Waiving Conflicts of Interest for Clients Having Competing Technologies

Frederick W. Gibb III, Esq.
Gibb & Riley, LLC
844 West Street
Suite 200
Annapolis, MD 21401

Legal Advice Disclaimer

- The content of this presentation is for educational purposes, and is not legal advice.
- Those seeking legal advice should consult a licensed attorney to address their specific situation.

Model Rule

- Rule 1.6 of the ABA Model Rules of Professional Conduct
  - A lawyer shall not reveal information relating to the representation of a client unless the client gives informed consent.
- Thus, while an attorney must maintain client confidences, a client may waive this protection and allow their attorney to divulge some secret information.

Model Rule

- Rule 1.7 of the ABA Model Rules of Professional Conduct
  - a lawyer shall not represent a client if the representation involves a concurrent conflict of interest.
- However, a lawyer may still represent the client if certain conditions are satisfied. These include:
  - that the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation,
  - the representation is not prohibited,
  - the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation, and
  - each affected client gives informed consent, confirmed in writing.

Model Rule

- Rule 1.9 of the ABA Model Rules of Professional Conduct
  - 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.
  - Also, Model Rule 1.9 explains that a lawyer shall not knowingly represent a person if a firm with which the lawyer formerly was associated had previously represented a client and the lawyer had acquired information that is material to the matter (unless the former client gives informed consent, confirmed in writing).

Model Rule

- Rule 1.10(a) of the ABA Model Rules of Professional Conduct
  - No lawyers in a firm shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so, except when:
    - (1) "the prohibition is based on a personal interest of the disqualified lawyer and does not present a significant risk of materially limiting the representation of the client by the remaining lawyers" or
    - (2) "the prohibition arises out of the disqualified lawyer's association with a prior firm;" and "the disqualified lawyer is timely screened"; and "written notice is promptly given to any affected former client."

Model Rule

- Rule 1.10(b) of the ABA Model Rules of Professional Conduct
  - ”When a lawyer has terminated an association with a firm, the firm is not prohibited from thereafter representing a person with interests materially adverse to those of a client represented by the formerly associated lawyer" unless:
    - the matter is the same or substantially related; and
    - any lawyer remaining in the firm has information that is material to the matter.

Model Rule

- Rule 1.10(c) of the ABA Model Rules of Professional Conduct
  - With respect to Model Rules 1.10(a)-(b), explicitly provides that "disqualification prescribed by this rule may be waived by the affected client under the conditions stated in Rule 1.7."

USPTO Rule

- 37 C.F.R. § 11.107 Conflict of interest; Current clients.
  - (a) Except as provided in paragraph (b) of this section, a practitioner 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 practitioner's responsibilities to another client, a former client or a third person or by a personal interest of the practitioner.

USPTO Rule

- 37 C.F.R. § 11.107 Conflict of interest; Current clients.
  - (b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a) of this section, a practitioner **may** represent a client if:
    - (1) The practitioner reasonably believes that the practitioner 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 practitioner in the same litigation or other proceeding before a tribunal; and
    - (4) Each affected client gives informed consent, confirmed in writing.

USPTO Rule

- 37 C.F.R. § 11.109 Duties to former clients.
  - (a) A practitioner 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.

USPTO Rule

- 37 C.F.R. § 11.109 Duties to former clients.
  - (b) A practitioner shall not knowingly represent a person in the same or a substantially related matter in which a firm with which the practitioner formerly was associated had previously represented a client:
    - (1) Whose interests are materially adverse to that person; and
    - (2) About whom the practitioner had acquired information protected by §§ 11.106 and 11.109(c) that is material to the matter; unless the former client gives informed consent, confirmed in writing

USPTO Rule

- 37 C.F.R. § 11.109 Duties to former clients.
  - (c) A practitioner 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 the USPTO Rules of Professional Conduct 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 the USPTO Rules of Professional Conduct would permit or require with respect to a client.

