



**Ethics and Intellectual Property: Traps, Pitfalls,  
and Adventures in IP Lawyering**

**December 5, 2018**

**5:30 p.m. – 8:00 p.m.**

**Cantor Colburn LLP**

**Hartford, CT**

**CT Bar Institute Inc.**

CT: 2.0 CLE Credits (Ethics)  
NY: 2.0 CLE Credits (Ethics)

## Lawyers' Principles of Professionalism

As a lawyer I must strive to make our system of justice work fairly and efficiently. In order to carry out that responsibility, not only will I comply with the letter and spirit of the disciplinary standards applicable to all lawyers, but I will also conduct myself in accordance with the following Principles of Professionalism when dealing with my client, opposing parties, their counsel, the courts and the general public.

Civility and courtesy are the hallmarks of professionalism and should not be equated with weakness;

I will endeavor to be courteous and civil, both in oral and in written communications;

I will not knowingly make statements of fact or of law that are untrue;

I will agree to reasonable requests for extensions of time or for waiver of procedural formalities when the legitimate interests of my client will not be adversely affected;

I will refrain from causing unreasonable delays;

I will endeavor to consult with opposing counsel before scheduling depositions and meetings and before rescheduling hearings, and I will cooperate with opposing counsel when scheduling changes are requested;

When scheduled hearings or depositions have to be canceled, I will notify opposing counsel, and if appropriate, the court (or other tribunal) as early as possible;

Before dates for hearings or trials are set, or if that is not feasible, immediately after such dates have been set, I will attempt to verify the availability of key participants and witnesses so that I can promptly notify the court (or other tribunal) and opposing counsel of any likely problem in that regard;

I will refrain from utilizing litigation or any other course of conduct to harass the opposing party;

I will refrain from engaging in excessive and abusive discovery, and I will comply with all reasonable discovery requests;

In depositions and other proceedings, and in negotiations, I will conduct myself with dignity, avoid making groundless objections and refrain from engaging in acts of rudeness or disrespect;

I will not serve motions and pleadings on the other party or counsel at such time or in such manner as will unfairly limit the other party's opportunity to respond;

In business transactions I will not quarrel over matters of form or style, but will concentrate on matters of substance and content;

I will be a vigorous and zealous advocate on behalf of my client, while recognizing, as an officer of the court, that excessive zeal may be detrimental to my client's interests as well as to the proper functioning of our system of justice;

While I must consider my client's decision concerning the objectives of the representation, I nevertheless will counsel my client that a willingness to initiate or engage in settlement discussions is consistent with zealous and effective representation;

Where consistent with my client's interests, I will communicate with opposing counsel in an effort to avoid litigation and to resolve litigation that has actually commenced;

I will withdraw voluntarily claims or defense when it becomes apparent that they do not have merit or are superfluous;

I will not file frivolous motions;

I will make every effort to agree with other counsel, as early as possible, on a voluntary exchange of information and on a plan for discovery;

I will attempt to resolve, by agreement, my objections to matters contained in my opponent's pleadings and discovery requests;

In civil matters, I will stipulate to facts as to which there is no genuine dispute;

I will endeavor to be punctual in attending court hearings, conferences, meetings and depositions;

I will at all times be candid with the court and its personnel;

I will remember that, in addition to commitment to my client's cause, my responsibilities as a lawyer include a devotion to the public good;

I will endeavor to keep myself current in the areas in which I practice and when necessary, will associate with, or refer my client to, counsel knowledgeable in another field of practice;

I will be mindful of the fact that, as a member of a self-regulating profession, it is incumbent on me to report violations by fellow lawyers as required by the Rules of Professional Conduct;

I will be mindful of the need to protect the image of the legal profession in the eyes of the public and will be so guided when considering methods and content of advertising;

I will be mindful that the law is a learned profession and that among its desirable goals are devotion to public service, improvement of administration of justice, and the contribution of uncompensated time and civic influence on behalf of those persons who cannot afford adequate legal assistance;

I will endeavor to ensure that all persons, regardless of race, age, gender, disability, national origin, religion, sexual orientation, color, or creed receive fair and equal treatment under the law, and will always conduct myself in such a way as to promote equality and justice for all.

It is understood that nothing in these Principles shall be deemed to supersede, supplement or in any way amend the Rules of Professional Conduct, alter existing standards of conduct against which lawyer conduct might be judged or become a basis for the imposition of civil liability of any kind.

*--Adopted by the Connecticut Bar Association House of Delegates on June 6, 1994*

# Ethics and Intellectual Property: Traps, Pitfalls, and Adventures in IP Lawyering

## Introduction of the Panelists

- I. **Module I: Conflicts Issues in Representing the IP Client** **20-30 minutes**
- a. Todd Garabedian
    - i. Prospective clients, current clients, former clients, lawyers moving firms, organization as client, subject matter conflicts
  - b. Mallory Hein
    - i. Subject matter conflicts (representing two clients in same industry; trademark searches)
  - c. John Tanski
    - i. Conflicts of Interest and joint representation
  - d. Questions
- II. **Module II: Client Confidentiality** **20-30 minutes**
- a. Mike Rye
    - i. Inadvertent Disclosures
    - ii. Protecting confidential information of clients, former clients, opposing parties, and third parties
  - b. John Tanski
    - i. Protecting confidential information of clients
  - c. Todd Garabedian
    - i. Duty of disclosure v. protecting client confidential information
  - d. Questions
- III. **Module III: Ethical Issues Before and During IP Litigation** **20-30 minutes**
- a. Mike Rye
    - i. IP Investigations – trademark and copyright; communications with person represented by counsel; ethical considerations for C&D letters
  - b. Mallory Hein
    - ii. IP Investigations – trademark; communication with person represented by counsel; trademark bullying and ethical considerations for C&D letters
  - c. Todd Garabedian
    - iii. IP Investigations - patents
  - d. John Tanski
    - a. Ethical Internal Investigations
  - e. Questions
- IV. **Module IV: Ethical Issues in the Maintenance of IP Rights:  
The Duty of Candor in Renewal, Statements of Use** **20-30 minutes**
- a. Mallory Hein (USPTO and TTAB)
  - b. Mike Rye (federal court and PTAB)
  - c. John Tanski
  - d. Questions

**Moderator:** Jamie Sternberg, *Cantor Colburn LLP*, Hartford

<b>Speakers:</b>	1. Todd Garabedian	Partner, <i>Cantor Colburn LLP</i> , Hartford
	2. Michael Rye	Partner, <i>Cantor Colburn LLP</i> , Hartford
	3. John Tanski	Partner, <i>Axinn</i> , Hartford
	4. Mallory Hein	Associate, <i>McCormick, Paulding &amp; Huber LLP</i> , Hartford

# Faculty Biographies

## **Todd E. Garabedian, Ph.D.**

Cantor Colburn LLP

Partner and Vice Chair, Life Sciences Practice Group

Todd Garabedian, Ph.D. has extensive experience as an intellectual property attorney in a wide variety of disciplines related to the biological and chemical sciences, including chemistry, biochemistry, organic chemistry, pharmaceuticals, molecular biology, and materials science. Todd began his professional career as a research biochemist at the UCLA School of Medicine and thereafter at Washington State University where he worked in a variety of biological fields mainly centered around protein structure, function, and characterization. Before joining Cantor Colburn, Todd was a Partner at Wiggin and Dana LLP, advising clients in all aspects of patent law in the chemical and life science arts, including patent application preparation, prosecution, counseling, portfolio management, and legal opinions. His experience extends to trademarks, copyrights, trade secrets, and corporate transactions relating to intellectual property assets, including acquisitions, joint ventures, licensing, and other technology transfer transactions.

