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Patent Agents: The Person You Are

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This is another in a continuing series of articles addressing patent ethics. See David Hricik, *How Things Snowball: The Ethical Responsibilities and Liability Risks Arising from Representing a Single Client in Multiple Patent-Related Representations*, 18 GEO. J. LEGAL ETHICS 421 (2005); David Hricik et al., *Save a Little Room for Me: The Necessity of Naming As Inventors Practitioners Who Conceive of Claimed Subject Matter*, 55 MERCER L. REV. 635 (2004); David Hricik, *Where the Bodies Are: Current Exemplars of Inequitable Conduct and How to Avoid Them*, 12 TEX. INTELL. PROP. L.J. 287 (2004); David Hricik, *Trouble Waiting to Happen: Malpractice and Ethical Issues in Patent Prosecution*, 31 AIPLA L.J. 385 (2003); David Hricik, *Aerial Boundaries: The Duty of Candor as a Limitation on the Duty of Patent Practitioners to Advocate for Maximum Patent Coverage*, 44 S. TEX. L. REV. 205 (2002); David Hricik, *The Risks and Responsibilities of Attorneys and Firms Prosecuting Patents for Different Clients in Related Technologies*, 8 TEX. INTELL. PROP. L.J. 331 (2000).

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I. INTRODUCTION

The United States Patent and Trademark Office (“Patent Office”) permits both lawyers and nonlawyers with certain minimum educational requirements to take the patent bar and become registered with the Patent Office, and thereby become authorized to prosecute patent applications.¹ Thus, a license to practice law is neither a condition of, nor is it sufficient to, practice before the Patent Office.

Patent agents are nonlawyers who have passed the patent bar and are registered with the Patent Office.² Patent agents offer efficiencies and effectiveness to clients. First, because they have not had to undertake three years of legal education, patent agents, though equally qualified in the eyes of the Patent Office to prosecute patents, may be available at a lower hourly rate to clients. Second,

1. See 37 C.F.R. § 11.6 (2006).

2. *Id.*

because they may have completed their technical education more recently than a law student who had to spend three years in law school, they may be better trained—or at least may have received more recent technical training—than lawyers, and therefore may be better adept at communicating with patent applicants and drafting more accurate patent applications.³

However, patent agents suffer from an identity crisis in the eyes of the law that inhibits patent clients from accessing the benefits the agents may provide. Courts, bar associations, and disciplinary agencies struggle with determining whether what patent agents “do” constitutes the “practice of law,” whether they give “legal advice,” and whether they are “nonlawyers” and thus, under applicable ethics rules, cannot form partnerships with lawyers to practice law.⁴ How patent agents are characterized has critical, real-world consequences. For example, whether a client can know that information disclosed to the agent will be privileged, thus subject to protection, or even must be held confidential by the patent agent, turns on the agent’s status under the law.

This identity crisis is understandable. After all, at one time those we now call “patent agents” were designated as “patent lawyers” by the Patent Office itself.⁵ Today, while these practitioners can no longer refer to themselves as “lawyers,”⁶ they are authorized by federal statute to prosecute patents, and prosecuting patents constitutes “practicing law.” Thus in the current legal framework, patent agents practice law, but are not “lawyers” and cannot call themselves “lawyers.” This fact alone has led to much confusion and disagreement among courts and bar associations as to how to treat patent agents with regard to the application of ethical rules and privilege law: though patent agents practice law, are they “lawyers” for either purpose, or not?

Patent agents are not the only professionals who are authorized to “practice law” without state licensure.⁷ But what makes patent agents unique, and what makes classifying them more difficult, is that, unlike other nonlawyers who “practice law,” patent agents must comply with ethical rules that are *identical* to those applied to lawyers who practice before the Patent Office⁸ and, furthermore, that are largely identical to the disciplinary rules applicable to lawyers who do *not* practice before the Patent Office.⁹ Patent agents therefore occupy a truly unique

3. See Penny Prater, *The Evolving Rules of Patent Professionals*, 2006 Advanced Biotechnology/Chemical Patent Practice Seminar (June 16, 2006), San Jose, California.

4. See MODEL RULES OF PROFESSIONAL CONDUCT R. 5.4(b) (2004) [hereinafter MODEL RULES].

5. See *Sperry v. Florida*, 373 U.S. 379, 385 (1963) (discussing legislative history of this change).

6. *Id.*

7. Other nonlawyer professionals are authorized by federal law to provide legal advice. Foremost, “enrolled agents” are authorized to provide legal advice concerning federal income tax laws, for example. See 31 C.F.R. § 10.4(b) (2006).

8. See 37 C.F.R. §§ 10.1(r) (defining “practitioner” to include patent agents), 10.20-10.24 (enumerating ethical duties of practitioners before the patent office).