USPTO Rule

- 37 C.F.R. § 11.110 Imputation of conflicts of interest; General rule.
  - (a) While practitioners are associated in a firm, none of them shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so by §§ 11.107 or 11.109, unless:
    - (1) The prohibition is based on a personal interest of the disqualified practitioner and does not present a significant risk of materially limiting the representation of the client by the remaining practitioners in the firm; or
    - (2) The prohibition is based upon § 11.109(a) or (b), and arises out of the disqualified practitioner's association with a prior firm, and
      - (i) The disqualified practitioner is timely screened from any participation in the matter and is apportioned no part of the fee therefrom; and
      - (ii) Written notice is promptly given to any affected former client to enable the former client to ascertain compliance with the provisions of this section, which shall include a description of the screening procedures employed; a statement of the firm's and of the screened practitioner's compliance with the USPTO Rules of Professional Conduct; a statement that review may be available before a tribunal; and an agreement by the firm to respond promptly to any written inquiries or objections by the former client about the screening procedures

USPTO Rule

- 37 C.F.R. § 11.110 Imputation of conflicts of interest; General rule.
  - (b) When a practitioner has terminated an association with a firm, the firm is not prohibited from thereafter representing a person with interests materially adverse to those of a client represented by the formerly associated practitioner and not currently represented by the firm, unless:
    - (1) The matter is the same or substantially related to that in which the formerly associated practitioner represented the client; and
    - (2) Any practitioner remaining in the firm has information protected by §§ 11.106 and 11.109(c) that is material to the matter.
  - (c) A disqualification prescribed by this section may be waived by the affected client under the conditions stated in § 11.107.
  - (d) The disqualification of practitioners associated in a firm with former or current Federal Government lawyers is governed by § 11.111.

Comments on USPTO Rule

- David Hricik, *The Risk and Responsibilities of Attorneys and Firms prosecuting Patents for Different Clients in Related Technologies*, TEXAS INTELLECTUAL PROPERTY LAW JOURNAL, Vol. 8:3, 331, 344 states:
  - Certain limitations on imputation disqualification exist in the PTO Code. If the attorney who possesses the information has no knowledge or involvement with the prosecution of the patent application to which that information is material, no conflict arises. (The lawyer would not be knowingly engaged in inequitable conduct, in violation of 37 C.F.R. § 10.23(c)(1), and would not be circumventing a Disciplinary Rule in violation of 37 C.F.R. § 10.23(b)(2). (Replaced by § 11.109).

Comments on USPTO Rule

- David Hricik, *The Risk and Responsibilities of Attorneys and Firms prosecuting Patents for Different Clients in Related Technologies*, TEXAS INTELLECTUAL PROPERTY LAW JOURNAL, Vol. 8:3, 331, 344 states:
  - The limitations on imputation disqualification in the PTO Code also applies when the attorney prosecuting the patent application is not aware that another attorney in the firm possesses information material to the patent prosecution. As a result, there is no conflict to impute to the attorneys in the firm: whether a violation (failure to provide IDS submission) occurs depends upon whether the prosecuting attorney has actual knowledge of material information. Therefore, the information cannot first be imputed to the attorney to determine whether his representation would violate the PTO Code, since that would effectively impute knowledge, which is incorrect as a matter of law.

Caselaw Examples
(MAX-PLANCK v. WHITEHEAD)

- *MAX-PLANCK-GESELLSCHAFT v. WHITEHEAD INSTITUTE*, 850 F. Supp. 2d 317 - Dist. Court, D. Massachusetts 20112006.
- Patent case related to the field of RNA interference (that can be used to "silence" genes) for which Max Planck and Whitehead were to share some co-ownership.
- After a disagreement arose, Max-Planck claims that the law firm prosecuting the applications on behalf of all the co-owners has an impermissible conflict of interest.
- The court stated that it is not uncommon for parties, especially sophisticated ones, to prospectively waive legal conflicts of interest by agreement. See, e.g., *Acushnet Co. v. Coaters, Inc.*, 972 F.Supp. 41, 70 (D.Mass.1997)

Caselaw Examples
(Andrew Corp. v. Beverly Mfg. Co.)

- *Andrew Corp. v. Beverly Mfg. Co.,* 415 F. Supp. 2d 919 – Dist. Court, ND Illinois 2006.
- Patent case relate to cable hangers and other technology used in telecommunication towers.
- Both Andrew and Beverly were current clients of Barnes & Thornburg.
- Beverly wishes to use three opinion letters written by Barnes & Thornburg in Beverly's defense to Andrew's allegations of willful infringement.
- Barnes & Thornburg were disqualified from further representation.

Caselaw Examples

(Andrew Corp. v. Beverly Mfg. Co.)