## **Mallory Hein**

McCormick Paulding & Huber LLP

Associate

Mallory has experience conducting and analyzing trademark availability searches, filing and prosecuting U.S. trademark and service mark applications with the U.S. Patent and Trademark Office, as well as prosecuting opposition, cancellation, and other proceedings before the U.S. Trademark Trial and Appeals Board. She also has litigation experience preparing and responding to Discovery Requests and with Motion Practice, generally. Mallory has extensive experience with new generic top-level domain name (gTLD) applications and brand protection in connection with new gTLD applications. Mallory worked as a contract lawyer for a Fortune 200 Company where she gained experience in domestic and foreign trademark enforcement and brand protection, the prosecution of new gTLD applications and the assessment of trademark portfolios for the submission of trademarks to the Trademark Clearinghouse. Mallory also has experience filing and prosecuting copyright applications with the U.S. Copyright Office, as well as performing copyright clearance/infringement review.

## **Michael J. Rye**

Cantor Colburn LLP

Partner and Litigation Department Co-chair

Michael Rye is a trial lawyer of more than 20 years' experience whose varied intellectual property litigation practice runs the gamut of litigation from injunction hearings through appeal for domestic and international clients in a wide variety of industries, which often involve complex technologies. Mike's client-oriented case management style is practical and productive. His command of the legal process involves understanding the written rules and procedures as well as the unwritten rules. He has a proven ability to solve complex legal problems through strategic planning and preparation. Mike's practice emphasizes patent litigation, but often involves trademark, trade dress, copyright, trade secrets, unfair competition, false advertising, licensing, and other related commercial and business litigation. Mike has acted as lead litigation counsel in courts throughout the United States, including multidistrict litigation and numerous Federal District courts. He co-chairs Cantor Colburn's Litigation Department.

**John Tanski**

Axinn

Partner

John Tanski represents clients in sophisticated business disputes, focusing his practice on claims of trade secret theft, unfair trade practices, anticompetitive conduct, breach of contract, fraud and breach of fiduciary duty. Clients praise his “intellectual firepower” and describe him as “a valuable counselor to the business clients as they weigh the pros and cons of the possible paths to follow.”

John’s extensive litigation experience includes winning favorable results for clients in a variety of industries ranging from manufacturing and insurance to pharmaceuticals and software. He also has significant appellate experience in both federal and state courts across the country. Before entering private practice, he served as a law clerk to the Honorable Paul J. Kelly, Jr. of the United States Court of Appeals for the Tenth Circuit.

John is active in his community, serving as the Vice Chairman of the Glastonbury Water Pollution Control Authority and as a member of the Connecticut State Advisory Committee to the United States Commission on Civil Rights. He is a former member of the Commission on Connecticut’s Leadership in Corporation and Business Law and the Tenth Circuit’s Criminal Justice Act panel. His pro bono work has included representing inmates in civil rights lawsuits in federal district court and serving as a mediator in discrimination matters for the Connecticut Commission on Human Rights and Opportunities.



# Ethics and Intellectual Property: Traps, Pitfalls, and Adventures in IP Lawyering

*Course No. EIP181205*

*Presented by: Connecticut Bar Association, Intellectual Property Section*

*December 5, 2018*

# Speakers

- Todd Garabedian, Ph.D

*Cantor Colburn LLP*



- Mallory Hein

*McCormick, Paulding & Huber LLP*



# Speakers

- Michael Rye  
*Cantor Colburn LLP*



- John Tanski  
*Axinn*







# Module I

# Client Conflicts

Prospective Clients (CT RPC 1.18, USPTO Rule 11.118)

CT RPC 1.18:

- (a) A person who consults with a lawyer concerning the possibility of forming a client-lawyer relationship with respect to a matter is a prospective client.
- (b) Even when no client-lawyer relationship, ensues, a lawyer who has learned information from a prospective client shall not use or reveal that information, except as Rule 1.9 would permit with respect to information of a former client (client consent or required by law).

*Under Subsection (a), a person becomes a prospective client by consulting with a lawyer about the possibility of forming a client-lawyer relationship with respect to a matter.*

*Subsection (b) prohibits the lawyer from using or revealing that information, except as permitted by Rule 1.9, even if the client or lawyer decides not to proceed with the representation.*

# Client Conflicts

## Prospective Clients (CT RPC 1.18, USPTO Rule 11.118)

- (c) A lawyer subject to subsection (b) shall not represent a client with interests materially adverse to those of a prospective client in the same or a substantially related matter if the lawyer received information from the prospective client that could be significantly harmful to that person in the matter, except as provided in subsection (d). If a lawyer is disqualified from representation under this paragraph, no lawyer in a firm with which that lawyer is associated may knowingly undertake or continue representation in such a matter, except as provided in subsection (d).
  - *Disqualified from representing adverse party but only if prospective client disclosed confidences and objects.*
  - *Even in the absence of an agreement, under subsection (c), the lawyer is not prohibited from representing a client with interests adverse to those of the prospective client in the same or a substantially related matter unless the lawyer has received from the prospective client information that could be significantly harmful if used in the matter.*
  - **Practice Tip:** *Limit the initial consultation to only such information as reasonably appears necessary to determine the general scope of the matter and whether there is a conflict with another client. Where the information indicates that a conflict of interest or other reason for nonrepresentation exists, the lawyer should so inform the prospective client or decline the representation (preferably in writing).*

# Client Conflicts

## Prospective Clients (CT RPC 1.18, USPTO Rule 11.118)

- (d) When the lawyer has received disqualifying information as defined in subsection (c), representation is permissible if: (1) both the affected client and the prospective client have given informed consent, confirmed in writing, or (2) the lawyer who received the information took reasonable measures to avoid exposure to more disqualifying information than was reasonably necessary to determine whether to represent the prospective client; and (i) the disqualified lawyer is timely screened from any participation in the matter; and (ii) written notice is promptly given to the prospective client.
  - *Imputation under subsection (c) attaches to other lawyers in a Firm, but, under subsection (d) (1), imputation may be avoided if the lawyer obtains the informed consent, confirmed in writing, of both the prospective and affected clients.*
  - *In the alternative, imputation may be avoided if the conditions of subsection (d) (2) are met and all disqualified lawyers are timely screened and written notice is promptly given to the prospective client.*



# Client Conflicts

Current Clients (CT RPC 1.7, 1.8, USPTO Rules 11.107, 11.108)

CT RPC 1.7:

- (a) Except as provided in subsection (b), a lawyer shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if: (1) the representation of one client will be directly adverse to another client; or (2) there is a significant risk that the representation of one or more clients will be materially limited by the lawyer's responsibilities to another client, a former client or a third person or by a personal interest of the lawyer.
- (b) Notwithstanding the existence of a concurrent conflict of interest under subsection (a), a lawyer may represent a client if: (1) the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation to each affected client; (2) the representation is not prohibited by law; (3) the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation or the same proceeding before any tribunal; **and** (4) each affected client gives informed consent, confirmed in writing.



# Client Conflicts

Current Clients (CT RPC 1.7, USPTO Rule 11.107)

Analysis of a concurrent conflict includes:

- 1) clearly identify the client or clients;
- 2) determine whether a conflict of interest exists (direct adversity or material limitation);
- 3) decide whether the representation may be undertaken despite the existence of a conflict, i.e., whether the conflict is consentable; and
- 4) if so, consult with the affected clients and obtain their informed consent, confirmed in writing.



