

**BEFORE THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE**

In the Matter of)
)
Michael I. Kroll,)
)
Appellant.)
_____)

Proceeding No. D2016-23

Final Order

Pursuant to 37 C.F.R. § 11.55, Michael I. Kroll (“Appellant”) has appealed the April 10, 2017 Initial Decision and Order (“Initial Decision”) of Administrative Law Judge (“ALJ”) Alexander Fernandez to the Director of the United States Patent and Trademark Office (“USPTO” or “Agency”). In that Initial Decision, the ALJ concluded that Appellant engaged in dishonesty, deceit, and misrepresentation in the preparation and prosecution of a patent application, and engaged in conduct that was prejudicial to the administration of justice when he misled his client and when he sought to avoid responsibility through agreements that did not result in full restitution to the client and that undermined the trust and confidence of the legal profession. (A.12; A.15). The ALJ found that Appellant’s misconduct violated 37 C.F.R. § 10.23(a), (b), (c)(2)(i), and 37 C.F.R. § 10.23(b)(4), as well as 37 C.F.R. §§ 10.23(b)(5), 11.804(d).¹ (A.15). After considering these violations and the relevant factors set forth in 37 C.F.R. § 11.54(b), the ALJ ordered that Appellant be excluded from practice before the USPTO in patent, trademark, and other non-patent matters.

¹ Effective May 3, 2013, the USPTO Rules of Professional Conduct (“PTO Rules”), 37 C.F.R. §§ 11.101 through 11.901, apply to persons who practice before the Office. Prior to May 3, 2013, the USPTO Code of Professional Responsibility (“PTO Code”) applied to persons practicing before the Office. *See* 37 C.F.R. §§ 10.20-10.112. Appellant engaged in misconduct that violated both the PTO Rules and the PTO Code.

In this appeal, briefs were submitted by Appellant and the Director of the USPTO Office of Enrollment and Discipline (“OED Director”).

For the reasons set forth below, the USPTO Director affirms the ALJ’s initial decision.

I. FINDINGS OF FACT

1. Appellant is an active member of the New York State Bar and has been a patent attorney registered with the USPTO since December 6, 1973. (A.21; A.68). Appellant’s USPTO registration number is 26,755. (A.21; A.68).

2. Appellant has an extensive disciplinary history, both before the USPTO and the New York State Bar. Respondent was sanctioned three times by the OED Director, in 2004, 2010, and 2015, resulting in three-year, five-year, and two-year suspensions, respectively, with the entirety of those suspensions stayed. (A.2208-13; A.2219-27; A.2240-99).

3. Appellant received Warning Letters from the OED Director in 2006, 2011, 2014, and 2015. (A.2214; A.2228-39).

4. Appellant received a Letter of Caution from the New York State Grievance Committee in 2002, with the admonition “to hereafter devote the proper attention to legal matters entrusted to you, and must communicate with your clients adequately.” (A.2206-07). In 2006, Appellant was publicly censured by the New York State Bar. (A.2215-18).

Respondent’s Prosecution of the ‘576 Application and the [REDACTED] Application

5. Around April 19, 2005, Mr. Charles Neault asked Appellant about the patentability of his automotive windshield sun visor invention (the “Solar Sun Shield Visor”) which was made of a static-cling material.² (A.30; A.72).

² The idea for this invention originated approximately 20 years ago and, at that time, consisted of “a flat piece of cardboard with notches so you could measure and cut around the mirror, and suction cups that you could actually place in the back of the mirror, between the visors, to block out the sun that sometimes hits you between the visors.” (A.2311).

6. On May 5, 2005, Appellant advised that he could definitely obtain a patent, and Appellant could “offer a full money back guarantee” if he failed to obtain the patent. (A.30; A.72; A.1064; A.2317).

7. Mr. Neault hired Appellant and on November 30, 2005, signed a Verified Statement and a Declaration and a Power of Attorney related to the patent application for the Solar Sun Shield Visor invention. (A.768-69).

8. On March 9, 2006, Appellant filed U.S. Patent Application No. 11/371,576 (“the ‘576 Application”) for the Solar Sun Shield Visor invention. (A.31; A.72; A.728-99).

9. Mr. Neault paid Appellant a total of \$10,115.00 in fees and costs for the ‘576 Application. (A.1004; A1007).

10. On May 26, 2006, the USPTO issued an Office Action rejecting the ‘576 Application because it was anticipated by prior inventions. (A.801-06).

11. On August 10, 2006, Appellant submitted an amended ‘576 Application, adding an “attachment guide” specification for aiding in attaching the device to the windshield of a vehicle. (A.31; A.72; A.811-18). By adding this specification, only devices that include such a feature would be found to infringe on the patent. (A.1301-02).

12. On January 16, 2007, the USPTO issued U.S. Patent Number 7,163,252 (“the ‘252 Patent”) on the amended ‘576 Application. (A.31; A.72; A.830).

13. Around June 4, 2007, Appellant assured Mr. Neault that the ‘252 Patent prevents others from producing a static-cling sun shade, but did not tell him the limitations related to the attachment guide feature. (A.31; A.1103; A.2327).

14. Relying on the Appellant's statement, Mr. Neault spent approximately \$30,000 to manufacture and market his Solar Sun Shield Visor invention. (A.1005; A.1000-24; A.2327-28; A.2334).

15. In May 2008, Mr. Neault identified a third party who was manufacturing a product similar to his Solar Sun Shield Visor invention—a product involving a static cling material to block the sun glare between visors—and consulted with Appellant regarding a potential cease-and-desist letter. (A.32; A.73; A.1105-12; A.1114; A.1116-24; A.2329). In response, Appellant informed Mr. Neault that the '252 Patent only covered "the measuring system itself" and not the static cling material and, therefore, there was no infringement. (A.2330; A.2334).

16. In June 2009, Mr. Neault asked Appellant whether a device similar to the '252 Patent, but with the addition of perforations to provide shade while allowing visibility ("the [REDACTED]"), would be patentable. (A.32; A.73; A.1126; A.2336). In response, on November 23, 2009, Appellant advised that the chances of patentability were excellent. (A.1131-32). Appellant confirmed that he could offer "a full [money] back guarantee" if he failed to obtain a patent for the invention. (A.1133; A.1136-37; A.2336).

17. Appellant did not inform Mr. Neault that the '252 Patent had already disclosed a perforated device and that this presented a significant obstacle to obtaining broad patent protections. (A.1131-32).

18. Mr. Neault hired and paid Appellant a total of \$11,068.00 in fees and costs to prepare, file, and prosecute a patent application for the [REDACTED]. (A.1005; A.1007).

19. On March 10, and April 10, 2010, Appellant sent Mr. Neault draft applications with drawings for the invention showing perforations with parallel walls. (A.1142-54; A.1156-86).

20. After reviewing the original draft, Mr. Neault raised concerns regarding the thickness of material identified in Figure 7 of the application. (A.1155; A.2345). Appellant reassured Mr. Neault that this was done to highlight the perforations in the figure. (A.2346).