- The court ruled that generally, if an attorney or law firm is involved in a concurrent representation conflict and **cannot obtain a waiver** of the conflict by both clients, there is a stringent standard of review.
- The court must consider the duty of undivided loyalty which an attorney owes to each of his clients.'" *Installation Software Tech., Inc. v. Wise Solutions, Inc.*, No. 03 C 4502, 2004 WL 524829, at *3 (N.D.Ill. Mar.5, 2004) (quoting *Whiting Corp. v. White Mach. Corp.*, 924*924 567 F.2d 713, 716 (7th Cir.1977); *Cinema 5, Ltd. v. Cinerama, Inc.*, 528 F.2d 1384, 1386 (2d Cir.1976)).
- [L]oyalty to a client prohibits undertaking representation directly adverse to that client without the client's consent.

Caselaw Examples

(General Elec v. Industra)

- *General Elec. Co. v. Industra Products, Inc.,* 683 F. Supp. 1254 – Dist. Court, ND Indiana
- The Jeffers firm had done work for defendant Industra for many years. G.E. retained Jeffers later. At that time G.E. agreed and understood that Industra had to approve the work the Jeffers firm would do for G.E., and Industra approved, as long as there were no conflicts.
- Jeffers did not write the application, but worked on an amendment, that resulted in Pat #1 being issued for GE.
- Jeffers wrote and gained allowance on Pat #2 for Industra.
- To simplify, GE sued Industra claiming that Pat #2 infringed GE's Pat #1.
- Trial attorneys for Industra used Jeffers firm for litigation supp.

Caselaw Examples

(General Elec v. Industra)

- Jeffers firm would have been disqualified had it declined to withdraw, for it had represented G.E. previously in a substantially related matter. See, e.g., *Analytica, Inc. v. NPD Research, Inc.*, 708 F.2d 1263 (7th Cir.1983).
- The older Canons 4 and 9 of the American Bar Association's Code of Professional Responsibility are useful here:
  - Canon 4 states that "a lawyer should preserve the confidences and secrets of a client," and
  - Canon 9 provides that "a lawyer should avoid even the appearance of professional impropriety."

Caselaw Examples

(General Elec v. Industra)

- The *GE v. Industra* court stated that at least one exception to these rules was carved out in *Analytica*:
  - There is an exception for the case where a member or associate of a law firm changes jobs, and later he or his new firm is retained by an adversary of a client of his former firm.
  - In such a case, even if there is a substantial relationship between the two matters, the lawyer can avoid disqualification by showing that effective measures were taken to prevent confidences from being received by whichever lawyers in the new firm are handling the new matter.

Caselaw Examples

(Armstrong v. McAlpin)

- *Armstrong v. McAlpin*, 625 F. 2d 433 – Court of Appeals, 2nd Circuit 1980.
- In a suit seeking over $24 million for violation of federal securities laws, a motion was made to disqualify the law firm representing plaintiffs.
- A "screening" (conflict wall) arrangement was approved and the motion was denied.
- The attorney involved in the case, for example, was:
  - Denied access to relevant files;
  - Discussion of the suit was prohibited in his presence; and
  - No members of the firm were permitted to show him any documents relating to the case.

Caselaw Examples
(Kesselhaut v. United States)

- *Kesselhaut v. United States*, 555 F. 2d 791 – Court of Claims 1977
- Here a lawyer previously employed in the FHA and HUD, became associated with a firm that represented a client suing the FHA. Screening allowed the firm to continue the representation against the FHA.
- The screening approved was similar to *Armstrong*:
  - All other attorneys in the firm were forbidden to discuss the case with the disqualified attorney and instructed to prevent any documents from reaching him;
  - The files were kept in a locked file cabinet, with the keys controlled by two partners and issued to others only on a "need to know" basis.

Caselaw Examples

(LaSalle Nat. Bank v. County of Lake)

- *LaSalle Nat. Bank v. County of Lake,* 703 F. 2d 252 – Court of Appeals, 7th Circuit 1983
- The court described screening arrangements which courts and commentators have approved contain certain common characteristics (e.g., *Armstrong v. McAlpin* (625 F.2d at 442-43) and *Kesselhaut v. US* (555 F.2d at 793)).
- The court also noted that in both the *Armstrong v. McAlpin* and *Kesselhaut v. US* cases, the screening arrangement was set up at the time when the potentially disqualifying event occurred, either when the attorney first joined the firm or when the firm accepted a case presenting an ethical problem.