# Client Conflicts

## Current Clients (CT RPC 1.7, USPTO Rule 11.107)

- A conflict of interest may exist before representation is undertaken, in which event the representation must be declined, unless the lawyer obtains the informed consent of each client.
- If a conflict arises after representation has been undertaken, the lawyer ordinarily must withdraw from the representation, unless the lawyer has obtained the informed consent of the client.
- Unforeseeable developments, such as changes in corporate and other organizational affiliations or the addition or realignment of parties in litigation, might create conflicts in the midst of a representation.
  - **Conflict Evaluation is an ongoing process!!**





# Client Conflicts

Former Clients (CT RPC Rule 1.9, USPTO Rule 11.109)

## CT RPC 1.9

- (a) A lawyer who has formerly represented a client in a matter shall not thereafter represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client gives informed consent, confirmed in writing.
  - The scope of the "Same or Substantially Related Matter" is often a question of degree, and are judged by the "same transaction or legal dispute" standard.
  - Applies to lawyers moving between firms (RPC 1.9(b))





# Client Conflicts

## Former Clients (CT RPC Rule 1.9, USPTO Rule 11.109)

- (b) A lawyer shall not knowingly represent a person in the same or a substantially related matter in which a firm with which the lawyer formerly was associated had previously represented a client (1) whose interests are materially adverse to that person; and (2) about whom the lawyer had acquired information protected by [confidential information] that is material to the matter; unless the former client gives informed consent, confirmed in writing.
- (c) A lawyer who has formerly represented a client in a matter or whose present or former firm has formerly represented a client in a matter shall not thereafter: (1) use information relating to the representation to the disadvantage of the former client except as these Rules would permit or require with respect to a client, or when the information has become generally known; or (2) reveal information relating to the representation except as these Rules would permit or require with respect to a client.



# Client Conflicts

Organizational Clients (CT RPC Rule 1.13, USPTO Rule 11.113)

*Remember who your client is!*      CT RPC 1.13

(a) A practitioner employed or retained by an organization represents the organization acting through its duly authorized constituents.

Patent attorney does not represent the inventors, officers, or any other individual at the organization.

# Client Conflicts

## Subject Matter Conflicts

- Two clients pursuing the same or similar technology may create a conflict.
- Only one patent can be awarded to a specific invention.
- *Maling v. Finnegan Henderson*, 473 Mass. 336 (2015)
  - Maling engaged Finnegan to procure patents on screwless eyeglasses. Finnegan obtained 4 patents for these inventions between 2003 and 2009.
  - Finnegan also represented Masunaga Optical (Japan) in the procurement of patents for screwless eyeglass technology.
  - Maling sues when he finds out Finnegan represents Masunaga, alleging harm since both clients “work in the same space” and that Finnegan did not disclose the conflict under MA Rule 1.7 (CT Rule 1.8). Finnegan moves to dismiss for failure to state a claim.
  - SJC Holding: Simultaneous representation by a law firm in the prosecution of patents for two clients competing in the same technology area for similar inventions is not a per se violation of the Rules of Professional Conduct.
  - The court stressed that representing competing companies with similar inventions could give rise to ethical violations in other factual scenarios. The opinion admonished firms to carefully police their cases to avoid conflicts, “no matter how complex such a protocol might be.”



# Module I: Client Conflicts

- Duties to prospective clients
  - Rule 1.18 (USPTO Rule 11.118)
- Conflicts among current clients
  - Rule 1.7 (USPTO Rule 11.107)
- Duties to former clients
  - Rule 1.9 (USPTO Rule 11.109)
- Representing Clients Operating in the Same Area/Industry
  - Potential Conflicts?
- Trademark Clearance Searches
  - Potential Conflicts?



# Module I: Client Conflicts

- Representing Clients Operating in the Same Area/Industry
  - Be proactive in anticipating/identifying potential conflicts
    - Run a conflict check when asked to investigate another entity
    - Run a conflict check for any new marks a client intends to apply for
    - Keep database/charts of clients in same industry (and of related companies) to reference when reviewing search reports
      - Avoid commenting/rendering opinion on strength of another client's mark



## Hypo: Existing Clients within the Same Industry

based on *Altova GMBH v. Syncro Soft SRL*, no. 17-11642-PBS (D. Mass. July 26, 2018).

- Your firm has 2 existing clients (A & B) for which it has occasionally worked on trademark matters over the last several years
- Although clients A and B have developed competing products, your firm's work with them has not become adversarial
- Your firm's work with Client A has significantly dwindled over the last few years
- This year, your firm has represented Client B with respect to a patent regarding one of its competing products
- Client B requests to bring suit against Client A for infringement on its newly patented product
- Your firm sends a letter to Client A terminating its attorney-client relationship
- To avoid the appearance of using confidential information to Client A's disadvantage, your firm erects an ethical wall so that the attorneys bringing suit against Client A would not have access to its files
- Your firm files a claim on Client B's behalf against its former Client A
- Client A files a motion to disqualify your firm



## Hypo (continued)

### Which rules of professional conduct apply?

- Rule 1.7
  - “a lawyer shall not represent a client if the representation involves a concurrent conflict of interest....the representation of one client will be directly adverse to another client”
    - Client A was still a “current client” at the time the conflict of interest arose – an attorney may not avoid the requirements of Rule 1.7 by simply dropping a client to covert it to a former one
- Rule 1.7 also “encompasses a lawyer’s duty to anticipate potential conflicts”
  - You should have known there was a significant risk that Client B’s interests would become adverse to Client A concerning their competing products no later than when Client B’s patent issued

## Hypo (continued)

- Rule 1.9

- “a lawyer who has formerly represented a client in a matter shall not thereafter represent another person in the same or substantially related matter in which that person’s interests are materially adverse to the interests of the former ”
- Even if Client A was considered a “former client” and Rule 1.7 did not apply; Rule 1.9 would apply as Client B’s interests are materially adverse to the interests of former Client A





# Hypo: Trademark Searches

- I. A new client requests a search/opinion on its proposed mark
  - You are concerned that an existing client may object to the new client's mark
  - Can you search and provide an availability opinion for the new client?
    - No – your concern that existing client may have reason to object is enough
    - Rule 1.7
      - “a lawyer shall not represent a client if the representation involves a concurrent conflict of interest... the representation of one client will be directly adverse to another client”

# Hypo: Trademark Searches

- 2. Client A's mark appears in Client B's search results
  - Is the mark relevant?
    - No – likely do not need to mention
    - Maybe/Yes – mention mark but explain that you cannot provide opinion to Client B because the mark is owned by another client; Possibly refer Client B to another firm for opinion
  - Rule 1.7
    - “a lawyer shall not represent a client if the representation involves a concurrent conflict of interest... the representation of one client will be directly adverse to another client”



## Hypothetical: *Becker Labs v. Murphy, et al.*

- Hypothetical:
  - Dr. Ted Murphy was the head of R&D for contract manufacturer Becker Labs and was instrumental in developing trade secret process improvements for manufacturing pharmaceuticals
  - Murphy recently left to become head of operations for generic drug maker CAL Therapeutics
  - CAL announced on a recent investor call that it had found a way to halve its production cost on its principal generic drug product
  - Becker has sued Murphy and CAL alleging misappropriation of trade secret information

## Hypothetical: *Becker Labs v. Murphy, et al.*

- **Can** you represent both CAL and Murphy in the trade secrets case?
  - Rule 1.13(g): “A lawyer representing an organization may also represent any of its directors, officers, employees, members, shareholders or other constituents, subject to the provisions of Rule 1.7.”



