to a client of the other practitioner regarding any immediate or prospective business before the Office. *Id.* § 11.58(e)(ii).

Based on the material facts that are not in dispute, Respondent's arrangement with Mr. Schindler did not meet the requirements set forth by the USPTO, because Respondent was neither a salaried employee nor the employer of Mr. Schindler. Rather, Respondent states in his *Response* to the OED Director's *Motion* that he and Mr. Schindler maintained separate offices, and that he acted as an independent contractor to Mr. Schindler. And despite Respondent's claim that his numerous contacts with clients was acceptable because he was acting in the capacity of Mr. Schindler's legal assistant, such direct communications are expressly prohibited due to his suspension and exclusion by the Office. Therefore, the Court finds this defense to be insufficient.

Respondent's secondary defense is that the OED Director has engaged in selective prosecution. This defense was raised in Respondent's *Answer* filed April 12, 2019. Since then, Respondent has done little to produce evidence or sufficient argument to prove this defense.

In order to prevail in a selective enforcement claim, Respondent must demonstrate that (1) he has been singled out while other similarly situated violators were left untouched; and (2) the OED Director elected to pursue this disciplinary action against Respondent "invidious[ly] or in bad faith, i.e., based upon such impermissible considerations as race, religion, or the desire to prevent the exercise of [their] constitutional rights." *United States v. Smithfield Foods, Inc.*, 969 F. Supp. 975, 985 (E.D. Va. 1997). "Evidence of mere selectivity, without more, cannot sustain a claim of selective prosecution." *United States v. Hendrickson*, 664 F. Supp. 2d 793, 798 (E.D. Mich. 2009).

Respondent has failed to cite any information from pleadings, admissions, depositions, or affidavits that would raise a question as to whether the OED Director has engaged in selective prosecution. Accordingly, Respondent's selective enforcement defense is insufficient to avoid summary judgment. See Matsushita Elec. Indus. Co., 475 U.S. at 586-87 (noting the nonmoving party may not rest upon mere allegations or denials, but must come forward with "specific facts showing that there is a genuine issue for trial").

Finally, Respondent claims that he acted on advice of counsel, because the OED refused to provide an advisory opinion as to whether his conduct was permissible. This defense was not timely raised in his initial *Answer* or his responses to the *Amended Complaint*, which was filed over a year later. See 37 C.F.R. § 11.36(c) (requiring a respondent to identify in the answer any special matter of defense or disability); Thomas v. FTS USA, LLC, No. 3:13cv825, 2016 U.S. Dist. LEXIS 82679, at *38 n.5 (E.D. Va. June 24, 2016) (noting it is proper to move for leave to add an affirmative defense prior to discovery being closed so the opposing party is afforded a chance to develop any responses during discovery and an opportunity to be heard). Raising this defense at this late juncture in the proceedings is prejudicial to the OED Director. Id. ("[I]t is only rarely that the untimely assertion of an affirmative defense will not be prejudicial."). As such, Respondent cannot rely on these defenses. 37 C.F.R. § 11.36(c) (stating that special matters of defense or disability cannot be relied upon if not appropriately pleaded in the answer).¹⁷

In summary, the Court finds there are no material facts in dispute. The OED Director has met his burden to prove that Respondent committed violations of the USPTO disciplinary rules as outlined in Counts I, II, and V of the *Amended Complaint*. Respondent has failed to raise any genuine issue as to the material facts and his defenses are insufficient to excuse his misconduct. Accordingly, the OED Director is entitled to judgment as a matter of law on Counts I, II, and V of the *Amended Complaint*.

III. Summary judgement as to the sanction is appropriate.

The OED Director claims Respondent's exclusion from practice before the Office is warranted in this case for Respondent's misconduct outlined in Counts I, II, and V of the *Amended Complaint*. As noted, there is no dispute as to the material facts in this case. Accordingly, summary judgment is also appropriate on the issue of the sanction to be imposed.

Before sanctioning a practitioner, the Court must consider the following four factors:

- (1) Whether the practitioner has violated a duty owed to a client, to the public, to the legal system, or to the profession;
- (2) Whether the practitioner acted intentionally, knowingly, or negligently;

¹⁷ Even if timely raised, Respondent still fails to proffer any facts, material or otherwise, in support of these defenses. For instance, Respondent does not state what advice he obtained from Mr. Schindler and when that advice was sought. Without such information, Respondent's defenses lack any factual support.

- (3) The amount of the actual or potential injury caused by the practitioner's misconduct; and
- (4) The existence of any aggravating or mitigating factors.

37 C.F.R. § 11.54(b).

1. Violations of Duties Owed.

Respondent violated his duties to his clients. Respondent has an obligation to serve his clients competently. This includes the requirement that Respondent maintain familiarity with the USPTO rules to include its disciplinary rules. The disciplinary rules included express language that specifically prohibited much of the misconduct in which Respondent engaged. Rather than follow the disciplinary rules, Respondent claims he decided to seek the advice of the very person who would help him engage in unauthorized practice before the Office. Additionally, Respondent violated his duty to his clients by failing to follow the USPTO's rules for safekeeping client property, such as client funds.

Respondent also violated his duty to the legal profession (specifically practitioners) by engaging in the unauthorized practice of patent matters before the Office. United States v. Johnson, 327 F.3d 554, 560 (7th Cir. 2003) ("The unauthorized practice of law poses a serious threat to the integrity of the legal profession."). Accordingly, this factor warrants a severe sanction.