Caselaw Examples

(Shukh v. Seagate Technology, LLC)

- *Shukh v. Seagate Technology, LLC*, 872 F. Supp. 2d 851 – Dist. Court, Minnesota 2012
- The court stated that:
  - An employee-inventor required to assign his patent rights does not generally have an attorney-client relationship with the company's patent counsel. *Univ. of W.Va. v. VanVoorhies*, 278 F.3d 1288, 1303-04 (Fed.Cir.2002);
  - The law firm's representation of the university, and prosecution of a patent in the inventor's name, did not give rise to an attorney-client relationship between law firm and the inventor; *Telectronics Proprietary, Ltd. v. Medtronic, Inc.*, 836 F.2d 1332, 1336-37 (Fed.Cir. 1988); and
  - There is no attorney-client relationship where inventor-employee merely assisted company's attorneys in prosecuting the patent application.

Caselaw Examples

(Monon v. Wabash)

- *Monon Corp. v. Wabash Nat. Corp.*, 764 F. Supp. 1320 – Dist. Court, ND Indiana 1991
- The older ABA Canon 9 admonishes that a lawyer must avoid even the appearance of impropriety. With regard to the facts of this case, the court noted that:
  - The patent attorney obtained a patent for one party and then attempted to deny the same patent for a competitor.
  - The patent attorney, at the very least, made initial determinations that the invention was patentable and then drafted claims for a patent application designed to convince the PTO that the invention was patentable.
  - Now the same lawyer goes so far as to claim that the same invention lacks the conditions of patentability.
  - "No matter who the clients were or are; no matter what confidential information is possessed by whom, this simple circumstance gives "an unsavory appearance of conflict of interest that is difficult to dispel in the eyes of the lay public — or for that matter the bench and bar ..." *Analytica, Inc. v. NPD Research, Inc.*, 708 F.2d 1263, 1269 (7th Cir.1983).
  - Thus, the court believed that the appearance of impropriety must be avoided by disqualifying the patent attorney.

Caselaw Examples

(Telectronics Proprietary, Ltd. v. Medtronic)

- *Telectronics Proprietary, Ltd. v. Medtronic, Inc.*, 836 F. 2d 1332 – Court of Appeals, Federal Circuit 1988.
- Suit involving Cardiac Pacemakers. Defendant moved to disqualify counsel for plaintiff.
- The inventor now works for the assignee of the patent (the defendant).
- Patent attorney A (who wrote the patent 15 years earlier) now works for plaintiff's counsel, but has no recollection of any facts other than those in the public record and does not have the file maintained by his former firm.
- Defendant claims the status of "former client" for itself, as assignee of the patent. It also claimed this for its employee (again, who previously worked for the assignor, and with patent attorney A).

Caselaw Examples

(Telectronics Proprietary, Ltd. v. Medtronic)

- Here the court found:
  - Canon 9: Regarding "appearance of impropriety" the court stated:
    - Here, the district court found that (1) the inventor was not the alter-ego of the assignor company that first obtained the patent, and thus, an attorney-client relationship did not exist between patent attorney A and the inventor; and (2) the successor in interest to the issued patent, had provided a written waiver to patent attorney A's representation.
    - In addition, any appearance of impropriety is lessened by the fact that patent attorney A did not undertake successive representation of clients with adverse interests and did not obtain actual confidences that would give the plaintiff an unfair advantage.

Caselaw Examples

(Vaxiion Therapeutics v. Foley & Lardner- Southern District of California; 593 F.Supp.2d 1153 (2008) Settled Malpractice Case)

- Foley San Diego office represented Vaxiion Therapeutics with respect to their patent work. The Foley D.C. office represented a Vaxiion competitor, EnGeneIC, with respect to their patent work.
- According to the court filings, Vaxiion claimed that they were not notified that Foley represented this competitor.