## Hypothetical: *Becker Labs v. Murphy, et al.*

- Rule 1.7:
  - Is the representation **directly adverse** to another client?
  - Is there a significant risk that the representation will be **materially limited** by duties to another or by personal interest?
  - Can you provide **competent and diligent representation** to each client?
  - Is the representation **prohibited by law**?
  - Will the representation involve an assertion by **one client against another**?



## Hypothetical: *Becker Labs v. Murphy, et al.*

- **Should** you represent both Murphy and CAL in the trade secrets case?
  - Advantages to the clients:
    - Efficiency and economy
    - Close coordination of strategy
  - Disadvantages to the clients:
    - Loss of privilege
    - Loss of latitude for unilateral action

## Hypothetical: *Becker Labs v. Murphy, et al.*

- **Should** you represent both Murphy and CAL in the trade secrets case?
  - Risks to the clients:
    - If a conflict develops, it will cause inconvenience and delay
    - Possible disincentive to complete candor







## Hypothetical: *Becker Labs v. Murphy, et al.*

- What steps should you take before assuming the joint representation?
  - Informed consent:
    - Under Rule 1.0(f), the lawyer must communicate “adequate information and explanation” about:
      - Material risks
      - Reasonably available alternatives
    - Provide an opportunity to consult with independent counsel?



## Hypothetical: *Becker Labs v. Murphy, et al.*

- What steps should you take before assuming the joint representation?
  - Under Rule 1.13(g), the person giving informed consent cannot be the joint individual client
  - Confirmation in writing
    - (Within a reasonable period of time)





# Module II



# Module II: Client Confidentiality

- Rule 1.6 – Confidentiality of Information
- Rule 1.9 – Duties to Former Clients
- Rule 1.15 – Safekeeping Property
- Rule 1.18 – Duties to Prospective Clients
- Rule 4.4 – Respect for Rights of Third Parties



# Module II: Client Confidentiality

## Rule 4.4-Respect for Rights of Third Parties

- “(a) In representing a client, a lawyer shall not use means that have no substantial purpose other than to embarrass, delay, or burden a third person, or use methods of obtaining evidence that violate the legal rights of such a person.
- (b) A lawyer who receives a document...relating to the representation of the lawyer's client and knows or reasonably should know that the document or electronically stored information was inadvertently sent shall promptly notify the sender.”

# Module II: Client Confidentiality

## Inadvertent Disclosures

- Trial Court has discretion to determine if a waiver of the attorney-client privilege has occurred and the scope of the waiver
- Detailed Inquiry:
  - Generally will require "a detailed court inquiry into the document practices of the party who inadvertently released the document."
- Party Claiming Privilege Must Show:
  - All Essential Elements
  - (1) a communications; (2) made between privileged persons; (3) in confidence; (4) for the purpose of seeking, obtaining or providing legal assistance to the clients.
  - That the inadvertent disclosure of those communications occurred even though reasonable precautions

*Harp v. King*, 266 Conn. 747, 835 A.2d 953 (2003) <sup>32</sup>



# Module II: Client Confidentiality

## Harp v. King Standard for Inadvertent Disclosure

- Places a burden on that party to demonstrate that reasonable measures were taken to reserve the confidentiality of the material that inadvertently was disclosed notwithstanding those measures;
- Allows for the recognition of waiver of the privilege when, in view of the totality of the circumstances, the party claiming the privilege has failed to take proper precautions to safeguard the confidentiality of the inadvertently disclosed material.
- Recognizes that the occasional inadvertent disclosure of privileged material is inevitable in the modern era of complex, document-intensive litigation.
- Factors:
  - Reasonableness
  - Proportionality
  - Time to Rectify Error
  - Fairness



# Module II: Client Confidentiality

## Rule 1.6 Confidentiality of Information

- (a) “A lawyer shall not reveal information relating to representation of a client unless the client gives informed consent, the disclosure is impliedly authorized in order to carry out the representation, or the disclosure is permitted by [Rule 1.6].”
- (e) “A lawyer shall make reasonable efforts to prevent the inadvertent or unauthorized disclosure of, or unauthorized access to, information relating to the representation of a client.”
  - This rule “requires a lawyer to act competently to safeguard information relating to the representation of client against inadvertent or unauthorized disclosure . . . .”
  - Perfection is not required; the lawyer must make “reasonable efforts to prevent the access or disclosure.”





# Module II: Client Confidentiality

## Rule 1.6 Confidentiality of Information Good Practices

- Relevant factors to consider if an attorney reasonable in an inadvertent disclosure situation:
  - The sensitivity of the information
  - The likelihood of disclosure absent additional safeguards
  - The difficulty of implementing additional safeguards
  - Whether additional safeguards impede the ability to represent clients

See ABA Rule 1.6 Confidentiality  
of Information Comment 17





# Module II: Client Confidentiality

## Rule 1.9(a) – Duties to Former Clients

- (a) A lawyer who has formerly represented a client in a matter shall not thereafter represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client gives informed consent, confirmed in writing.



# Module II: Client Confidentiality

## Other 1.6 Good Practices:

- Consult with clients at the outset of a representation to determine whether the client wishes to communicate by e-mail.
- Address client consent to communicate via e-mail in all fee agreements, with appropriate warnings about the risks inherent in e-mail communications.
- Include standard inadvertent disclosure language in your e-mail.
  - i.e. “This transmission may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format.”
- Use the designation “Confidential Legal Communication” in the subject of e-mails.
- Don’t use Autofill

# Module II: Client Confidentiality

## Rule 1.9(b) – Duties to Former Clients

- (b) A lawyer shall not knowingly represent a person in the same or a substantially related matter in which a firm with which the lawyer formerly was associated had previously represented a client
  - (1) whose interests are materially adverse to that person; and
  - (2) about whom the lawyer had acquired information protected by Rules 1.6 and 1.9 (c) that is material to the matter; unless the former client gives informed consent, confirmed in writing.
- Grants disqualification upon showing that:
  - The relationship between the issues in the proper and present cases is “patently clear”
  - When the issues are ‘identical’ or ‘essentially the same’

*Bergeron v. Mackler*, 225 Conn. 391, 398-99, 623 A.2d 489, 493-94 (1993)



# Module II: Client Confidentiality

## Rule 1.9 – Duties to Former Clients

- (c) A lawyer who has formerly represented a client in a matter or whose present or former firm has formerly represented a client in a matter shall not thereafter:
  - (1) use information relating to the representation to the disadvantage of the former client except as these Rules would permit or require with respect to a client, or when the information has become generally known; or
  - (2) reveal information relating to the representation except as these Rules would permit or require with respect to a client.

Conn. Rules of Prof'l Conduct 1.9



# Hypo: LIMITED RETAINER

- Plaintiff accuses Defendant of stealing trade secrets and employees to launch competitive product, which is alleged to infringe seven patents, all of which are in the same technology space.
- Firm of Defendants formerly prosecuted three of the patents that are the subject of the trade secret litigation seven years ago.
- The Firm agrees to handle the litigation regarding the four patents they didn't prosecute but not touch the three they worked on.
- The Firm agrees to create “ethic screen” from specific office that handled the prosecution.

WAS THIS ENOUGH TO CURE??