21. Soon thereafter, Appellant told Mr. Neault that he would forward one final draft application, that there would be no material changes to that application, and that Mr. Neault should sign the Declaration in the application and return the documents to Appellant as soon as possible. (A.2349-50).

22. On June 22, 2010, Appellant sent Mr. Neault a final draft of the patent application for his signature before filing. (A.1189-218). In this draft, however, the drawings showed diverging/angled perforations instead of parallel walls that were not present in previous drafts. (A.34; A.74; A.1149; A.1173; A.1199; A.1213).

23. Appellant did not inform Mr. Neault that he had made changes to the final draft of the application to include diverging/angled perforations instead of perforations with parallel walls. (A.2349-50).

24. When Mr. Neault received the document, he did not review it line-by-line. (A.2351). However, he did review the document and “didn’t really seem to notice changes on it. And as [Mr. Kroll] told me how important it was to get it right back in, I glanced through them, read them rapidly and put them right back in the mail to him.” (A.2351).

25. On July 5, 2010, Mr. Neault signed a Declaration for the patent stating that “I hereby state that I have reviewed and understand the contents of the above identified specification, including the claims, as amended by any amendment referred to above.” (A.884; A.1291).

26. On September 1, 2010, Appellant filed U.S. Patent Application No. [REDACTED] (“the [REDACTED] Application”) for the [REDACTED] invention, containing the diverging/angled perforations. (A.34; A.74; A.854-88; A.1254-92).

27. On September 5, 2012, the USPTO issued a non-final Office Action on the [REDACTED] Application that included a rejection based on the ‘252 Patent. (A.34; A.74; A.921-28; A.1231-38). By way of an example, the Office Action states “Claims 1-8, as best understood, are rejected under 35 U.S.C. 102(b) as being anticipated by Neault [7,163,252].” (A.924).

28. On December 31, 2012, Appellant filed a response to the Office Action, noting that the invention was new because it included diverging/angled perforations. (A.934-38).

29. On February 4, 2013, the USPTO issued a Final Office action including a rejection of the claims of the [REDACTED] Application relying on the ‘252 Patent. (A.37; A.75; A.940-44). For example, it states “Claim(s) 11-2, 4, 6-8 are rejected under 35 U.S.C. 102(b) as being anticipated by Neault [7,163,252].” (A.943).

30. Appellant filed a Response to the Final Office Action, which included a further amendment to the [REDACTED] Application to emphasize the diverging/angled perforations and arguing that this distinguished the [REDACTED] Application from the ‘252 Patent. (A.37; A.75; A.945-59).

31. On November 13, 2013, the USPTO issued a Notice of Allowance for the [REDACTED] Application. (A.37; A.75; A.974-82).

32. When Mr. Neault reviewed the Notice of Allowance, he realized for the first time that the diverging/angled perforations had been added to the claims and was the reason for the application’s approval. (A.2370).

33. Because of the diverging/angled perforations, Mr. Neault found the device described in the [REDACTED] Application to be commercially useless and he did not pay the fees necessary for the patent to be issued. (A.2371).

34. On February 27, 2014, the USPTO issued a Notice of Abandonment in the [REDACTED] Application based on the failure to pay the additional fees. (A.38; A.76; A.996).

Appellant's Actions to Resolve Mr. Neault's Complaints

35. On October 2, 2012, Mr. Neault sent an email to Appellant to, *inter alia*, express his frustration with Appellant's communication regarding the scope of his claims for the [REDACTED] Application. (A.35; A.74; A.1294). Mr. Neault also referenced Appellant's prior November 26, 2009 promise of a money-back guarantee. (*Id.*).

36. On October 4, 2012, Appellant responded that "[w]e will refund the fees paid if we are unsuccessful with your patent." (A.35; A.74; A.1295) (alteration in original).

37. On October 5, 2012, Mr. Neault responded to Appellant's October 4, 2012 letter, citing concerns regarding the scope of the November 26, 2009 money-back guarantee and expressing frustration that the scope of the money back guarantee was not covering "all payments." (A.35; A.75; A.1296). On that same date, Appellant sent an email to Mr. Neault in which he confirmed that ". . . we agree to refund all fees paid (not only the recently paid response fee) for [the [REDACTED] application] if we are unable to obtain a patent." (A.35; A.75; A.1296) (alteration in original).

38. On October 6, 2012, Mr. Neault told Appellant that he was considering filing an ethical grievance regarding Appellant's representation in connection with the '252 Patent. (A.1298).

39. On October 9, 2012, Mr. Neault sent a letter to Appellant addressing the claim scope of the '252 Patent and requesting records regarding charges and payments relating to the representation." (A.35; A.75; A.1299). The letter also informed Appellant that Mr. Neault was aware of his prior disciplinary history. (A.1299).

40. On October 25, 2012, Mr. Neault obtained an independent opinion confirming that the '252 Patent could not be used to prevent others from manufacturing a static-cling sun shade absent the attachment guide feature. (A.36; A.75; A.1301-2). Specifically, "it is clear that another can sell a static cling glare shield without 'an attachment guide' and 'a grid measuring device' and not infringe your patent." (A.1301).

41. On November 21, 2012, Mr. Neault sent the opinion to Appellant with a letter requesting a refund of fees and costs for the '252 Patent. (A.36; A.75; A.1303-06).

42. On November 22, 2012, Appellant admitted that the '252 Patent did not protect Mr. Neault and he offered to refund one-half of the fees paid. (A.1307).

43. On January 9, 2013, Mr. Neault again requested a full refund from Appellant. (A.1308).

44. On January 24, 2013, Mr. Neault and Appellant agreed that Mr. Neault would not file an ethics grievance regarding Respondent's handling of the '252 Patent in exchange for Appellant refunding \$6,000, in \$2,000 installments payable on January 31, 2013, February 28, 2013, and March 31, 2013. (A.36; A.75; A.1309). This amount was less than \$10,115.00 in fees and costs he paid Appellant in connection with the '576 Application/'252 Patent. (A.1004; A1007).

45. Mr. Neault drafted a document for Appellant's signature memorializing the terms of the agreement reached on the phone. (A.36; A.75; A.1312). The document also stated "[u]pon

satisfaction of the payments and letter, we will tear up any and all paperwork prepared to file any [ethical] complaints.” (A.36; A.75; A.1312) (alterations in original). Mr. Neault sent the agreement and Appellant signed the agreement with a few minor changes. (A.1312).

46. Mr. Neault received checks dated February 15, 2013, March 4, 2013, and April 19, 2013, from Appellant. (A.37; A.75; A.1313; A.1316; A.1321).