Caselaw Examples

(Vaxiion Therapeutics v. Foley & Lardner- Southern District of California; 593 F.Supp.2d 1153 (2008) Settled Malpractice Case)

- Foley San Diego office filed provisional patent application for Vaxiion in 2001 and 2002 for minicells.
  - A minicell is a small achromosomal (i.e., without chromosomes) cell that is produced by abnormal and unequal division of a parent cell.
- D.C. Foley office filed a provisional patent application for EnGeneIC for the same minicell technology between the 2001 and 2002 Vaxiion filings.
  - Unfortunately, Foley's San Diego Office missed the one-year PCT filing deadline for the 2001 Vaxiion provisional. They blamed the inventor because the inventor made numerous changes on the eve of the one-year deadline (e.g., at 9:30 pm required the addition of several hundred pages of DNA sequences to the application, etc.).
- However, the D.C. Foley office was successful in filing a PCT application for EnGeneIC by the one-year deadline, successfully claiming priority back to the EnGeneIC provisional patent application.
- Therefore, EnGeneIC had patent protection predating the second Vaxiion provisional application to the disadvantage of Vaxiion.

Caselaw Examples

(Vaxiion Therapeutics v. Foley & Lardner- Southern District of California; 593 F.Supp.2d 1153 (2008) Settled Malpractice Case)

- To compound the problem, Foley's D.C. patent team received a rejection regarding the EnGeneIC patent application, citing the U.S. Vaxiion application being prosecuted by the Foley San Diego office.
  - The Foley's D.C. patent team tried to antedate or "swear behind" the Vaxiion application based on trying to show that EnGeneIC had reduced it to practice before Vaxiion did.
  - When that effort failed, Foley's D.C. patent team contacted Vaxiion about cross-licensing the minicell technology, which is when Vaxiion learned of the dual representation.
- The court was only deciding Summary Judgment motions and motions to strike evidence, but the facts of this case have produced good discussion.

Caselaw Examples

(Vaxiion Therapeutics v. Foley & Lardner- Southern District of California; 593 F.Supp.2d 1153 (2008) Settled Malpractice Case)

- It has been discussed that acts in advance of the EnGeneIC representation could have negated or dramatically minimized the subject matter conflict issues in this case.
  - First, Vaxiion could have been requested to provide a list of competitors to Foley and request that they not represent any company or individual on that list.
  - That list could be put into Foley's conflict system as "adverse parties" or "related parties", so that a conflict search will flag those companies.
  - Vaxiion should also be asked to update that list with outside counsel as needed.

Caselaw Examples

(Vaxiion Therapeutics v. Foley & Lardner- Southern District of California; 593 F.Supp.2d 1153 (2008) Settled Malpractice Case)

- . . . acts in advance of representation. . .
  - Second, Foley should have conducted a subject matter conflict search in advance of EnGeneIC's engagement within the patent group to ensure that there was no subject matter conflict of interest.
    - At small and mid-size firms, this type of search may be a simple email to the patent group that states: "We are considering representing a company who develops and manufactures . . .. Please reply back immediately if you represent any clients who use this technology."
    - A large firm may also consider utilizing this method of conflict checking, but a better system may be to use a conflict database that allows attorneys to select "business codes" related to the type and subtypes of businesses, followed by adding keywords to help focus in on whether someone else at the firm is handling matters in that technology space. It is likely that a simple keyword search of "minicell" would have flagged this conflict.

Caselaw Examples

(Maling v. Finnegan, 473 Mass. 336 (2015))

- Maling hired Finnegan's Boston office to obtain patents for screwless eyeglass.
- Finnegan's D.C. office had simultaneously represented Masunaga Optical in the screwless eyeglass market.
- Maling alleges that Finnegan's work was very slow.
- Maling asserts that they would not have made investment in developing the product if Finnegan had disclosed its conflict and the work on the Masunaga Optical's patents.

Caselaw Examples

(Maling v. Finnegan, 473 Mass. 336 (2015))

- The simultaneous representation of clients competing for patents in the same technology area is sometimes referred to as a "subject matter conflict."
- Subject matter conflicts for patents do not fit neatly into the traditional conflict analysis.
- For example, Maling and Masunaga were not adversaries in the traditional sense, as they did not appear on opposite sides of litigation. Rather, they each appeared before the USPTO in separate proceedings to seek patents for their respective screwless eyeglass devices.
  - Maling acknowledged that Finnegan was able to successfully obtain patents for both Maling's device and Masunaga's.