## *NASDAQ, INC. et al v. MIAMI INTERNATIONAL HOLDINGS, INC. et al*

- Same fact pattern as hypo: Former law firm of Plaintiff had prosecuted three of the seven patents but tried to represent the defendants in the other four.
- Court removed Defendant's attorneys saying this did not cure problem with representation:
  - "The passage of time does not dilute the significance of the confidences provided and the overwhelming substantial relationship"
  - "Defense counsel's attempt to 'break down' the case into discrete matters to avoid the conflict was unsatisfactory."
  - "The seven asserted patents involved the same general field of technology and the accused instrumentalities are the same for all the patent infringement claims"
- Also, the defense firm filed a single motion to dismiss patent claims with the firm representing the remaining patents, which looks...bad.



# Module II: Client Confidentiality

## Rule 4.4-Respect for Rights of Third Parties

- “(a) In representing a client, a lawyer shall not use means that have no substantial purpose other than to embarrass, delay, or burden a third person, or use methods of obtaining evidence that violate the legal rights of such a person.
- (b) A lawyer who receives a document...relating to the representation of the lawyer’s client and knows or reasonably should know that the document or electronically stored information was inadvertently sent shall promptly notify the sender.”





# Module II: Client Confidentiality

## USPTO Rule – 37 C.F.R. § 11.106 (Confidentiality of Information):

(a) A practitioner shall not reveal information relating to the representation of a client unless the client gives informed consent, the disclosure is impliedly authorized in order to carry out the representation, the disclosure is permitted by paragraph (b) of this section, or the disclosure is required by paragraph (c) of this section.

(b) A practitioner may reveal information relating to the representation of a client to the extent the practitioner reasonably believes necessary:

(2) To prevent the client from engaging in inequitable conduct before the Office or from committing a crime or fraud that is reasonably certain to result in substantial injury to the financial interests or property of another and in furtherance of which the client has used or is using the practitioner's services;

(c) A practitioner shall disclose to the Office information necessary to comply with applicable duty of disclosure provisions.



# Module II: Safeguarding Protected Information in IP Litigation

- Understanding your obligations?
  - Client's protected information
  - Third party's protected information
  - Public's interest in litigation filings
- Risks
  - Loss of trade secret and other IP protection
  - Sanctions
- Mitigation Strategies
  - Protective orders
  - Vendor audits / agreements



# Module II: Managing Inadvertent Disclosures in IP Litigation

- Preemptive Strategies to Prevent Inadvertent Disclosures and/or Mitigate Their Effect
- How to Deal with the Inadvertent Disclosure of:
  - Your Client's Privileged Information?
  - An Opposing Party's Privileged Information?
- Some Usual Suspects
  - Email chains / email forwarding
  - Invention disclosure documents
  - Due diligence documents



# Hypo: DEMO-GORGEOUS

- JNE Later Files A Patent Action Against A Competitor
- JNE Produces an Email from Nancy to Joyce Containing an Attachment Entitled “POW.doc”
- The Attachment Identifies Prior Art Products and Compares Them to the Demo-Gorgeous Concept
- You Learn that POW Stands for “Protect Our Work”
- What Should You Do?

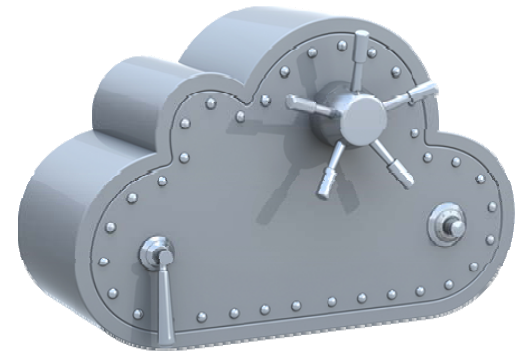


## Rule 1.6—Confidentiality of Information

- “Special circumstances, however, may warrant special precautions.”
- Is a trade secret a “special circumstance”?
  - A trade secret has independent economic value because of its secrecy
  - Loss of secrecy → loss of trade secret status → loss of value for the client

## Rule 1.6—Confidentiality of Information

- What measures are reasonable for a very valuable secret?
  - Special email procedures?
  - Electronic storage on a special server not connected to the internet?
  - Physical storage under lock and key?
  - Prohibitions on removable media?
  - Need-to-know restrictions within the firm?
- ABA Formal Opinion 477R  
(Revised May 22, 2017)





## Rule 1.6—Confidentiality of Information

- The challenge of protecting trade secrets raises difficult questions:
  - Are some trade secrets too big for a small firm?
  - Is there an inherent conflict in advising a client about the sufficiency of the firm's protections?
  - Can the lawyer negotiate to shift the cost of special protections to the client?
  - What are the lawyer's obligations when traveling internationally?
    - New York City Bar Association Formal Opinion 2017-5 (July 25, 2017)



# Client Confidentiality

- C. Duty of Disclosure vs. Protecting Confidential Client Information
  - Inherent tension between rules that sometimes appear to conflict.
  - 37 CFR 1.56, Duty to Disclose Information Material to Patentability
    - ...Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section.
  - MPEP Sec. 2001.05
    - Duties of Candor and Good Faith relating to business at the USPTO.
    - Penalties for not disclosing include invalidity or unenforceability of issued patents, findings of inequitable conduct, or other disciplinary action.
  - CT RPC 1.6, USPTO Rule 11.106, Confidentiality of Information
    - (a) Lawyer shall not disclose information relating to the representation of a client unless the client gives informed consent, the disclosure is impliedly authorized in order to carry out the representation...
    - (b) Lawyer may reveal information relating to the representation to the extent reasonably necessary to (1) prevent death or harm, (2) prevent client from engaging in inequitable conduct, (3) prevent or mitigate financial injury to another, etc.
    - USPTO Corollary to Duty of Disclosure in 11.106(c): *A practitioner shall disclose to the Office information necessary to comply with applicable duty of disclosure provisions.*



# Module III



## Module III: Ethical IP Investigations

- Elle learns of a suspected infringer selling a similar product under the brand name DEMO-GOGO
- The product is believed to be made by a Chinese company that is looking to gain foothold in the US.
- She asks you to attend this year's trade show in Las Vegas with her to scope out the potential infringer.
- At the trade show, you visit the DEMO-GOGO booth, pick up a brochure and speak with the company's President.
- What ethical issues arise from this?



# Module III: Ethical IP Investigations

- Truthfulness in Communications – Rule 4.1
- Dealing with Person Represented by Counsel – Rule 4.2
- Dealing with Unrepresented Person – Rule 4.3
- Respect for Rights of Third Persons – Rule 4.4
- Partners and those with comparable authority must hold non-lawyers they employ or retain to similar standards – Rule 5.3
- Misconduct to engage in conduct involving dishonesty, fraud, deceit or misrepresentation – Rule 8.4



# Module III: Ethical IP Investigations

- Why Conduct an IP Investigation?
  - Clearance searching/determination
  - Investigate suspected infringement
  - Secure evidence
- Ways to Reduce the Risks
  - Use non-lawyer or investigator
  - Don't seek privileged or confidential information
  - Avoid contact with high level employees
  - Limit information sought to what member of general public could access



# Module III: Ethical IP Investigations

- Rule 4.1—Truthfulness in Statements to Others
  - “In the course of representing a client a lawyer shall not knowingly . . . [m]ake a false statement of material fact or law to a third person.”
- Rule 4.2—Communication with Person Represented by Counsel
  - “In representing a client, a lawyer shall not communicate about the subject of the representation with a party the lawyer knows to be represented by another lawyer in the matter, unless the lawyer has the consent of the other lawyer or is authorized by law to do so.”