47. Between November 20 and January 27, 2014, Mr. Neault and Appellant discussed the modifications Appellant had made to the [REDACTED] Application and Appellant’s lack of communication regarding the issue. (A.1331-37; A.1340; A.1342-44). Appellant stated his view that Mr. Neault that he “signed off” on the changes. (A.1332; A.1337; A.1340). Mr. Neault told Appellant that the changes to the [REDACTED] Application were “not mentioned” to him and he believed in was incumbent on Appellant to advise him “that the revision included a major change to [his] invention, one that renders [him] no protection at all.” (A.1342). Mr. Neault later reiterated to Appellant in an email dated February 12, 2014 that he believed Appellant had a “fiduciary duty to point out the change” Appellant made to the application text and drawings, especially because the changes are difficult to see. (A.1358).

48. On February 2, 2014, Mr. Neault sought a refund for the mishandling of the [REDACTED] Application.

49. On February 13, 2014, Mr. Neault told Appellant that he would file a disciplinary complaint and Appellant responded, asking “please don’t.” (A.1361). Appellant then emailed Mr. Neault on February 14, 2014 providing information regarding Mr. Neault signing off on the changes to the [REDACTED] Application and again offered to settle with a refund if Mr. Neault would not file an ethics grievance. (A.1364-65).

50. On March 3, 2014, Mr. Neault sent Appellant an email stating that he would be filing an ethics grievance if he did not hear from Appellant in two days. (A.38; A.76; A.1385).

51. On March 4, 2014, Appellant and Mr. Neault agreed that Appellant would pay a total refund of \$6,000 in six installment payments, and, in exchange, Mr. Neault would not file an ethics grievance regarding the [REDACTED] Application. (A.1387). Appellant told Mr. Neault to write up an agreement and send it to him. (*Id.*).

52. On March 5, 2014, Mr. Neault sent to Appellant a settlement agreement memorializing their conversation and the terms of their agreement. (A.1392-94).

53. On March 17, 2014, Appellant confirmed the receipt of the written agreement and Mr. Neault's voice mail messages of March 4 and 17, 2014, and further stated "[w]e are reviewing the file and will advise." (A.1409-10).

54. On April 28, 2014, Appellant told Mr. Neault that he could not afford to make the payments and could not sign the agreement. (A.1422).

55. On June 6, 2014, Mr. Neault's wife contacted Appellant, and Appellant again agreed to pay Mr. Neault a total of \$6,000, in \$500 monthly increments starting July 17, 2014. (A.1423).

56. On June 17, 2014, Mr. Neault's wife sent an email setting forth the terms of the agreement. (A.1426).

57. Mr. Neault and his wife contacted Appellant to check on the status of the agreement and payments multiple times. (A.1427-32).

58. There is no evidence that Appellant signed the agreement Mr. Neault had sent him in March, or that he refunded Mr. Neault any of the fees and costs relating to the [REDACTED] application.

59. On January 5, 2015, the Office of Enrollment and Discipline received Mr. Neault's grievance regarding Respondent's representation of him. (A.997).

II. OED DISCIPLINARY PROCEEDING

The OED Director filed a Complaint and Notice of Proceedings under 35 US.C. § 32 (“Complaint”) with the ALJ on April 25, 2016, alleging that Appellant committed multiple violations of the USPTO Code of Professional Responsibility (“PTO Code”) and Rules of Professional Conduct (“PTO Rules”) in connection with patent services provided to his client, Charles Neault. (A.30-41). Specifically, the OED Director alleged that Appellant engaged in misconduct described as follows:

(a) engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation by, *inter alia*, making changes to the [REDACTED] Application, pre-filing and during prosecution, without his client’s knowledge or authorization, in violation of 37 C.F.R. § 10.23(b)(4) of the USPTO Code of Professional Responsibility;

(b) engaging in conduct that is prejudicial to the administration of justice by offering to pay money and paying money to his client in exchange for the client refraining from filing an ethics grievance, in violation of 37 C.F.R. § 10.23(b)(5) of the USPTO Code of Professional Responsibility;

(c) engaging in conduct that adversely reflects on a practitioner’s fitness to practice before the Office by making changes to the [REDACTED] Application, pre-filing and during prosecution, without his client’s knowledge or authorization, and by offering to pay money and paying money to his client in exchange for the client refraining from filing an ethics grievance, in violation of 37 C.F.R. § 10.23(b)(6) of the US PTO Code of Professional Responsibility;

(d) knowingly giving false or misleading information to a client in connection with any immediate, prospective, or pending business before the Office by making changes to the [REDACTED] application, pre-filing, and during prosecution, without his client’s knowledge or authorization in

violation of 37 C.F.R. § 10.23(a) and (b) via (c)(2)(i) of USPTO Code of Professional Responsibility;

(e) engaging in conduct that is prejudicial to the administration of justice by offering to pay money to his client in exchange for the client refraining from filing an ethics grievance, in violation of 37 C.F.R. § 11.804(d) of the USPTO Rules of Professional Conduct; and/or

(f) engaging in conduct that adversely reflects on a practitioner's fitness to practice before the USPTO by offering to pay money to his client in exchange for the client refraining from filing an ethics grievance in violation of 37 C.F.R. § 11.804(i) of the USPTO Rules of Professional Conduct. (A.30-41).³

Appellant responded to the Complaint on June 15, 2016. (A.68-79). Thereafter, a hearing in this matter was held October 26, 2016 in Washington, D.C. (A.2417-35). Appellant did not appear at the hearing. (A.2418-22). Prior to the hearing date, Charles Neault's testimony was taken by videotape deposition on October 14, 2016 and it was admitted into evidence by the ALJ. (A.2300-98; A.2427). Post-hearing briefs were filed by both parties. (A.709-24).

III. INITIAL DECISION BY ADMINISTRATIVE LAW JUDGE

On April 10, 2017, the ALJ issued the Initial Decision in this matter. (A.4-19). In that Initial Decision, the ALJ determined that the OED Director clearly and convincingly established that Appellant violated 6 of USPTO's disciplinary rules. (A.15). The particular misconduct that Appellant engaged in stemmed from Appellant engaging in dishonesty, deceit, and misrepresentation in the preparation and prosecution of the [REDACTED] Application when he made material changes to the final draft application prior to filing it and without adequately informing his client about those changes. (A.9). Instead, Appellant misled his client into thinking that the

³ The misconduct alleged constituted Count III of the Complaint. Counts I and II were voluntarily dismissed by the OED Director and August 1, 2016. (A.552-53; A.581-83).

document had not changed since the earlier drafts. (*Id.*). Appellant also knowingly misled his client, or should have known he was misleading his client since he drafted the application for the '252 Patent, when he assured Mr. Neault that he could obtain a patent for the [REDACTED] [REDACTED] with parallel perforations. (*Id.*). Although Appellant knew that perforations had already been disclosed in the '252 Patent, and thus the [REDACTED] was likely unpatentable with parallel perforations, he still made assurances as to patentability in spite of that knowledge. (*Id.*). Finally, the ALJ concluded that Appellant engaged in conduct that was prejudicial to the administration of justice when he negotiated two *quid pro quo* arrangements, in which he offered partial refund payments in exchange for his client not filing grievances with the USPTO. (A.14).