Caselaw Examples

(Maling v. Finnegan, 473 Mass. 336 (2015))

- Maling advocated for a broad interpretation that would render all subject matter conflicts actionable, per se violations, but the court disagreed.
- The court held "although subject matter conflicts in patent prosecutions often may present a number of potential legal, ethical, and practical problems for lawyers and their clients, they do not, standing alone, constitute a conflict of interest."
- The court analogized the situation to that in *Curtis v. Radio Representatives, Inc.*, 696 F. Supp. 729 (D.D.C. 1988).
  - *Curtis* involved a law firm simultaneously representing clients in the preparation and prosecution of applications for radio broadcast licenses from the FCC.
  - In *Curtis*, the court stated that the fact that an attorney is simultaneously representing two companies that are competitors in the same industry does not itself establish an actionable breach of an attorney's fiduciary duty.

Caselaw Examples

(Maling v. Finnegan, 473 Mass. 336 (2015))

- The court held that direct adverseness requires a conflict as to the legal rights and duties of the clients, not merely conflicting economic interests.
- Maling and Masunaga were not competing for the same patent, but rather different patents for similar devices.

Caselaw Examples

(Maling v. Finnegan, 473 Mass. 336 (2015))

- The court noted that if the USPTO had called an interference proceeding to resolve conflicting claims in the Maling and Masunaga patent applications, or if such a proceeding was likely, the legal rights of the parties would have been in conflict, as only one inventor can prevail in an interference proceeding.
  - The court noted that an interference proceeding involves identical inventions or those that are obvious variants of one another
- The claims of the Maling and Masunaga patents were not identical or obvious variants of each other; and the claims in one application would not necessarily preclude claims contained in the other.
- However, the court noted that providing a patent opinion arguably would have rendered the interests of Maling and Masunaga directly adverse.

Thank You

- Questions?

Disciplinary Examples
(In re Harrington (USPTO D2012-14))

- Invention promotion company referred a significant volume of clients to attorney.
- Attorney prepared, filed, and prosecuted client applications, but was paid by, and only communicated with, invention promotion company.
- Attorney did not speak with clients about their inventions or his services.
- Attorney did not consult with clients regarding prosecution or inform clients of office correspondence, and instead took action without their knowledge.
- Received 3-year suspension from practice before USPTO.
  - Violated 37 C.F.R. §§ I0.23(a) and (b) via IO.23(c)(8) by failing to inform clients of correspondence received from the Office.
  - Violated 37 C.F.R. § I0.62(a) by not obtaining the consent of the referred client after full disclosure, including not adequately describing the escrow and payment arrangement.
  - Violated 37 C.F.R. § 10.66(a) where independent professional judgment is likely to be adversely affected.
  - Violated 37 C.F.R. § I0.77(c) for failure to communicate with clients adequately in a timely manner about their applications.

Disciplinary Examples
(In re Radanovic (USPTO D2014-29))

- Patent attorney represented joint inventors, without a written agreement regarding representation.
- One inventor alleged that the other did not contribute to allowed claims; however, the attorney continued to represent both inventors.
- Attorney expressly abandoned the application naming both inventors in favor of continuation naming only one inventor.
- Received public reprimand.
  - Violated 37 C.F.R. § 10.66(b): a practitioner shall not continue multiple employment if the exercise of the practitioner's independent professional judgment on behalf of the client will be or is likely to be adversely affected by the practitioner's representation of another client.
  - Violated 37 C.F.R. § 11.107(a): a practitioner shall not represent a client if the representation of one client will be directly adverse to another.
  - Violated 37 C.F.R. § 11.109(a); a practitioner who has formerly represented a client in a matter shall not thereafter represent another person in the same or substantially related matter.

Disciplinary Examples

(In re Watkins (USPTO D2006-04))

- Patent Attorney represented Taser International in patent matters and took stock options as payment for representation.
- Filed patent application indicating that Taser employee was the sole inventor of a power source design.
- After he cashed out stock options, attorney asserted that he was actually a joint inventor of the power source design, and he filed papers naming himself as co-inventor.
- He mislead Taser by letting them think they had full ownership of the patent and used Taser's information to their disadvantage.
- Excluded from practice before USPTO.
  - Violated ER 1.4 by failing to disclose information that could impact the representation of Taser's business interests.
  - Violated ER 1.6 by misappropriating information learned during course of representing Taser.
  - Violated ER 1.7 by representing Taser when such was materially limited by attorney's self-interest.
  - Violated ER 1.8 by entering business transaction without Taser's consent, and using information to Taser's disadvantage without consent, etc.