# Module III: Ethical IP Investigations

- Rule 4.3—Dealing with Unrepresented Person
  - “In dealing on behalf of a client with a person who is not represented by counsel, in whole or in part, a lawyer shall not state or imply that the lawyer is disinterested.”
  - “When the lawyer knows or reasonably should know that the unrepresented person misunderstands the lawyer’s role in the matter, the lawyer shall make reasonable efforts to correct the misunderstanding.”





# Module III: Ethical IP Investigations

- Rule 4.4—Respect for Rights of Third Parties
  - “(a) In representing a client, a lawyer shall not use means that have no substantial purpose other than to embarrass, delay, or burden a third person, or use methods of obtaining evidence that violate the legal rights of such a person.
  - (b) A lawyer who receives a document...relating to the representation of the lawyer’s client and knows or reasonably should know that the document or electronically stored information was inadvertently sent shall promptly notify the sender.”



# Module III: Ethical IP Investigations

- Rule 5.1—Responsibilities of Partners, Managers, and Supervisory Lawyers
  - “A lawyer having direct supervisory authority over another lawyer shall make reasonable efforts to ensure that the other lawyer conforms to the Rules of Professional Conduct.”
- Rule 5.3—Responsibilities Regarding Nonlawyer Assistance
  - “A lawyer having direct supervisory authority over the nonlawyer shall make reasonable efforts to ensure that the person’s conduct is compatible with the professional obligations of the lawyer.”



# Module III: Ethical IP Investigations

- Rule 5.2 – Responsibilities of a Subordinate Lawyer
  - A lawyer is responsible for a subordinate's misconduct when:
  - The lawyer orders or ratifies the misconduct
  - The lawyer knows of the misconduct at a time when its consequences can be mitigated but does not take reasonable remedial action



# Module III: Ethical IP Investigations

*Data Capture Sols. - Repair & Remarketing, Inc. v. Symbol Techs., Inc.*, No. 3:07-cv-0237 (JCH), 2008 U.S. Dist. LEXIS 83595 (D. Conn. Oct. 17, 2008)

- Plaintiff sued on the theory that defendant engaged in anti-competitive behavior by hiring Mulligan and defendant countersued arguing deceptive business practices and copyright infringement.
- Defendant then hired Mulligan, a former VP of Plaintiff, who subsequently had conversations with Defendant's counsel regarding legal strategy of the case
- Plaintiff moved to disqualify defendant's attorney for violating Rule 4.2 because Mulligan was a "represented" party and therefore counsel was prohibited from having ex parte contact with him. Alternatively, Plaintiff said attorney should be disqualified because the representation "gives rise to the presumption that Mulligan disclosed confidential and privileged information"



# Module III: Ethical IP Investigations

## Communication with Person Represented by Counsel

- Rule 4.2—Communication with Person Represented by Counsel
  - “In representing a client, a lawyer shall not communicate about the subject of the representation with a party the lawyer knows to be represented by another lawyer in the matter, unless the lawyer has the consent of the other lawyer or is authorized by law to do so.”



# Module III: Ethical IP Investigations

*Data Capture Sols. - Repair & Remarketing, Inc. v. Symbol Techs., Inc.*,  
No. 3:07-cv-0237 (JCH), 2008 U.S. Dist. LEXIS 83595 (D. Conn. Oct.  
17, 2008)

- Court dismissed both arguments
- Court ruled that Rule 4.2 does not apply to former employees
- Court also ruled that the presumption of disclosure only arises if Plaintiff can prove that Mulligan obtained confidential information about the present matter while working for the plaintiff
- Practical Tip: Discussing strategy is ok. Asking for the opposing side's strategy is not.

# Module III: Ethical IP Investigations

## Upside and Downside of Cease and Desist Letters

### Upside

- Puts the infringer on notice of the infringement
- Benefit in proving willful infringement and associated damages at trial
- May encourage infringer to cease the infringing activity
  - May initiate licensing negotiations
  - May create royalty stream from the infringer
  - May determine where the litigation takes place

### Downside

- Unless the letter is carefully drafted, the infringer may file its own action for declaratory judgment of non-infringement
- If DJ is filed first, infringer can choose jurisdiction





# Module III: Ethical IP Investigations

- **Bad Use of Cease and Desist Letters**

- Patent attorney; disciplinary complaint alleged:
- Falsely informed clients he filed patent and TM applications on their behalf and that applications were being examined.
- Created and sent clients fake filing receipts for patent applications.
- Created fake cease and desist letters allegedly sent to potential infringers.
- Created phony response to fictitious inquiry from patent examiner.
- Billed clients for services he did not perform and fees he did not pay. – Excluded from practice before the USPTO.

*In re Goldstein* (USPTO D2014-10)



# Module III: Ethical IP Investigations

- Alternatives to Cease and Desists Letters
  - **File But Don't Serve:**
    - Send your C&D letter along with a courtesy copy of the file-stamped complaint.
  - **Provide a Timeline:**
    - Provide a timeline for compliance with demands and/or negotiations prior to attempting to effectuate service.
  - **Send A Draft:**
    - Same approach as above, but accompany your C&D letter with an unfiled draft complaint.
  - **Identify Which Court:**
    - Identify the court in which you will be filing and the date you intend to file if the recipient does not comply with demands.
  - **Be Specific:**
    - It's the best way to avoid an improper anticipatory filing.



# Module III: Ethical IP Investigations

## Problems with Anticipatory Filing

### **Wrongful Anticipatory Filings**

- Such suits are disfavored because they suggest forum shopping. Mere receipt of a letter from an opposing party suggesting the possibility of legal action at some undefined point in time if settlement is not reached does not constitute a "specific, imminent threat of legal action."
  - EX: No anticipatory suit where defendant did not provide plaintiff with a draft complaint or threaten to file an infringement action by a certain date.
  - EX: First-filed action was anticipatory where plaintiff filed a declaratory judgment action five days after receiving a letter from defendant warning that a suit would be filed unless a settlement was reached within five business days
- Courts have found that "anticipatory suits are disfavored because they are aspects of forum-shopping."

## Module III: Ethical IP Investigations - Pretext Investigations

- Pretext Investigations
  - Appear to violate the plain language of many ethical rules; however, are commonly used in trademark infringement & counterfeiting cases
    - serve an important policy objective, i.e., preventing consumer confusion or deception and protecting consumers against fraud and at times against health and safety risks (counterfeit goods)
  - Generally permissible:
    - if conducted by a non-lawyer investigator;
    - only contact low-level employees without access to privileged information;
    - only seek information that an ordinary customer could obtain; and
    - for the purpose of:
      - determining if violations of intellectual property rights are occurring; and
      - collecting information regarding use/non-use/abandonment of mark.
  - Given risks, should avoid; Rather, if possible, conduct investigation without use of pretext (public records, Internet)

# Module III: Ethical IP Investigations

## Pretext Investigations – Ethics Rules:

- Rule 4.1 (USPTO 11.401) Truthfulness in Statements to Others (transactions with persons other than clients)
  - an attorney may not knowingly “make a false statement of material fact or law to a third person” when representing a client
- Rule 4.2 (USPTO 11.402) Communicated with Person Represented by Counsel
  - “In representing a client, a lawyer shall not communicate about the subject of the representation with a person the lawyer knows to be represented by another lawyer in the matter...”
- Rule 4.3 (USPTO 11.403) Dealing with Unrepresented Person
  - “In dealing on behalf of a client with a person who is not represented by counsel, a lawyer shall not state or imply that the lawyer is disinterested.”
- Rule 8.4 (USPTO 11.804) Misconduct
  - “[i]t is professional misconduct for a lawyer to ... engage in conduct involving dishonesty, fraud, deceit or misrepresentation.”
- Rule 5.3 (USPTO 11.503) Responsibilities Regarding Nonlawyer Assistance
  - “a lawyer shall be responsible for conduct of such a person that would be a violation of the Rules of Professional Conduct if engaged in by a lawyer if ... the lawyer orders or, with the knowledge of the specific conduct, ratifies the conduct involved.”