Based on the misconduct identified that the ALJ identified, Appellant was found to have violated 37 C.F.R. § 10.23(a), (b), (c)(2)(i), and 37 C.F.R. § 10.23(b)(4), as well as 37 C.F.R. §§ 10.23(b)(5), 11.804(d). (A.15).

After making these findings, and considering the factors under 37 C.F.R. § 11.54(b), including his prior disciplinary history, the ALJ concluded that Appellant should be excluded from practice before the USPTO in patent, trademark, and non-patent matters.

IV. DECISION

Appellant has been a registered patent attorney since December 6, 1973. (A.21; A.68). As such, he is unquestionably subject to the disciplinary authority of the Office. 37 C.F.R. § 11.19(a). For the conduct involved in this disciplinary case, Appellant was subject to the ethical requirements set forth in both the PTO Code and the PTO Rules. Violations of the PTO Code or PTO Rules must be proven by clear and convincing evidence. *See* 37 C.F.R. § 11.49. *See also Johnson*, PTO Proceeding No. 2014-12, at 2 (Dec. 31, 2015) (Initial Decision and Order).

USPTO regulations permit a party to appeal an ALJ's Initial Decision to the USPTO Director within thirty days (30) of issuance of the initial decision. *See* 37 C.F.R. § 11.55(a). *See also* 35 U.S.C. § 2(b)(2)(D). On appeal, the USPTO Director has authority to conduct a *de novo* review of the factual record and may affirm, reverse, or modify the initial decision, or remand the matter to the hearing officer for such further proceedings as the USPTO Director may deem appropriate. *See* 37 C.F.R. §§ 11.55(f), 11.56(a).

Here, Appellant appeals from the April 10, 2017 Initial Decision of the ALJ entering judgment in favor of the Agency and excluding Appellant from the practice of patent, trademark, and other non-patent matters before the USPTO. In support of his appeal, Appellant attacks the constitutionality of the USPTO's decision to exclude him from practicing before the Office; he claims that Mr. Neault was barred from providing testimony in the disciplinary matter as he was legally bound by a sworn declaration he signed and which accompanied the [REDACTED] Application; and finally, he claims that entering an agreement that conditioned refunding the client's fees on a promise to forego filing a disciplinary grievance was legally and ethically proper.

The Director, having considered Appellant's Appeal Brief, the OED Director's response brief, Appellant's reply brief, as well as the record of the proceedings before the ALJ, finds that there is ample factual and legal support for the ALJ's initial decision. Consequently, the initial decision of the ALJ is **AFFIRMED**.

A. The USPTO Director Does Not Have the Authority to Rule on Appellant's Constitutionality Arguments.

Appellant contends as an initial matter that the USPTO Director "cannot constitutionally exclude [him] from the practice of law before the PTO." Appeal at 12; *see* Reply at 4. He argues "only an Article III judicial officer may constitutionally enforce any such finding and, even then, *only* after a *de novo* hearing." *Id.* However, while Appellant is free to make a constitutional

challenge to the USPTO's regulations and the disciplinary actions taken pursuant to those regulations, those arguments are not properly made at this time.

As the OED Director notes in his appeal brief, whether a statute is unconstitutional is a question reserved for an Article III court rather than an administrative tribunal. *See Oestereich v. Selective Serv. Syst. Local Bd. No. 11*, 393 U.S. 233, 242 (1968) (Harlan, J., concurring) (footnote omitted) ("Adjudication of the constitutionality of congressional enactments has generally been thought beyond the jurisdiction of administrative agencies."); *Johnson v. Robinson*, 415 U.S. 361, 368 (1974); *Finnerty v. Cowen*, 508 F.2d 979, 982 (2d.Cir. 1974) ("Federal agencies. . . have neither the power nor the competence to pass on the constitutionality of administrative or legislative action."). Consequently, "no one is entitled to judicial relief for supposed or threatened injury until the prescribed administrative remedy has been exhausted." *Babcock and Wilcox Co. v. Marshall*, 610 F.2d 1128, 1135 (3d.Cir. 1979). Thus, the question in this case is not whether the constitutional issues raised by Appellant may be heard by an Article III court but when that argument may be heard. *Id.* at 1136.

Here, Appellant will be permitted to appeal any adverse decision of the USPTO Director's review of the ALJ's Initial Decision, as well as raise any constitutional claims, to the U.S. District Court for the Eastern District of Virginia upon the exhaustion of these administrative proceedings.⁴ *See* 35 U.S.C. § 32; 37 C.F.R. § 11.57. Consequently, any relief on Constitutional grounds must wait until these administrative proceedings are finished. Until that point, any ruling or decisions regarding to Appellant's constitutional claims would be inappropriate and would

⁴ There are limited exceptions to the rule requiring administrative exhaustion, none of which were pled by Appellant or argued here. Appellant's entire argument rests on the premise that the substance of the USPTO's disciplinary scheme, which resulted in his exclusion from practice before the Office, is unconstitutional.

impede the use and effectiveness of administrative tribunals in the many statutory schemes in which they operate. *See Babcock*, 610 F.2d at 1136.

B. Mr. Neault's Testimony Was Properly Considered by the ALJ.

The ALJ concluded that Appellant engaged in conduct that constituted dishonesty, deceit, and misrepresentation⁵ in the preparation and prosecution of the [REDACTED] Application (“[REDACTED] [REDACTED]” invention), by making material amendments to the final draft application and failing to inform his client of the changes, by misleading his client into thinking the application had not changed since review of the earlier drafts, and by knowingly misleading his client by assuring him that he could obtain a patent for the [REDACTED] with parallel perforations, despite knowing or should have knowing, that the perforations had already been disclosed in the earlier ‘252 Patent and was likely unpatentable as a result. (A.12). Appellant does not dispute these findings. Because the findings are uncontested, and based on a review of the record in its entirety, the findings of misconduct and the violations of the PTO Code are affirmed. These findings are discussed further below.