9. See generally Timir Chheda, *A Handy List: Comparison of the ABA Model Rules of Professional Conduct with the Patent Rules of Ethics*, 5 J. MARSHALL REV. INTEL. PROP. L. 477 (2006) (providing useful tables). The

position in the legal system.

From the perspective of the Patent Office, patent agents walk, talk, and look like lawyers; from the perspective of state bars, however, they are nonlawyers who are not subject to state disciplinary rules. This dichotomy has led to open disagreement on fundamental conclusions as to who patent agents really are. For example, does the fact that patent agents "practice law" mean that their clients can claim privilege over communications between the patent agent and the client, or does the fact that they are not "lawyers" mean communications cannot be privileged? Does it mean that they are "nonlawyers" or "lawyers" for conflict of interest purposes and for purposes of sharing fees or forming partnerships?

Despite the fact that there are thousands of registered patent agents, no article has as yet addressed the fundamental issue of how best to characterize patent agents in the legal and patent systems. This Article attempts to fill that void by providing guidance to patent agents, lawyers, courts, and bar associations in understanding who patent agents are. The Article describes the confusion surrounding patent agents and explores whether patent agents should be treated as "lawyers" in the various contexts in which they operate. Clarity is in dire need because inefficiencies flow from the current uncertainty surrounding the proper legal classification of patent agents. For example, it forces clients, who want to be sure that their communications with the agents are privileged, to hire lawyers over patent agents even if the latter may be equally skilled and available at a lower price.

Part II of this Article describes the requirements for being a patent agent. Part III describes the ethical standards that apply to patent agents. Part IV analyzes the common ethical issues that patent agents commonly face and seeks to clarify who patent agents really are by looking at what they really "do."

At the outset, it is important to provide a few internal definitions. As used in this Article (and generally by practitioners), a "patent lawyer" is someone who is both licensed by a state to practice law and is registered to practice before the Patent Office; a "patent agent" is registered with the Patent Office, but is not licensed by any state to practice law; a "lawyer" or "attorney" is licensed by a state to practice law, but is not registered with the Patent Office.

II. THE REQUIREMENTS FOR BECOMING A PATENT AGENT

A patent agent is a nonlawyer who is registered to practice patent law before the Patent Office.¹⁰ To be registered, the patent agent must have certain legal, scientific, and technical qualifications, and must demonstrate good moral

PTO Code varies from state ethics rules in various, sometimes critical, ways. Nonetheless, at their cores the two largely overlap and require similar standards of conduct.

10. See 37 C.F.R. § 11.6(b).

character.¹¹ A lawyer who wants to practice patent law must pass the same test as that required of a patent agent: the mere fact of state bar admission is insufficient to qualify a lawyer to practice before the Patent Office.¹² The result of this is that being a “lawyer” is neither sufficient to appear before the Patent Office, nor a condition to doing so.

Once registered, a patent agent becomes subject to and must comply with the ethical standards promulgated by the Patent Office and contained in the Patent Office Code of Professional Conduct (the “PTO Code”).¹³ The PTO Code is largely based upon the ABA *Model Code of Professional Responsibility* (“*Model Code*”).¹⁴ Thus, it is a comprehensive ethical code which covers everything found in codes governing lawyers.¹⁵ The PTO Code applies with equal force to lawyers who become registered to prosecute patents.¹⁶

Some contend that the implication of this is that “[f]or all purposes, lawyers and nonlawyers seeking to practice patent law before the United States Patent and Trademark Office find themselves on the same footing.”¹⁷ This contention is a half-truth. The standards applied to patent agents and patent lawyers by the Patent Office are identical.¹⁸ However, because patent lawyers are licensed by the state, they are likely subject to additional licensing requirements—such as continuing legal education requirements—that do not apply to patent agents. Thus, in terms of their treatment by the Patent Office, patent lawyers and patent agents are the same. The fact that only patent lawyers are licensed by—and so subject to regulation of—state lawyer disciplinary boards does matter, however, as becomes clear below.

11. See 37 C.F.R. § 11.7(a)(2)(i)-(ii).

12. See 37 C.F.R. § 11.7(b)(1)(ii).

13. See 37 C.F.R. §§ 10.1-10.112.

14. See generally David S. D’Ascenzo, *Federal Objective or Common Law Champerty?—Ethical Issues Regarding Lawyers Acquiring an Interest in a Patent*, 3 TEX. INTELL. PROP. L.J. 255, 258-59, 270 (1995).

15. See generally William Jacob, *Professional Ethics before the USPTO: A Discussion for Beginners*, 16 PROF. LAW. 22 (2005) (describing scope of PTO Code).