# HYPOTHESIS: Pretext Investigations

based on *Chloe v. Designersimports.com USA, Inc.* No. 07-CV-1791, 2009 U.S. Dist. LEXIS 42351 (S.D.N.Y. Apr. 29, 2009).

- Your client suspects a company is selling counterfeit handbags
- You hire a private investigator to order handbags from the company
- The private investigator uses fictitious names when ordering a number of the suspected counterfeit handbags and when interacting with sales personnel from the company
  - Does this violate Rules 4.1; 4.2; 4.3; 8.4 and/or 5.3?
    - Although appears to violate plain language of the rules, it is likely permissible for purpose of determining if violations of intellectual property rights are occurring





## Module III: Ethical IP Investigations – Trademark Bullying

- Trademark Bullying – Unethical or unreasonable tactics used to enforce trademark rights beyond a reasonable interpretation of the scope of those rights
  - Typically involves large entity with substantial financial and legal resources vs. small entity with limited resources
  - Forms of Bullying:
    - Cease and Desist letters that overstate rights/remedies
      - Use of egregious tone/language
    - Aggressive Litigation Tactics used to harass, delay, increase cost



## Module III: Ethical IP Investigations

- Trademark Bullying – Ethical Rules & Other Remedies
  - Rule 3.1 (USPTO 11.301) Meritorious Claims And Contentions
    - Prohibition against asserting frivolous claims
    - Only applies once claim is filed
  - Rule 4.1 (USPTO 11.401) Truthfulness In Statements To Others
    - Prevents attorney from making a false statement of material fact or law to a third person
    - Applies pre-litigation and once claim is filed
  - Rule 4.4 (USPTO 11.401) Respect For Rights Of Third Persons
    - Prohibits attorney from using means that have no substantial purpose other than to embarrass, delay, or burden a third person
    - Applies pre-litigation and once claim is filed
  - Rule 8.4 (USPTO 11.804) Misconduct
    - Forbids attorney from engaging in conduct involving dishonesty, fraud, deceit or misrepresentation; violating or attempting to violate the Rules of Professional Conduct; or engaging in conduct that is prejudicial to the administration of justice
    - Could apply to fraudulent statements in C&D Letters

## Module III: Ethical IP Investigations

- Trademark Bullying – Ethical Rules & Other Remedies (Continued)
  - Rule 11 Sanctions
    - Only available after litigation commenced / Not useful against bully that only sends C&D letter
    - Bullied party must spend \$ to litigate
  - Declaratory Judgment Actions
    - Allows bullied party to choose forum
    - Bullied party must spend \$ to litigate
  - Public Shaming/Public Relations Campaigns
    - C&D letters published – shame bullies into settlement
    - Example:
      - Owner of mark “MONSTER” for energy drinks sent C&D to a Vermont microbrewery selling beer under the mark “VERMONSTER”
      - Microbrewery could not afford litigation, so it posted letter on Internet and began Internet campaign against owner of “MONSTER” that led to quick settlement



## Module III: Ethical IP Investigations

- Trademark Bullying – Practice Tips to Avoid Being Labeled A “Bully”
  - Consider strength of claim and reaction of alleged infringer/public in evaluating approach to take
    - Need to enforce trademark rights/Avoid being labeled as a “bully”
    - Research alleged infringer to determine if litigious or has publically shamed other entities before
    - Do not overstate rights/remedies or use overly harsh tone/language
    - Consider tone of C&D letter/Nature of alleged infringement



## IP Investigations Pertaining to Patent Procurement

- Infringement Opinions
- State of the Art (Clearance) Searches
  - Issues arise when asked to opine on an IP asset owned by another client.
- IP Due Diligence as part of a financial transaction
  - Provide IP assets, file histories, etc.
  - Opinions covered by Attorney/Client privilege and should not be provided to third parties without client authorization and understanding of the risks.

# Maintenance of IP Rights

## IP Assets Maintained by Payment of Periodic Annuities or Maintenance Fees

- US Assets are assessed Maintenance Fees at years 4, 8, and 12 years.
- At the time of payment, must make an inquiry and re-evaluate if Patent Owner is entitled to reduced fees (Small or Micro Entity under 37 CFR 1.27)
- Failure to pay the correct fee may result in sanctions such as patent invalidity, unenforceability, or inequitable conduct.
  - 37 CFR 1.27(h) Fraud Attempted or Practiced on the Patent Office
- Non-US assets are assessed annuities (taxes) each year (Usually no Small Entity status)



## Ethical Internal Investigations

- Rule 1.13—Organization as Client
  - The organization is the client, not its officers, directors or employees.  
(Rule 1.13(a).)
  - *Upjohn* Warnings:
    - “In dealing with an organization’s directors, officers, employees, members, shareholders or other constituents, a lawyer shall explain the identity of the client when the lawyer knows or reasonably should know that the organization’s interests are adverse to those of the constituents with whom the lawyer is dealing.” (Rule 1.13(f).)





## Ethical Internal Investigations

- Rule 1.13—Organization as Client
  - The lawyer must act in the interest of the organization:
    - “If a lawyer for an organization **knows** that an officer, employee or other person associated with the organization is engaged in action, **intends to act or refuses to act** in a matter **related to the representation** that is a **violation of legal obligation** to the organization, or a **violation of law** that might be imputed to the organization, then the lawyer shall proceed as is reasonable necessary in the best interest of the organization.” (Rule 1.13(b).)





# Module IV



## Module IV: Duty of Candor/Representations to Tribunal

- Rule 3.3 (USPTO Rule 11.303)
  - “a lawyer may not knowingly”
    - “make a false statement of fact or law to a tribunal or fail to correct a false statement of material fact or law previously made to the tribunal by the lawyer”
    - “offer evidence that the lawyer knows to be false”
  - “A lawyer who represents a client in an adjudicative proceeding and who knows that a person intends to engage, is engaging or has engaged in criminal or fraudulent conduct related to the proceeding shall take reasonable remedial measures, including, if necessary, disclosure to the tribunal”
  - “In an ex parte proceeding, a lawyer shall inform the tribunal of all material facts known to the lawyer that will enable the tribunal to make an informed decision, whether or not the facts are adverse”



## Module IV: Duty of Candor/Representations to Tribunal

- The “Bose” Standard
  - After the Board’s decision in *Medinol*, applicants/registrants could be shown to have committed fraud without intending to do so resulting in the invalidation of the entire application/registration
  - Years later, Federal Circuit in *In re Bose Corp.* held that applicants/registrants must *knowingly and intentionally* make false material representations to be found to have committed fraud
  - Standard: “a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO”
    - Negligence is not enough to infer fraud
    - Fraud must be proven by clear and convincing evidence supporting an inference of deceptive intent