Following his realization that the ‘252 Patent did not provide the protection he thought it would, in June 2009, Mr. Neault asked Appellant whether his [REDACTED] inventions –which was similar to the ‘252 Patent, but with the addition of perforations to provide

⁵ USPTO regulations do not define “deceit”, “dishonesty”, or misrepresentation. *See In re Lane*, Proceeding No. D2013-07. “‘Deceit’ has been defined as ‘dishonest behavior’ or ‘behavior that is meant to fool or trick someone.’” *Id.* (citing Meriam-Webster.com (2014)). “A misrepresentation is ‘the act of making a false or misleading assertion about something, usually with the intent to deceive’, and includes ‘not just written or spoken words but also any other conduct that amounts to a false assertion.’” *Lane*, at 14 (citing *Black's Law Dictionary* (9th ed. 2009)). Therefore, “[c]on concealment or even non-disclosure may have the effect of a misrepresentation.” *Id.* Appellant does not specifically contest the facts underlying the ALJ’s findings that he engaged in conduct that constituted dishonesty, deceit, and misrepresentation in the preparation and prosecution of the [REDACTED] Application. Further, to the extent such an argument can be found, there is sufficient support in the record to find that Appellant engaged in behavior meant to “fool or trick” Mr. Neault, mislead Mr. Neault about the content of the [REDACTED] Application, and failed to disclose material changes to that application.

shade while allowing – would be patentable. (A.32; A.73; A.1126; A.2336). On November 23, 2009, Appellant advised that the chances of patentability were excellent and later further confirmed that he could offer “a full [money] back guarantee” if he failed to obtain a patent. (A.1131-33; A.1136-37; A.2336). Appellant did not inform Mr. Neault that the ‘252 Patent had already disclosed a perforated device and that this presented a significant obstacle to obtaining broad patent protections. (A.1131-32). Based on Appellant’s assurances, Mr. Neault hired Appellant and paid him a total of \$11,068.00 in fees and costs to prepare, file, and prosecute a patent application for the [REDACTED]. (A.1005; A1007).

On March 10, and April 10, 2010, Appellant sent Mr. Neault draft applications with drawings for the invention showing perforations with parallel walls. (A.1142-54; A.1156-86). After reviewing the preliminary drafts, Mr. Neault raised concerns regarding the thickness of material in Figure 7 of the application. (A.1155; A.2345; A.2349). Appellant reassured Mr. Neault that this was to highlight the perforations in that Figure. (A.2346). Soon thereafter, Appellant told Mr. Neault that he would forward one final draft application, that there would be no material changes to that application, and that it was “imperative” that Mr. Neault sign the Declaration in the application and return the documents to Appellant as soon as possible. (A.2349-50).

On June 22, 2010, Appellant sent Mr. Neault the final draft of the [REDACTED] application for his signature before filing. (A.1192-218). In this draft, however, the drawings were changed to show diverging/angled perforations instead of the parallel walls that were present in previous drafts. (A.34; A.74; A.1149; A.1173; A.1199; A.1213). It is uncontested that Appellant did not inform Mr. Neault that he had made changes to the final draft of the application to include diverging/angled perforations instead of perforations with parallel

walls. (A.2349-51). Based on Appellant's assurances and his belief that Appellant would alert him to any significant changes, Mr. Neault did not review the final draft application it line-by-line. (A.2351). However, he did review it but "didn't really seem to notice changes on it. And as [Mr. Kroll] told me how important it was to get it right back in, I glanced through them, read them rapidly, and put them right back in the mail to him." (*Id.*). Mr. Neault signed a Declaration stating, "I hereby state that I have reviewed and understand the contents of the above-identified specification, including the claims, as amended by any amendment referred to above." (A.884; A.1291).

On September 1, 2010, Appellant filed the "Application" for the invention, containing the diverging/angled perforations. (A.34; A.74; A.854-888; A.1254-92). Appellant made this change unilaterally and without specifically highlighting or notifying Mr. Neault of the change. (A.2371). Ultimately, the USPTO issued a non-final Office Action rejecting the Application based on the '252 Patent, stating the obvious, that "Claims 1-8, as best understood, are rejected under 35 U.S.C. 102(b) as being anticipated by Neault [7,163,252]." (A.924). Appellant responded to that Office Action, noting that the invention was new because it included diverging/angled perforations, not parallel perforations, on February 4, 2013. (A.34; A.37; A.74; A.75; A.921-28; A.934-38; A.940-44; A.1231-38). The USPTO then issued a Final Office action including a rejection of the claims of the Application relying on the '252 Patent, again stating that "Claim(s) 11-2, 4, 6-8 are rejected under 35 U.S.C. 102(b) as being anticipated by Neault [7,163,252]." (A.934-38; A.940-44). As Appellant drafted and prosecuted the '252 Patent to allowance, he knew or should have known that he would only be able to obtain protection for the new diverging angle embodiment and not the parallel embodiment proposed by the inventor. That knowledge was the likely motivation to make the

changes to the [REDACTED] Application. Appellant needed to patent *something* to satisfy the patentability assurances given to Mr. Neault, to prevent having to fulfill his “money back guarantee.”

Finally, after Appellant filed a Response to the Final Office Action, which included a further amendment to the [REDACTED] Application to emphasize the diverging/angled perforations and arguing that this distinguished the [REDACTED] Application from the ‘252 Patent, the USPTO issued a Notice of Allowance for the [REDACTED] Application on November 13, 2013. (A.37; A.75; A.945-59; A.974-82). However, it was only when Mr. Neault reviewed the Notice of Allowance that he realized for the first time that the diverging/angled perforations had been added to the claims and was the reason for the application’s approval. (A.2370). Because of the diverging/angled perforations, Mr. Neault found the device described in the [REDACTED] Application to be commercially useless and he did not pay the fees necessary for the patent to be issued. (A.2371). The [REDACTED] Application went abandoned on February 27, 2014. (A.38; A.76; A.996).

As stated, Appellant does not contest any of these facts.⁶ Rather, he attempts to circumvent the consequences of his actions by raising an argument that amounts to nothing more than blaming his client. He claims that Mr. Neault was provided an opportunity to review the [REDACTED] Application before filing, did so, and signed a Declaration stating that he had done so. *See* Appeal at 14. The fact that Mr. Neault may not have done a thorough review cannot be attributed to Appellant because, in Appellant’s view, Mr. Neault is bound by his Declaration that attests “I hereby state that I have reviewed and understand the contents of the above-identified specification, including the claims, as amended by any amendment referred to above.” (Appeal, at 14; A.884; A.1291). As such, he claims he cannot and should not be disciplined for what

⁶ Appellant attempts to backtrack his failure to contest the facts in this matter in his Reply, saying that he “*expressly denies*” that he unilaterally or surreptitiously altered the [REDACTED] Application. Reply at 4. But, his arguments are general denials and nothing more. He does not make any arguments of law or fact, and includes no citations to the record, that would support these arguments. General denials are insufficient to defeat the findings here.

amounts to client error. Finally, he states that no changes were made to the [REDACTED] Application after Mr. Neault signed his Declaration so, in his mind, he made no unauthorized changes to the application. (A.15).

It is first noted that USPTO rules permit a party to take a deposition of a witness in lieu of personal appearance of the witness before the hearing officer upon a showing of good cause and with the approval of the hearing officer under such conditions as may be deemed appropriate by the hearing officer. 37 C.F.R. §§ 11.39(c)(4), 11.51(a). In this matter, Mr. Neault's deposition was taken on October 14, 2016 and admitted into evidence by the ALJ at the disciplinary hearing. (A.2300-98; A.2424, A.2427). That deposition provides testimony that contradicts Appellant's claims and versions of events. Appellant argues on appeal that Mr. Neault's testimony should not have been admitted into evidence since Mr. Neault is legally prohibited from contradicting his Declaration in support of the [REDACTED] Application. (Appeal at 13-16; Reply at 4-8). Without any such contradiction, Appellant believes he is insulated from disciplinary action. (*Id.*).