16. See 37 C.F.R. § 10.1(r).

17. *Mold-Masters Ltd. v. Husky Injection Molding Sys., Ltd.*, 01 C 1576, 2001 WL 1268587, at *2 (N.D. Ill. Nov. 15, 2001) (citing *In re Ampicillin Antitrust Litig.*, 81 F.R.D. 377, 393 (D.D.C. 1978)). The statement is true only with respect to the Patent Office. Patent lawyers can be disciplined by a state bar for violating state ethics rules, but patent agents may not be. See *Buechel v. Bain*, 713 N.Y.S.2d 332, 340 (App. Div. 2000). However, nonlawyers who practice patent law can be subject to state proceedings for the unauthorized practice of law, and patent agents can be subject to such proceedings if their conduct exceeds the boundaries authorized by federal law. Congress did not authorize those who have not become registered with the Patent Office to practice patent law, nor authorize those who are registered with the Patent Office to practice law broadly—only to practice before the Patent Office.

18. *In re Amalgamated Dev. Co.*, 375 A.2d 494, 496 (D.C. 1977) (“The only difference between the two is that patent agents are not also attorneys.”).

III. PATENT AGENTS ARE BOTH LAWYERS AND NONLAWYERS FOR PURPOSES OF DISCIPLINE

Both the Patent Office and state and federal courts continue to face unanswered questions concerning the status of patent agents for purposes of disqualification motions. This Part addresses what is known, and what remains to be discovered, about how the Patent Office and the courts characterize patent agents. Surprisingly, the following discussion shows that consistency and clarity would be best served if patent agents were treated as lawyers for purposes of discipline in the Patent Office, but as nonlawyers for all other purposes.

A. THE PATENT OFFICE SHOULD TREAT PATENT AGENTS AS PATENT LAWYERS FOR PURPOSES OF DISCIPLINE

Congress authorized the Patent Office to establish disciplinary rules and to discipline practitioners who violate them.¹⁹ In accordance with that authority, the Patent Office established the Office of Enrollment & Discipline ("OED").²⁰ The OED reviews complaints, conducts investigations, and enforces the PTO Code.²¹ Over the years, the OED has written numerous opinions interpreting and applying the PTO Code.²²

The OED has authority to reprimand, suspend, or exclude patent agents, either generally or from a particular matter, but only if it proves that the patent agent has violated a disciplinary rule in the PTO Code.²³ Thus, a patent agent can only be disciplined by the OED for violations of the PTO Code. As a result, the PTO Code controls the question of whether the OED may bring a disciplinary proceeding against a patent agent.

The same is true with the discipline of patent lawyers: the OED may succeed in disciplining a patent lawyer also only by establishing a violation of the PTO Code.²⁴ For purposes of discipline, therefore, patent agents are treated like patent lawyers. Both are subject to discipline by the OED only upon violation of the PTO Code. That treatment is consistent, and correct, since by its terms the PTO Code applies to lawyers or agents who practice before the Patent Office.

19. 35 U.S.C. §§ 2(b)(2)(D), 32 (2006).

20. *See id.*; 37 C.F.R. § 10.2(a).

21. *See, e.g.,* Weiffenbach v. Logan, 27 U.S.P.Q.2d 1870 (Comm'r Pat. 1993); McCandlish v. Doe, 22 U.S.P.Q.2d 1223 (Comm'r Pat. 1992); Weiffenbach v. Frank, 18 U.S.P.Q.2d 1397 (Comm'r Pat. 1991); Weiffenbach v. Gould, 14 U.S.P.Q.2d 1331 (Comm'r Pat. 1989); Small v. Weiffenbach, 10 U.S.P.Q.2d 1898 (Comm'r Pat. 1989).

22. *See, e.g.,* cases cited in note 21 *supra*.

23. *See* 35 U.S.C. §§ 2(b)(2)(D), 32; 37 C.F.R. § 10.130(a).

24. *See supra* note 21.

B. THE PATENT OFFICE SHOULD TREAT PATENT AGENTS AS
NONLAWYERS DURING DISQUALIFICATION PROCEEDINGS

Discipline is only one way in which violation of the disciplinary rules can be pertinent during patent prosecution. Both parties to *inter partes* proceedings and Patent Office personnel are authorized to raise motions (called "petitions" in the Patent Office) to disqualify.²⁵ In contrast to disciplinary proceedings, the Patent Office is not required to apply the PTO Code to these petitions. Rather, the regulations specifically provide that the PTO Code does not control disqualification petitions, which are instead "handled on a case-by-case basis under such conditions as the Commissioner deems appropriate."²⁶

Due to this "case-by-case" approach to addressing disqualification petitions, the Patent Office has relied on legal ethical rules when deciding the propriety of the conduct of patent lawyers. For the following reasons, however, the Patent Office should not, absent compelling reasons, treat patent agents like lawyers.

Although the Patent Office has relied on the PTO Code in deciding petitions to disqualify patent lawyers, its decisions have stated that when the Patent Office is deciding disqualification petitions, its interpretation of the PTO Code can be "aided by decisions of federal courts" which addressed ethical matters involving lawyers.²⁷ While those federal decisions may be informative of lawyer ethical standards, they are often deciding disqualification motions by applying state disciplinary rules that substantively differ from the PTO Code. This raises the possibility that a patent agent could be disqualified from representing an applicant in the Patent Office based upon principles from lawyer disciplinary rules, not the PTO Code. Patent agents, of course, are not lawyers, and whether principles contained only in state disciplinary rules should apply to them has never been considered.