## Module IV: Duty of Candor/Representations to Tribunal

- Fraud in acquiring IP rights

- Required oath when filing new application stating that “to the best of the verifier’s knowledge and belief, no other person has the right to use such mark (same of confusingly similar) in commerce...”
  - Phrased in terms of subjective belief – fraud claim will fail if applicant holds an honest, good faith belief in its right to register
  - No duty to conduct trademark search or investigate marks in search report – mark appearing in search report does not mean it is being used or that the owner has superior rights
- Statement/Allegation of Use
  - applicant states mark in use for all good/services when it is not
  - Board will find fraud where it is shown that statement is false and was made with deceptive intent
  - Advise client of importance of only including goods/services that they use the mark with

## Module IV: Duty of Candor/Representations to Tribunal

- Intent-to-use Application – Lack of *bona fide* intent
  - Oppositions have been successful when lack of documentary evidence showing intent, e.g., prototypes, marketing plans, business plans, correspondence, etc.
  - Advise client on need to maintain documentary evidence of intent
  - Do not include additional goods/services in application that Applicant does not intend to use the mark with
- Fraud in Maintaining IP rights
  - Section 8 Declarations: Declarations of Use or Excusable Nonuse of mark in commerce
    - Required between 5<sup>th</sup> & 6<sup>th</sup> anniversaries of the registration and during the year before each ten year registration period expires
    - If Registrant states mark is in use for all good/services when it is not, could be found to be fraud
    - Advise client to only include goods/services that they use the mark with
    - If found to be fraud
      - Single class registration = registration susceptible to cancellation
      - Multi-class registration = registration susceptible to cancellation for only those classes in which fraud is committed (if fewer than all classes)

# Maintenance of IP Rights

- Section 15 Declarations: Incontestability

- Can be filed after 5 years of registration stating that the mark “has been in continuous use for five consecutive years subsequent to the date of registration and is still in use in commerce” and that “there has been no final decision adverse to the owner’s claim of ownership of such mark ... or to the owner’s right to register the same or to keep the same of the register” and that “there is no proceeding involving said rights pending in the Patent and Trademark Office or in a court and not finally disposed of”
- Registration susceptible to cancellation if incontestability statement found to be fraudulent



# Module IV: Duty of Candor & Representations to the Tribunal

- **Duty of Candor**
  - Rule 3.3
  - 37 C.F.R. §§ 1.56 (Duty to Disclosure Information Material to Patentability)
- **Representations to the Tribunal**
  - FRCP 11
  - 37 C.F.R. §§ 11.18, 42.11 (post-grant proceedings)
  - TMEP 600, 611.01 (Signature and Certificate)
- **Risks**
  - Client's loss of rights
  - Sanctions
  - Other disciplinary action





# Module IV: Duty of Candor & Representations to the Tribunal

## Rule 3.3(a)(1)

- Provides: "A lawyer shall not knowingly . . . make a false statement of fact or law to a tribunal or fail to correct a false statement of material fact or law previously made to the tribunal by the lawyer . . ." As stated by our Supreme Court, "Depending upon the circumstances, the rule can pertain to an attorney who fails to correct a misstatement to the court that was made in his presence by another attorney."



# Module IV: Duty of Candor & Representations to the Tribunal

## § 1.56 Duty to disclose information material to patentability.

- Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section.
- The duty to disclose information exists with respect to each pending claim until the claim is cancelled or withdrawn from consideration, or the application becomes abandoned.
- Information material to the patentability of a claim that is cancelled or withdrawn from consideration need not be submitted if the information is not material to the patentability of any claim remaining under consideration in the application.
- There is no duty to submit information which is not material to the patentability of any existing claim.



# Module IV: Duty of Candor & Representations to the Tribunal

## § 11.18 Signature and certificate for correspondence filed in the Office.

- For all documents filed in the Office in patent, trademark, and other non-patent matters, each piece of correspondence filed by a practitioner in the Office must bear a signature, **personally signed or inserted by such practitioner...**
- By presenting to the Office or hearing officer in a disciplinary proceeding (whether by signing, filing, submitting, or later advocating) any paper, the party presenting such paper, whether a practitioner or non-practitioner, is certifying that –
  - All states are true
  - Reasonable under the circumstances
    - Not to harass
    - Not for improper use
    - Non-frivolous argument

# Module IV: Duty of Candor & Representations to the Tribunal

## Federal Rules of Civil Procedure Rule 11

- Purpose:
  - Deter frivolous claims
  - Curb abuse of legal system, thereby speeding up and reducing cost of litigation
- Under Rule 11, the test is objective, and sanctions shall be imposed only when it appears that a competent attorney could not form the requisite reasonable belief as to the validity of what is asserted in the paper ... With regard to factual contentions, sanctions may not be imposed unless a particular allegation is utterly lacking in support.

*Frank v. Lovetere*, United States District Court, Docket No. 3:03CV10104 (JBA), 2005 U.S. Dist. LEXIS 37977 (D.Conn. December 29, 2005). Cited by *Sojitz Am. Capital Corp. v. Keystone Equip. Fin. Corp.*, No. HHDCV116018649S, 2013 Conn. Super. LEXIS 1437, at \*14 (Super. Ct. June 25, 2013).



# Module IV: Duty of Candor & Representations to the Tribunal

## Federal Rules of Civil Procedure Rule 11

- Under Rule 11(b), by presenting a pleading, motion or other paper to the court, counsel represents that, to the best of his or her knowledge, information and belief:
  - It is not being presented for an improper purpose
  - The claims, defenses and contentions are warranted
  - The factual contentions have—or will likely have—evidentiary support
  - The denials are warranted based on the evidence or based on a lack of information



# Module IV: Duty of Candor & Representations to the Tribunal

## Duty of Candor and Good Faith

- 37 C.F.R. 42.11:
  - Parties and individuals involved in a proceeding have “a duty of candor and good faith”
  - Every filing must include a “Rule 11”-type certification
- 37 CFR 42.11 (d) Sanctions
  - If, after notice and a reasonable opportunity to respond, the Board determines that paragraph (c) of this section has been violated, the Board may impose an appropriate sanction on any attorney, registered practitioner, or party that violated the rule or is responsible for the violation.
- 37 CFR 42.51 (Inconsistent Information)
  - (b)(1)(iii) Unless previously served, a party must serve relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency.
  - Extends to inventors, corporate officers, and persons involved in the preparation or filings of the documents or things



# Hypo: DEMO-GORGEOUS

- You File a Patent Application for Elle on June 1, 2017
- Elle Published a Paper on the Use of Reptilian Cells to Replenish Skin in a Journal, which issued June 6, 2017
- Do You Have an Obligation to Disclose the Paper to the Patent Office?
- What If You Learn that the Journal Typically Mails the Monthly Issue Before the Listed Publication Date?





## Rule 3.3—Candor to the Tribunal

- “In an ex parte proceeding, a lawyer shall inform the tribunal of all material facts known to the lawyer that will enable the tribunal to make an informed decision, whether or not the facts are adverse.” (Rule 3.3(d).)



## Rule 3.3—Candor to the Tribunal

- Mandatory requirements for an ex parte seizure order:
  - Equitable remedy allowing notice inadequate due to probable evasion
    - What if there is a difference of opinion among executives at the client?
    - What about the facts underlying those opinions?
      - (E.g., the defendant does not have a passport)



## Rule 3.3—Candor to the Tribunal

- Likelihood of success (trade secret and misappropriation)
  - What if some stakeholders have expressed doubt about the value of the trade secret?
  - What if relevant stakeholders have different definitions of the trade secret?
  - What if the investigation has uncovered holes in the client's protection?



**Questions?**