Appellant's arguments that the ALJ inappropriately admitted Mr. Neault's deposition are misguided. First, Appellant cites the parole evidence rule as authority for barring Mr. Neault's testimony. However, as the OED Director notes, the parole evidence rule is inapplicable to this proceeding. *See Fla Bar v. Frederick*, 756 So. 2d 79, 85 (Fla. 2000) (parole evidence rule does not apply to preclude testimony by a client against a lawyer in a professional liability case about the negotiations of the parties before entering into a contingency fee contract.); *Ring v. State Bar of California*, 24 P.2d 821, 822 (Cal. 1933) (proper to admit parole evidence in attorney disciplinary case because no adjudicating recovery on a contract between the parties to the document.) The disciplinary matter is not a matter between Appellant and Mr. Neault, but

Appellant and the OED Director. *See Fla Bar*, 756 So. 2d at 84-85; *Ring*, 24 P.2d at 822. And, no relief is being sought based on the applicability or interpretation of the attorney-client agreement or any Declaration. *Ring*, 24 P.2d at 822. Rather, the purpose of Mr. Neault's testimony concerns impeachment of Appellant's explanation as to his actions regarding the [REDACTED] Application. Additionally, Mr. Neault's testimony is relevant to the core issues in the disciplinary complaint, that is, that Appellant engaged in misconduct that violated USPTO's disciplinary rules. Nothing in Appellant's appeal provides a basis to challenge this conclusion.

Lastly, Appellant attempts to parse out the timing of the changes he made to the [REDACTED] Application and argues that he "did *not* amend the U.S. patent application of Charles Carey Neault subsequent to the time that Mr. Neault signed the Declaration and prior to filing the patent application." (Appeal at 13). That fact, however, does not exonerate Appellant. Mr. Neault signed the Declaration for the [REDACTED] on July 5, 2010, relying on assurances from Appellant that he had not made any material changes to the application, and relying on a cursory review of the final draft application but not noticing any obvious changes to it. (A.2349-50). In fact, and contrary to his assurances that no material changes to the application were made, Appellant had materially altered the application by including diverging/angled perforations instead of parallel walls in the application. (A.34; A.74; A.1149; A.1173; A.1199; A.1213). Further, he then subsequently and unilaterally filed an amendment to the [REDACTED] Application specifically highlighting the angled perforations of Figure 7 of the invention. (A.884; A.945-59). Thus, while no changes to the application were made after Mr. Neault signed the Declaration, that is because Appellant misled Mr. Neault as to the contents of the application in the first place. The ALJ properly admitted Mr. Neault's testimony as impeachment testimony.

In sum, Appellant does not sufficiently challenge the findings of misconduct made by the ALJ with regard to ■■■ Application. Instead, he attempts to negate his misconduct by relying on a legally and factually erroneous argument that Mr. Neault's deposition testimony should not have been admitted into evidence. However, he provides no legal authority that dictates this conclusion. Further, Mr. Neault's testimony was relevant to the core issues in the disciplinary complaint and provides impeachment testimony. Thus, it was properly admitted.

C. Appellant Engaged in Conduct Prejudicial to the Administration of Justice by Conditioning a Refund of Fees on a Promise Not to File A Disciplinary Complaint.

Finally, the ALJ concluded that Appellant acted in a manner that was prejudicial to the administration of justice, in violation of the PTO Code and the PTO Rules, when he sought to avoid responsibility for his misconduct via agreements that did not result in full restitution to Mr. Neault and that also undermined trust and confidence in the legal profession. (A.14-15). On appeal, Appellant argues that, first, he did not draft the agreements between himself and Mr. Neault. (Appeal at 17). Additionally, he claims that he is legally and ethically entitled to settle a client dispute. (Appeal at 10).

It is professional misconduct for a practitioner to “[e]ngage in conduct that is prejudicial to the administration of justice.” 37 C.F.R. §§ 10.23(b)(5), 11.804(d). Generally, an attorney engages in such conduct “when his or her conduct impacts negatively the public’s perception or efficacy of the courts or legal profession.” *Attorney Grievance Comm’n v. Rand*, 981 A.2d 1234, 1242 (Md. 2009). The ALJ properly noted that procuring a promise not to file a disciplinary complaint is conduct prejudicial to the administration of justice. *See Fla Bar v. Frederick*, 756 So. 2d at 86-87 (finding that “discouraging the Bar’s involvement as a condition of the release falls within the ‘conduct in connection with the practice of law that is prejudicial to the administration of justice’”); *In re Blackwelder*, 615 N.E.2d 106, 108 (Ind. 1993) (A.14) (“By

procuring a promise not to file a disciplinary grievance, the respondent attempted to obstruct the disciplinary process and engaged in conduct prejudicial to the administration of justice.”); *State ex rel. of Okla. Bar Ass’n v. Colston*, 777 P.2d 920, 925 (Okla. 1989) (A member of the bar is guilty of misconduct when he (or she) attempts to exonerate himself from, or limit his liability to, a client for the commission of personal malpractice.). Allowing attorneys to pay for an agreement not to file a bar complaint seriously undermines the public confidence in the legal profession. *See In re Wallace*, 518 A.2d 740, 743 (N.J. 1986) (A.14).

Again, Appellant does not dispute the primary facts underlying this charge. Those facts are that, on January 24, 2013, Mr. Neault and Appellant agreed that Mr. Neault would not file an ethics grievance regarding Appellant’s handling of the ‘252 Patent in exchange for Appellant refunding \$6,000, in \$2,000 installments payable on January 31, 2013, February 28, 2013, and March 31, 2013. (A.36; A.75; A.1309). This restitution was less than the amount Mr. Neault paid to Appellant for his legal service in connection with the ‘252 Patent. (A.1000-24; A.2327-28; A.2334). Mr. Neault drafted a document for Appellant’s signature memorializing the terms of the agreement reached on the phone. (A.36; A.75; A.1312). The document, which Appellant signed, also stated, “[u]pon satisfaction of the payments and letter, we will tear up any and all paperwork prepared to file any [ethical] complaints.” (A.37; A.75; A.1312) (alterations in original). Pursuant to that agreement, Mr. Neault received checks dated February 15, 2013, March 4, 2013, and April 19, 2013, from Appellant. (A.36; A.75; A.1313; A.1316; A.1321).