There are two reasons why, in applying this case-by-case approach, the Patent Office should be extremely reluctant to rely on federal cases applying lawyer disciplinary rules that differ from the PTO Code in deciding disqualification petitions involving patent agents. First, neither the disciplinary rules of the state in which the agent practices nor the authority interpreting those rules should be given much weight to the extent those rules differ from the PTO Code²⁸ for the simple reason that the PTO Code is the only code of ethics that patent agents are

25. See 35 U.S.C. § 32 (2006); 37 C.F.R. § 10.130(b).

26. 37 C.F.R. § 10.130(b).

27. *Anderson v. Eppstein*, 59 U.S.P.Q.2d 1280, 1285 (Bd. Pat. App. & Interf. May 11, 2001) ("While the PTO has no specific rules which govern disqualification petitions, generally the provisions of the PTO Code of Professional Responsibility, aided by the decisions of federal courts, govern resolution of a disqualification."). In a trademark case, the board recently wrote that "there is nothing improper in considering relevant case law of other jurisdictions with the understanding that different wording in those standards of professional responsibility may compel a different result." *Finger Furniture Co. v. Finger Interests No. One, Ltd.*, 71 U.S.P.Q.2d 1287 (June 29, 2004) (trademark decision).

28. Obviously, if the state rules and PTO Code are identical, it doesn't matter which applies.

required, or have agreed, to follow. In determining whether a patent agent has acted unethically, it is obviously incongruous to apply ethical rules that do not apply to patent agents.²⁹

Second, not only have patent agents not agreed to comply with state disciplinary rules, but the application of those rules to their conduct can create extraordinarily troublesome issues for the Patent Office. There is disagreement, for example, over whether under lawyer disciplinary rules a lawyer who knows confidential information of one client that is material to another client's patent application must keep the information confidential or must instead comply with the duty of candor imposed by federal law and the PTO Code and disclose the information to the Patent Office.³⁰ Some say that under state law, a patent lawyer may not disclose such information, even if doing so is required by the PTO Code.³¹ While this conflict between state ethics rules and the PTO Code creates a troublesome issue for patent lawyers, the same conflict should not face patent agents who are not lawyers and therefore should not be subject to state ethics rules. On the other hand, if the Patent Office determines that ethical issues concerning patent agents turn on rules existing outside the PTO Code, then the same uncertainties that affect patent lawyers begin to affect the obligations of patent agents.

Thus, although the OED should treat patent agents no differently than patent lawyers for purposes of discipline, the Patent Office should be extremely cautious in applying cases decided by applying state disciplinary rules to disqualification petitions concerning patent agents. Applying principles derived from lawyer disciplinary rules to patent agents may unnecessarily create uncertainty over the agents' duties by imposing different obligations contained in state rules and subject them to obligations contained in lawyer disciplinary rules which, by their terms, do not apply to the agents.³² Therefore, although it has the statutory authority to decide petitions to disqualify without limiting itself to application of

29. To be sure, a patent agent who is an employee of a law firm is likely to be deemed a nonlawyer for purposes of state disciplinary rules. For example, partners of law firms must take reasonable steps to ensure that nonlawyers conform their conduct to applicable state disciplinary rules. *See, e.g.*, MODEL RULES R. 5.1, 5.2, 5.3. Requiring attorneys to supervise nonlawyers does not mean the nonlawyers are themselves subject to the disciplinary rules, however. Indeed, bar associations lack authority to prosecute nonlawyers for violations of the disciplinary rules, since those rules, by their own terms, apply only to lawyers.

30. *See* David Hricik, *Aerial Boundaries: The Duty of Candor as a Limitation on the Duty of Patent Practitioners to Advocate for Maximum Patent Coverage*, 44 S. TEX. L. REV. 205, 246-48 (2002).

31. *See generally* Simone A. Rose & Debra R. Jessup, *Whose Rules Rule? Resolving Ethical Conflicts During the Simultaneous Representation of Clients in Patent Prosecution*, 12 FED. CIR. B.J. 571, 584-609 (2003).

32. This suggests another reason why the PTO Code should be deemed to preempt state law on this issue: if it does not, then patent agents could have different obligations concerning their duty of disclosure than do lawyers. The result of having two standards of disclosure—one for patent agents and one for patent lawyers—would obviously complicate, and to an extent frustrate, the objective of issuing valid patents. For this reason, state law should be preempted.

the PTO Code, the Patent Office should not do so without carefully weighing the implications to patent agents of doing so.