Engagement Letter

- Many law firms look at the *Maling v. Finnegan* decision as approving patent attorneys representation of competitors in the same technology area, with the only limit being that a firm should not represent competitors attempting to patent the same invention.
- However, it may be preferable to take a more conservative approach.
- The client may be best served if patent firms do not represent competitors attempting to obtain patents in the same technology area.

Engagement Letter Examples

- We represent many other clients engaged in a wide variety of business. In connection with our representation of you, we want to be fair not only to you and your interests, but also to those of our other clients. We would like you to know that we will not represent other clients (who may potentially be your competitors) if that work would be substantially related to the technology areas in which we perform work for you (unless you agree to such in writing, with the possible establishment of a conflict wall); and conversely, if such representation is unrelated to the technology areas in which we perform work for you, we may accept such representation (without written waiver or conflict wall).

Engagement Letter Examples

- For example, we will not obtain patents for other clients in the same patent technology sub-classes in which we perform work for you, or represent other clients in a proceeding against you (unless such potential conflict is waived in writing, with the possible establishment of a conflict wall). Stated more simply, in order to protect your interests, we will not represent any other client in any matter where confidential information that we have obtained from you becomes material or relevant, or where use of your confidential information would be adverse to your interests.

OC Guideline Examples

- It is very important to Company Y that the information Company Y shares with your firm remain confidential, and that it not be shared with any other clients of your firm, especially with any of your firm's clients who may be potential business competitors to Company Y. Additionally, the information we provide you should be restricted to only those professional and staff who need to know such information in order to provide Company Y with legal services. Therefore, Company Y expects your firm to have policies and procedures in place to keep the information Company Y discloses to you confidential and secure, both physically and electronically.

OC Guideline Examples

- In that regard, we are providing you with the following list of companies that we consider to be our competitors. If your firm represents any of these organizations, Company Y feels that a conflict of interest may exist potentially, and we would like for you to provide us a list of the technology areas (USPC and/or CPC subject matter sub-classes) that you perform work for such clients, and a list of the subject matter sub-classes that you perform work for Company Y. In addition, if you represent clients in any of the following subject matter sub-classes before the USPTO, and you perform work for Company Y in the same subject matter sub-classes, please inform us of the clients you represent in those subject matter sub-classes.

OC Guideline Examples

- Unless otherwise agreed to in writing, Company Y does not want your firm to represent any other clients in the subject matter sub-classes for which you perform work for Company Y. If you do not represent other clients in the subject matter sub-classes for which you perform work for Company Y, Company Y does not consider your firm to have a conflict of interest. However, if your firm represents clients in the subject matter sub-classes for which your firm performs work for Company Y, you can continue to perform work for Company Y only if Company Y approves of your representation in writing or by e-mail, which may require an appropriate conflict wall be established in your office.

OC Guideline Examples

- Specifically, with respect to a conflict wall that may be required, we feel that an appropriate conflict wall will have at least the following characteristics: your firm must maintain Company Y's physical and electronic files in locations that are not physically or electronically accessible to any attorney or staff who performs legal work for other clients in the same subject matter sub-classes that you perform work for Company Y.

OC Guideline Examples

- Further, with respect to a conflict wall, professional and non-professional employees of your firm working on Company Y matters may not discuss any such Company Y matters (whether generally or in detail) with any attorney or staff who performs legal work for other clients in the same subject matter sub-classes that you perform work for Company Y. In addition, when discussing any Company Y matters, such discussions must take place in locations that prevent those not authorized from hearing such conversations (such as in a closed office or conference room that is sufficiently sound secure).

OC Guideline Examples

- In addition, Company Y feels that your firm should keep a list of subject matter sub-classes in which you perform work for Company Y, and the foregoing list of Company Y competitors, in your conflict of interest system. We want your firm to keep the list of subject matter sub-classes in which you perform work for Company Y in your conflict of interest system updated as you receive additional work from Company Y, and Company Y will periodically update the list of our competitors. We expect you to perform a conflict of interest check on all matters you take for other clients to ensure that they do not overlap with the subject matter sub-classes you are performing for Company Y. If such a conflict arises, you can seek Company Y's approval to proceed with the representation of the other client (which may result in the use of a conflict wall, as mentioned above).

- Thank You

Frederick W. Gibb III, Esq.
Gibb & Riley, LLC
844 West Street
Suite 200
Annapolis, MD 21401