Thereafter, on March 4, 2014, Appellant and Mr. Neault agreed that Appellant would pay a total refund of an additional \$6,000 in six installment payments, and, in exchange, Mr. Neault would not file an ethics grievance regarding the [REDACTED] Application. (A.1387). Again, this amount was less than the amount Mr. Neault paid to Appellant for his legal service in connection with

the [REDACTED] Application. (A.1005; A.1007). Appellant told Mr. Neault to write up an agreement and send it to him. (*Id.*). On March 5, 2014, Mr. Neault sent to Appellant a settlement agreement memorializing their conversation and the terms of their agreement. (A.1392-94). On April 28, 2014, Appellant told Mr. Neault that he could not afford to make the payments and could not sign the agreement. (A.1422). Ultimately, Appellant did not sign the agreement Mr. Neault had sent him in March and he did not send or refund Mr. Neault any of the fees and costs relating to the [REDACTED] Application. (A.2392).

Appellant believes that because Mr. Neault drafted the agreements, he is relieved of any consequence of these two *quid pro quo* arrangements. But, the ALJ properly rejected this argument and it is rejected here. The record supports a finding that Appellant actively participated in arranging the terms of the agreements, as well as agreed to and carried out the terms that would have silenced Mr. Neault with regard to his disciplinary grievances. (A.36; A.75; A.1309; A.1312-13; A.1316; A.1321; A.1364-65; A.1385). Further, Appellant has a lengthy prior disciplinary history and had significant motivation to avoid further grievances against him. Not only did he willingly engage in efforts to attempt to circumvent further discipline, he did so without making full restitution to his client.

As stated, procuring a promise not to file a disciplinary grievance obstructs the disciplinary process and amounts to conduct that is prejudicial to the administration of justice. *See In re Blackwelder*, 615 N.E.2d at 108; *In re Wallace*, 518 A.2d at 743; *In re Abrams*, 767 N.E.2d 15, 17-18 (Mass. 2002) (attempt to compel withdrawal of bar discipline complaint and soliciting withdrawal constitutes conduct prejudicial to the administration of justice.); *State ex rel. Okla. Bar Ass'n*, 777 P.2d at 925 (“A member of the bar is guilty of misconduct when he (or she)

attempts to exonerate himself from, or limit his liability to, a client for the commission of personal malpractice.”)

Appellant cites no contradictory authority, nor any authority whatsoever, that would support a conclusion that his behavior here was ethical. Instead, he asks, “what was [he] supposed to do?” (A.17; A.19; A.713). This is a question to which the ALJ provided an appropriate response, that is:

“If [Appellant] was in the wrong, he could have provided the full refund to Mr. Neault regardless of the potential complaints. If [Appellant] had fully complied with his professional responsibilities, he could have presented evidence of such, rather than blaming his client, Mr. Neault for reasonable reliance on [Appellant’s] assurances. [Appellant] has continued to engage in the same improper behavior for which he has [sic] disciplined previously – misrepresenting, misleading, miscommunicating and then blaming the client.”
(A.15).

In short, it is unethical for a practitioner to buy the silence of a dissatisfied or unhappy client. It is contrary to the purposes of the attorney disciplinary system and is prejudicial to the administration of justice. As Appellant does not dispute his actions here, actions that violate the PTO Rules and PTO Code, there is no basis on which to disturb the ALJ’s findings here.

V. SANCTION

The ALJ’s Initial Decision concluded that Appellant engaged in misconduct that violated 6 of USPTO’s Disciplinary Rules, and ordered Appellant’s exclusion from the practice of patent, trademark, and other non-patent matters before the office. (A.15; A.18). An ALJ initial decision that imposes exclusion or suspension must explain the reason for imposing such a sanction after consideration of 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;
- (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)-(4).

The Director of the USPTO reviews an appeal from an ALJ Initial Decision on the record before the ALJ. *See* 37 C.F.R. § 11.55(f); *see also Marinangeli v. Lehman*, 32 F. Supp. 2d 1, 5 (D.D.C. 1998). After such review, and as discussed below, the ALJ's initial decision to exclude Appellant from practicing before the USPTO in patent, trademark, and other no-patent matters included a careful and proper analysis of the four factors set forth in 37 C.F.R. § 11.54(b). The ALJ's sanction of exclusion is warranted and thus upheld. Here, the ALJ properly considered and applied the four factors relevant to an exclusion or suspension under 37 C.F.R. § 11.54(b). This analysis is discussed further, below.

1. Appellant Violated His Duty to His Client, to the Public, and the Legal System and Profession.

The ALJ recounted how Appellant was hired to guide Mr. Neault's Solar Sun Shield Visor (the '576 Application and the '252 Patent) and later on, his [REDACTED] (the [REDACTED] Application) through the patent application and approval process. (A.16). But, instead of satisfying his fiduciary duty to Mr. Neault, Appellant engaged in deceit, dishonesty, and misrepresentation by making substantive changes to the final draft of the [REDACTED] Application without Mr. Neault's knowledge. (A.16; A.2349-50). Appellant knew, or based on the fact that he drafted and prosecuted the prior '252 Patent should have known, that the perforations with parallel walls would be rejected because of the previous '252 Patent. Because of his role in obtaining the '252 Patent, he altered the [REDACTED] Application to include diverging/angled perforations—and the [REDACTED] Application was ultimately allowed on that basis. And, in doing so, he

misrepresented to Mr. Neault that there were no material changes made to the '252 Application and he otherwise failed to inform him of material changes, either in the application or the subsequent amendment. (A.16; A.2370). These findings are supported by the record and uncontested by Appellant.

The ALJ also found that Appellant violated his duty to the public, the legal system, and the legal profession by prejudicing the administration of justice through his efforts to conceal his client's grievances through *quid pro quo* arrangements. (A.16). "[Appellant's] actions to avoid full restitution and to hide his malfeasance are contrary to the public's interest in promoting transparency regarding an attorney's professionalism; undermine the legal profession's ability to self-police its membership; and, frustrate the administration of justice by preventing the proper adjudication of ethical complaints." (*Id.*). Mr. Neault's own testimony, which is unrefuted, buttresses these findings. In his testimony, Mr. Neault stated:

Q: Has the respondent's conduct in this matter caused you to think differently about attorneys?

A: Sadly, yes. We've all heard stories about attorneys and the jokes, and so on and so forth. However, I had always assumed that most attorneys are very professional people and very honest, and that they had a fiduciary responsibility to look out for their client. And it did dramatically change my opinion. Obviously, I realize that there are unscrupulous attorneys out there that there are predatory, do things like he did to people like me that didn't really know any better. And it -- it really kind of put me at a point where if I ever needed an attorney, I would never know if I could trust them again. (A.2394-95).

Further, Mr. Neault's experiences with Appellant motivated the instant disciplinary complaint in part because he "didn't want him to be able to do this to anybody else that I felt compelled -- I felt it was necessary." (A.2396).

Based on Mr. Neault's testimony, and the other evidence in the record, the ALJ's conclusion that Appellant violated his duty to his client, to the public, and the legal system and profession is upheld.