C. COURTS AND BAR ASSOCIATIONS SHOULD TREAT PATENT AGENTS AS LAWYERS FOR PURPOSES OF IMPUTED DISQUALIFICATION IN LITIGATION AND DISCIPLINARY PURPOSES

Patent agents are often employed by law firms that do not limit their practice to patent prosecution. To the extent that lawyers in those firms do not limit their practice to practice before the Patent Office, they obviously must comply with state disciplinary rules. A Virginia lawyer giving licensing advice obviously must comply with the applicable Virginia rules when doing so, for example. How should state disciplinary rules treat patent agents? Are they lawyers, or not lawyers for purposes of disqualification in state or federal litigation?³³

That characterization can be critical in determining whether a law firm hiring a patent agent will have a conflict of interest because courts and bar associations often treat lawyers and nonlawyers differently for purposes of imputation of conflicts of interest arising from hiring lateral employees. For example, if a lateral employee hired by a firm is a lawyer, then generally the lateral's conflicts are imputed to the firm;³⁴ if the lateral is a nonlawyer, then the majority rule is that conflicts are not imputed.³⁵ Put the other way, hiring a lawyer who has a conflict of interest will, by imputation, disqualify the entire firm or subject it to discipline; hiring a nonlawyer will not if the nonlawyer is screened.³⁶

The prior work of a patent agent for a former employer can serve as the basis for a disqualification motion based upon the patent agent's conflict of interest.³⁷ If patent agents are treated as "lawyers" then their conflicts are imputed, and screens will not prevent imputed disqualification.

The only appellate court to have addressed how they should be treated faced an unusual circumstance and assumptions by the district court and parties that rendered the court's analysis suspect. In *American Roller Co. v. Budinger*,³⁸ the motion to disqualify was based upon a lawyer's work done while he was a patent

33. See *In re Am. Airlines, Inc.*, 972 F.2d 605, 614-17 (5th Cir. 1992) (discussing the role of federal law in deciding disqualification motions filed in federal court litigation).

34. Amon Burton, *Migratory Lawyers and Imputed Conflicts of Interest*, 16 REV. LITIG. 665, 681 (1997).

35. See generally Natalie Chalmers, *Zimmerman v. Mahaska Bottling Company: Kansas's Tactical Disqualification Weapon*, 15 KAN. J. LAW & PUB. POL'Y, 369, 376-79 (2006) (collecting authority that imputes, and does not impute, nonlawyer conflicts).

36. See generally Lee A. Pizzimenti, *Screen Verite: Do Rules About Ethical Screens Reflect the Truth About Real-Life Law Firm Practice?*, 52 MIAMI L. REV. 305 (1997) (discussing reality and efficacies of screening and screening rules). There are certain exceptions that permit screening of former judges, similar officials, and certain government lawyers. *E.g.*, MODEL RULES R. 1.11, 1.12.

37. See *Am. Roller Co. v. Budinger*, 513 F.2d 982, 983-84 (3d Cir. 1975).

38. *Id.* at 984, n.1 (stating patent agent was required to "conform to the standards of ethical and professional conduct generally applicable to attorneys before the courts of the United States").

agent. The parties and district court assumed that the state disciplinary rules applied to information he learned prior to becoming licensed. Thus, the court imputed the conflict faced by the patent agent to all lawyers in the firm and disqualified the entire firm.³⁹

There are at least two reasons to believe that patent agents should not be viewed as lawyers for purposes of imputing conflicts of interest. First, the rule that imputes conflicts of interest imputes conflicts of lawyers.⁴⁰ Patent agents are not lawyers and so the rule literally does not apply. Second, as noted below, bar associations deem patent agents to be “nonlawyers” for purposes of fee splitting and partnering with lawyers. It would be anomalous to treat them as lawyers for purposes of imputed disqualification but not for those other purposes. Thus, courts should, consistent with both the language of the rule and their treatment of patent agents under other rules, hold that conflicts of interest facing patent agents should not be imputed if the jurisdiction does not impute conflicts of interest of nonlawyers.⁴¹

D. CONCLUSION: CONSISTENCY

The result is consistent. In the Patent Office, patent agents should be treated as patent lawyers for disciplinary purposes and as nonlawyers in disqualification matters because in the former case *the applicable rules*—the PTO Code—treats patent agents and patent lawyers the same. In the latter case, it is incongruous for the Patent Office to apply state disciplinary rules that, by their own terms, do not apply to patent agents to determine whether they are acting ethically. In disqualification outside of the Patent Office, patent agents should be treated as nonlawyers since by definition, that is what they are. The net result would be consistency: state lawyer rules will not apply to nonlawyer patent agents, but the PTO Code, which expressly does apply to patent agents, will control.