2. Respondent's misconduct was intentional.

After being suspended and excluded from practice before the Office, Respondent intentionally engaged in misconduct by continuing to represent his clients in patent and trademark matters. Respondent's untimely claims that he relied on advice of counsel or that he did not have an advisory opinion from the USPTO are without merit. As a practitioner, Respondent is required to know and follow the USPTO's disciplinary rules, which include provisions governing the duties of disciplined practitioners. Moreover, Respondent cannot claim ignorance of those provisions, because the orders issued to Respondent in his prior suspension proceeding and exclusion proceeding cite to the regulation containing the provisions. Those provisions explicitly prohibited the type of misconduct Respondent engaged in after being suspended and excluded, and which is the basis for the *Amended Complaint*. Accordingly, the Court finds Respondent's misconduct was intentional, which warrants a severe sanction.

3. Respondent's misconduct caused potential injury.

The OED Director claims Respondent's misconduct caused actual injury to his clients because "he provided unauthorized legal services, and solicited and collected tens of thousands of dollars from those services, without informing his clients that he was suspended or excluded

from practice.” The OED Director further notes that “[I]n the course of this unauthorized practice, many pending patent matters went abandoned.”

The facts cited by the OED Director are not in dispute. However, without more, they lack a causal connection. In other words, the OED Director has not demonstrated whether the unauthorized nature of the legal services is the cause of the abandonment of pending patent matters. Therefore, there is insufficient proof that Respondent’s misconduct caused actual injury to his clients.

Conversely, the OED Director has demonstrated that Respondent’s misconduct caused potential injury. It is undisputed that Respondent commingled client funds, failed to implement the required safeguards for an account holding client funds, and failed to keep necessary records for that account. Such misconduct caused potential injury to Respondent’s clients. See In re Disciplinary Proceeding Against Trejo, 185 P.3d 1160, 1172 (Wash. 2008) (noting that even if the commingling of client funds did not cause an actual injury to a client, there is the potential for serious injury to clients, because commingled funds may be subject to attachment by a lawyer’s creditors). Accordingly, a severe sanction is warranted despite the lack of actual injury.

4. Aggravating and mitigating factors exist in this case.

The Court often looks to the ABA’s Standards for Imposing Lawyer Sanctions (“ABA Standards”) when determining whether aggravating or mitigating factors exist. See In re Chae, Proceeding No. D2013-01, slip op. at 4 (USPTO Oct. 21, 2013). A review of the record reveals that aggravating factors exist in this case, which include Respondent’s prior disciplinary offenses, pattern of misconduct, multiple disciplinary violations, refusal to acknowledge the wrongful nature of his conduct, and substantial experience in the practice of law.

Respondent has engaged in practice before the Office for over forty years. His extensive experience as a practitioner is an aggravating factor, because Respondent should know the USPTO’s disciplinary rules and what they require. Additionally, Respondent has been suspended on three prior occasions and previously excluded. This extensive disciplinary history is also an aggravating factor.

The undisputed facts also demonstrate Respondent engaged in a pattern of misconduct. After his suspension and exclusion, Respondent was involved with pending patent matters for over a dozen clients. Respondent also actively engaged in practice before the Office for no less than three trademark applications after he was suspended and excluded. This was not a one-off situation, but rather a pattern of misconduct that was likely to have continued indefinitely if undetected. Respondent’s misconduct also resulted in multiple violations of no less than nine disciplinary rules. These aggravating factors support a severe sanction.

Respondent has also refused to acknowledge the wrongful nature of his conduct. Respondent continues to claim that his actions were permissible without acknowledging that the USPTO disciplinary rules include specific provisions prohibiting such conduct. Respondent attempts to place blame on Mr. Schindler for advising him that his conduct was permissible, and

on the USPTO for not issuing an advisory opinion when such guidance already existed in the form of properly promulgated regulations of which Respondent should be aware. In addition, Respondent attempts to downplay his misconduct. Regarding his handling of client property, Respondent states he commingled funds out of convenience and that he did not believe it was “realistic” to comply with the USPTO’s disciplinary rules regarding the safekeeping of client property. Respondent’s cavalier attitude toward his duties and obligations as set forth in the USPTO disciplinary rules is alarming and cause for a severe sanction.

Conclusion and Order

The OED Director met his burden to prove that there exists no issue of material fact and Respondent’s misconduct constitutes violations of the USPTO disciplinary rules. In addition, after consideration of the undisputed facts, Respondent’s defenses, and the factors set forth in 37 C.F.R. § 11.54(b), the Court finds a sanction of exclusion to be warranted.¹⁸ Accordingly, the OED Director’s *Motion for Partial Summary Judgment* is **GRANTED** as to Counts I, II and V of the *Amended Complaint*, and Respondent shall be excluded from practice before the Office.

So **ORDERED**,

**ALEXANDER
FERNANDEZ**

Digitally signed by: ALEXANDER
FERNANDEZ
DN: CN = ALEXANDER FERNANDEZ C
= US O = U.S. Government OU =
Department of Housing and Urban
Development, Office of the Secretary
Date: 2021.04.05 10:22:02 -0400'

Alexander Fernández
United States Administrative Law Judge

Notice of Appeal Rights: Within thirty (30) days of this initial decision, either party may appeal to the USPTO Director. 37 C.F.R. § 11.55(a).

¹⁸ Respondent is directed to 37 C.F.R. § 11.58, which sets forth Respondent’s duties while excluded.