2. Appellant Acted Intentionally and Knowingly.

Appellant was noted as having over forty years of experience and as having acted solely in his own self-interest when he intentionally and knowingly amended the [REDACTED] Application and gave misleading information to Mr. Neault. (A.16). The record supports the ALJ's findings that Appellant changed the drawings submitted with the [REDACTED] Application, likely to avoid rejection based on the '252 Patent that he drafted and which already disclosed perforations, and he did so without properly informing Mr. Neault about the changes. (A.934-38; A.945-59; A.1149; A.1173; A.1199; A.1213; A.1301-02; A.2370). The Director also agrees with the ALJ's conclusion that Appellant's extensive prior history of complaints indicates that he knowingly tried to hide his latest malfeasances by agreeing to, and actually paying, Mr. Neault, in exchange not filing disciplinary grievances. (A.36; A.75; A.1309; A.1312-13; A.1316; A.1321; A.1387). His extensive disciplinary history relates to obtaining patents lacking proper protections and his failure to fully communicate with clients regarding his actions, as is the case in the instant disciplinary matter. (A.2206-99). Thus, the Director agrees that Appellant certainly would know or should have known that his actions here amounted to misconduct, thus supporting the conclusion that he acted knowingly and intentionally. (A.16.). He also would have a strong motivation to obviate the consequences of his misconduct here, that is, further discipline. The ALJ's findings are upheld.

3. Appellant Caused Actual Injury to Mr. Neault.

The ALJ's conclusion that Appellant's misconduct caused actual injury to Mr. Neault is soundly rooted in the record. Mr. Neault initially expended substantial funds for the '252 Patent and subsequent production of the Solar Sun Shield Visor, a product that did not benefit from the broad protections that Appellant had offered through the patenting process. (A.17; A.1000-24;

A.2327-28; A.2334). Likewise, Mr. Neault expended substantial funds for the [REDACTED] Application for a patent of the [REDACTED], which, after realizing that the diverging/angled perforations had been added, he abandoned as no longer commercially valuable. (A.17; A.1005; A.1007). Appellant failed to provide full restitution for his handling of the '252 Patent and provided no refund or restitution for his mishandling of the [REDACTED] Application. (A.17; A.36; A.75; A.1309; A.1312-13; A.1316; A.1321; A.1422). Appellant's actions thus clearly and unequivocally resulted in actual injury to Mr. Neault.

4. Aggravating Factors Exist in This Case.

The ALJ noted aggravating factors, but no mitigating factors, that supported the penalty of exclusion. The primary aggravating factor is Appellant's extensive disciplinary history, both before the USPTO and the New York State Bar. (A.17). He had been disciplined on three previous occasions by OED, in the form of a three-year, a five-year, and a two-year suspensions, with the entirety of those suspensions stayed. (A.2208-13; A.2219-27; A.2240-99). The 2015 USPTO disciplinary sanction came at the same time that Appellant was engaging in the misconduct at issue here. He also received Warning Letters from the OED Director in 2006, 2011, and 2014. (A.2214; A.2228-39). Each of these letters emphasized Appellant's obligation to communicate with his clients and not neglect their legal matters.

In addition to discipline by OED, in 2002, Appellant received a Letter of Caution from the New York State Grievance Committee warning him to devote proper attention to client matters and to improve his communication with his clients. (A.2206-07). In 2006, Appellant was publicly censured by the New York State Bar. (A.2215-18).

In addition to the foregoing, the ALJ considered Appellant's indifference and delay in making payments to his client, his failure to acknowledge the wrongful nature of his misconduct,

and his 40 years of patent experience as aggravating factors. (A.17). The ALJ further noted that Appellant failed to make full restitution and only some payments in one of the *quid pro quo* agreements and he has not admitted wrongdoing and instead has tried to blame his client, Mr. Neault. (*Id.*). Again, these findings find support in the record and are not disputed by Appellant. A.17; A.36; A.75; A.1309; A.1312-13; A.1316; A.1321; A.1422).

Finally, Appellant's significant patent experience and past disciplinary history indicate that he was on notice of his fiduciary duty and of the potential pitfalls in the patent application process. (A.14). However, to the contrary, Appellant used prior his experiences and knowledge of patent law and disciplinary procedures to deceive, delay and deny and, as a result, his experience and disciplinary history were noted to be a significant aggravating factors. The Director agrees with this finding.

In sum, the ALJ's analysis of the § 11.54 factors was reasonable and his findings are amply supported by the record. As such, Appellant's exclusion from the practice of patent, trademark, and other non-patent matters before the Office is affirmed.

ORDER

Having considered Appellant's appeal under 37 C.F.R. § 11.55 from the April 10, 2017 Initial Decision of the ALJ to exclude Appellant from practice before the Office in patent, trademark and other non-patent matters, it is **ORDERED** that the ALJ's initial decision is **AFFIRMED**.

It is further:

ORDERED that the OED Director give notice pursuant to 37 C.F.R. § 11.59 of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in

the state(s) where Appellant is admitted to practice, to courts where Appellant is known to be admitted, and to the public;

ORDERED that the USPTO dissociate Appellant's name from any Customer Numbers and the public key infrastructure ("PKI") certificate associated with those Customer Numbers;

ORDERED that Appellant shall not apply for a USPTO Customer Number, shall not obtain a USPTO Customer Number, nor shall he have his name added to a USPTO Customer Number, unless and until he is reinstated to practice before the USPTO; and

ORDERED that Appellant shall comply with the provisions of 37 C.F.R. § 11.58 governing the duties of disciplined practitioner.

RECONSIDERATION AND APPEAL RIGHTS

Any request for reconsideration of this decision must be filed within twenty (20) days from the date of entry of this decision pursuant to 37 C.F.R. § 11.56(c). Any request for reconsideration mailed to the USPTO must be addressed to:

Sarah T. Harris
General Counsel
United States Patent and Trademark Office
600 Dulany St.
P.O. Box 1450
Alexandria, VA 22314

A copy of the request must also be served on the attorney for the Director of Enrollment and Discipline:

Melinda M. DeAtley
Counsel for the Director of the Office of Enrollment and Discipline
600 Dulany St.
P.O. Box 1450
Alexandria, VA 22314

Any request hand-delivered to the USPTO must be hand-delivered to the Office of the General Counsel, in which case the service copy for the attorney for the Director shall be hand-delivered to the Office of Enrollment and Discipline.

If a request for reconsideration is not filed, and Appellant desires further review, Appellant is notified that he is entitled to seek judicial review on the record in the U.S. District Court for the Eastern District of Virginia under 35 U.S.C. § 32 “within thirty (30) days after the date of the order recording the Director’s action.” *See* E.D.Va. Local Civil Rule 83.5.

IT IS SO ORDERED.

12/11/17
Date



Sarah T. Harris
General Counsel
United States Patent and Trademark Office

on behalf of
Joseph Matal
Performing the Functions and Duties of
the Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

cc:
Michael I. Kroll
Appellant

Edwin D. Schindler
Counsel for Appellant

Melinda M. DeAtley
Associate Solicitor
Counsel for the Director of Office of Enrollment and Discipline