IV. THE STATES, NOT THE PATENT OFFICE, SHOULD TREAT PATENT AGENTS AS NONLAWYERS FOR PURPOSES OF PARTNERSHIP AND FEE SHARING

Under the PTO Code, it is not unethical for patent lawyers to share fees with patent agents or to become partners with them. The PTO Code specifically allows for the sharing of fees and the forming of partnerships between patent lawyers and patent agents.⁴² However, under state disciplinary rules, lawyers may not

39. *Id.* at 985.

40. MODEL RULES R. 1.10(a).

41. Not all states permit screening of nonlawyers. *See, e.g., Matluck v. Matluck*, 825 So. 2d 1071 (Fla. Dist. Ct. App. 2002) (discussing split in Florida on nonlawyer screening).

42. *See* 37 C.F.R. §§ 10.37 (“[d]ivision of fees among practioners”), 10.48 (“[s]haring of legal fees [between practioners and non-practioners]”), 10.49 (“[f]orming a partnership with a non-practioner”).

form partnerships or share fees with nonlawyers such as patent agents.⁴³ The fact that state law ostensibly prohibits what federal law permits obviously raises preemption questions.

A. THE SCOPE OF PREEMPTION BY THE PTO CODE

The PTO Code expressly preempts state law only "to the extent necessary for the Patent and Trademark Office to accomplish its federal objectives."⁴⁴ The Federal Circuit has held that, unless preempted, state disciplinary rules continue to govern the conduct of patent lawyers even with respect to conduct occurring during patent prosecution.⁴⁵ Consequently, a patent lawyer must engage in a "preemption" analysis to determine whether it is necessary for the PTO to achieve its federal objectives for the PTO Code to preempt state law.⁴⁶ If not preempted, then a patent lawyer may be disciplined by a state in accordance with its disciplinary rules, even for conduct authorized by the PTO Code.⁴⁷ This Part applies those principles to partnership and the obvious fee sharing arrangements that might be made between patent agents and patent lawyers.⁴⁸

B. STATES CANNOT PROHIBIT PARTNERSHIPS OR FEE SHARING IF THE PRACTICE IS LIMITED TO PATENT PROSECUTION

Courts should hold that a patent agent and patent lawyer who limit their practice to that conduct which the patent agent is authorized by federal law to perform cannot be precluded by state law from forming a partnership. Because both the patent lawyer and patent agent are authorized by the PTO Code to

43. See, e.g., MODEL RULES R. 5.4(a) (prohibiting sharing of legal fees with a nonlawyer, with certain inapplicable exceptions).

44. 37 C.F.R. § 10.1.

45. *Kroll v. Finnerty*, 242 F.3d 1359 (Fed. Cir. 2001).

46. See *Buechel v. Bain*, 713 N.Y.S.2d 332, 340 (N.Y. App. Div. 2000) (reasoning that PTO Code precluded enforcement of directly contrary state law but did not preclude enforcement of more restrictive state law); Hricik, *supra* note 30 (describing how PTO Code only preempts state law to the extent it interferes with the PTO's federal objectives). Others likewise recognize that conflicts of interest during prosecution must be analyzed under the PTO Code. See, e.g., LISA B. KOLE, PRACTICING LAW INSTITUTE, CONFLICTS OF INTEREST IN TECHNOLOGY LAW 520 (2000) ("If a patent practitioner represents a client in patent prosecution, and then is asked to represent a new client in prosecution of related subject matter, there is no per se conflict of interest for the practitioner, even if the established and potential clients are economic competitors. However, the attorney should review the situation in terms of the PTO Code.").

47. See *Kroll*, 242 F.3d at 1366 (rejecting argument that PTO regulations preempt state regulation of patent lawyers, though not addressing which rules would apply, if any, to grievance or malpractice claims); *Schindler v. Finnerty*, 74 F. Supp. 2d 253, 260-61 (E.D.N.Y. 1999) (rejecting argument that attorneys could not be disciplined for violation of state ethics rules, even though they were registered before the PTO, and holding that PTO Code preempted state law only to the extent that state law "frustrate[s] the necessary scope of practice before the PTO").

48. Obviously, a lawyer can form a partnership with a patent lawyer and share fees with him. See 49 Fed. Reg. 10,012, 10,016 (Mar. 16, 1984) ("An attorney who practices before the PTO and another attorney who does not practice before the PTO could form a partnership to practice law in a state . . .").

prosecute patents, to form partnerships, and to share fees, a state cannot prohibit the formation of a partnership, or the sharing of fees between them, so long as they engage only in conduct that is authorized by the PTO Code. The reason for that should be apparent: application of state law would eviscerate the regulation in the PTO Code which permits these partnerships and fee sharing arrangements to exist.

Although there is scant authority, the ABA long ago concluded that the then-applicable *Canons of Ethics* did not prohibit "a partnership between a member of the Bar and a layman licensed as a patent agent by the Patent Office when the practice of the partnership is confined to activities permitted laymen under the Patent Office Rules."⁴⁹ There is contrary authority, however. One state bar association concluded that an attorney could not form a partnership to prosecute patents with a patent agent.⁵⁰ In addition, the ABA in an earlier opinion had taken the view that a lawyer who practices law with a nonlawyer patent agent must still comply with the state disciplinary rules.⁵¹

Even assuming the opinions which conclude that patent lawyers and patent agents may not form partnerships or split fees are sound, they do not address either the question of preemption or the PTO Code's position on this issue (one because it was issued prior to the promulgation of the PTO Code). Even if they accurately describe state law, courts should hold that the PTO Code preempts them, since they directly conflict with and would eviscerate the PTO Code's express rule permitting these arrangements. Clearly, the fact that the Patent Office

49. ABA Comm. on Prof'l Ethics and Grievances, Formal Op. 257 (1944) [hereinafter ABA Formal Op. 257].

50. Nassau County B. Op. No. 44/88 (Aug. 5, 1988).

51. In ABA Formal Op. 257, *supra* note 49, the ABA Committee on Professional Ethics and Grievances described its earlier conclusion, which it rejected in Opinion 257 for unclear reasons, though it mentioned the Patent Office's authority to discipline patent lawyers and patent agents, as well as the constitutional grant of authority governing patents given to Congress. In summarizing its earlier opinion, the ABA Committee explained:

In Opinion 201 . . . the question was presented as to whether or not it is proper for a lawyer to enter into a partnership with a layman enrolled on the register of attorneys of the United States Patent Office as entitled to represent applicants in the presentation and prosecution of applications for patents, provided clear indication is given in connection with the use of the firm name of the respective professional qualifications of the partners and provided the business of the partnership was limited to the prosecution of patent applications, the rendering of opinions on patentability, preparation of patent assignments and license agreements and giving opinions on infringement. The Committee held that when a lawyer engaged in a business which is one that would be regarded as the practice of the law when handled by a lawyer, it continues to be the practice of law so far as the lawyer who is engaged in the business is concerned; that if the lawyer member of the proposed partnership rendered any of the services above described, his professional skill and responsibility as a lawyer would be engaged and, consequently, he would be practicing law; that the fact that the law member also is permitted by the rules of the Patent Office to render the same services does not change the conclusion that the business of the proposed partnership would be the practice of law and, accordingly, Canon 33 was violated, as well as Canon 34, which prohibits the division of fees for legal services with a layman.

adopted specific provisions giving patent agents and patent lawyers the right to form partnerships or split fees is a strong indication that these arrangements are necessary for the PTO to meet its federal objectives. Thus, courts should hold that state law is preempted.

C. PARTNERSHIP BETWEEN LAWYERS AND PATENT AGENTS

The prior section analyzed whether patent lawyers and patent agents may form partnerships or split fees where the practice is limited to patent prosecution. This section analyzes whether lawyers *who do not limit their practice to prosecution or who may not be registered with the Patent Office at all* may form partnerships with patent agents.

As shown above, the PTO Code expressly permits patent agents to form partnerships with patent lawyers and share fees with them, and state disciplinary rules which conflict with that grant ought to be deemed preempted.⁵²

Beyond that, there is some clarity, but much uncertainty.

It is clear that lawyers and patent lawyers may form partnerships, since obviously state rules do not prohibit lawyers from forming partnerships with other lawyers simply because those other lawyers are authorized to prosecute patents.⁵³ On the other end of the spectrum, it is equally clear that both patent lawyers and patent agents cannot form partnerships with persons who are neither lawyers nor patent agents to represent clients before the Patent Office, because the PTO Code does not permit those partnerships.⁵⁴

The difficult question concerns whether lawyers who do not limit their practice to conduct before the Patent Office may form partnerships with patent agents. Can a large, general practice law firm have a patent agent as one of its partners? The PTO Code permits this, since it allows patent agents to form partnerships with lawyers (whether patent lawyers, or not) and also to share fees with them.⁵⁵

Most believe that under state disciplinary rules, partnerships or fee sharing between lawyers and patent agents where the partnership engages in practice beyond patent prosecution are prohibited.⁵⁶ The reasoning is simple: state disciplinary rules preclude formation of partnerships between lawyers and nonlawyers; patent agents are nonlawyers; therefore state ethics rules preclude formation of partnerships between lawyers and patent agents. The authority

52. See 37 C.F.R. § 10.37, 10.48, 10.49.

53. 49 Fed. Reg. at 10,012, 10,016 (“An attorney who practices before the PTO and another attorney who does not practice before the PTO could form a partnership to practice law in a state . . .”).

54. 37 C.F.R. § 10.49.

55. *Id.*

56. See generally Thomas K. McBride, Jr., *Patent Practice in London—Local Internationalism: How Patent Law Magnifies the Relationship of the United Kingdom with Europe, the United States, and the Rest of the World*, 2 LOY. U. CHI. INT’L. L. REV. 31, 48 (2005) (noting that in many American states there is a prohibition “for sharing partnership revenue with a patent agent registered before the U.S. Patent Office but who is not a lawyer registered with a state bar”).

directly on the point is sparse. One Connecticut Bar Association opinion addressing the general question of whether lawyers could form partnerships with nonlawyers states:

a lawyer may not be in partnership with an auditor, or layman collector, or with a patent agent, not a lawyer, or with an income tax expert, or certified public accountant, unless the practice of the firm is confined to activities permitted to the lay members and the lawyer ceases to hold himself as such; nor may a layman be held out as an associate.⁵⁷

On its face, this reasoning is correct. Patent agents are not lawyers, and partnerships among patent agents and lawyers are prohibited. Yet, not too far beneath the surface lay policy reasons that ought to be taken into account by states as they attempt future regulation in this area. Patent agents should not be so quickly lumped into auditors, collectors, and other nonlawyers. Unlike those nonlawyers, patent agents are subject to an ethical code that is based upon and is largely identical to the *Model Code*, which served as the basis for state ethics rules for many years. The Patent Office is currently revising the PTO Code to become essentially identical to the ABA *Model Rules of Professional Conduct* ("*Model Rules*"),⁵⁸ which serve as the basis of most state ethics rules.⁵⁹ Thus, although there are important differences between the PTO Code and state disciplinary rules—particularly between the PTO Code and states that have adopted versions of the *Model Rules*—patent agents are held to precisely the same standards of conduct as were lawyers for many years.

Therefore, although it is literally correct to say that the formation of partnerships between patent agents and lawyers violates state ethics rules, is that necessarily the correct result? Should states interpret rules that prohibit sharing fees or forming partnerships with nonlawyers to apply to nonlawyers who must comply with attorney disciplinary standards, who are subject to discipline under the same standards as attorneys who practice in the field, and who can, no doubt, be sued for breaching those same standards?

The argument exists that the purpose behind the prohibition against fee splitting is not implicated by fee sharing or partnership among patent agents and lawyers. The purpose of those rules is to prevent interference by the nonlawyer with the independent professional judgment of the lawyer in acting on the client's behalf.⁶⁰ The ethical obligations of the lawyer and patent agent are largely the

57. Conn. Bar Ass'n, Formal Op. 8 (1988) (quoting DRINKER, LEGAL ETHICS 204 (1953)).

58. See 68 Fed. Reg. 69,442 (Dec. 12, 2003).

59. See *Preface to the ANNOTATED MODEL RULES OF PROFESSIONAL CONDUCT*, at vii (5th ed. 2003) (noting that as of the time of its publication, all but eight jurisdictions had adopted the *Model Rules*).

60. See MODEL RULES R. 5.4 cmt. 1 ("These limitations are to protect the lawyer's professional independence of judgment."); ABA Comm. on Ethics and Prof'l Responsibility, Formal Op. 95-392 (1995) (same); ABA Comm. on Ethics and Prof'l Responsibility, Formal Op. 87-355 (1987) (stating prohibition avoids interference with lawyer's professional judgment and ensures fees will remain reasonable); ABA Comm. on Ethics and

same, and so the interference that the rule seeks to prevent does not likely exist when the arrangement is with a patent agent. Indeed, the fact that the Patent Office permits patent agents and patent lawyers to share fees would suggest that—to the Office at least—the arrangement does not implicate the purpose of the rule.

On the other hand, however, there are several reasons why the prohibition against fee splitting or forming partnerships is likely to remain in place. One is the obvious syllogism set forth above: lawyers may not share fees with nonlawyers; patent agents are nonlawyers; therefore, lawyers may not share fees with patent agents. Beyond that, however, lies the fact that patent agents are not required by the Patent Office to have formal ethics training or to satisfy continuing legal education requirements that, typically, include professionalism or ethics training. For that reason, there arguably remains a substantive reason for bar associations to continue to enforce the prohibition against fee splitting.⁶¹

Thus, until and unless bar associations start treating patent agents like “lawyers” for purposes of these arrangements, or until the state disciplinary rule as applied to them is held infirm, lawyers should avoid entering into arrangements with patent agents that constitute the formation of partnerships or the sharing of fees with patent agents where the practice is not limited to matters before the Patent Office.

V. THE FACT THAT PATENT AGENTS HAVE LIMITED FEDERAL AUTHORITY TO PRACTICE LAW, BUT ARE NOT LAWYERS, CREATES ODD DICHOTOMIES

It has been more than forty years since the Supreme Court held that the “preparation and prosecution of patent applications for others constitutes the

Prof'l Responsibility, Informal Op. 86-1519 (1986) (finding rule protects exercise of lawyer's independent professional judgment and deters the unauthorized practice of law).

61. The District of Columbia has eliminated the prohibition where the partnership is to practice law:

(b) A lawyer may practice law in a partnership or other form of organization in which a financial interest is held or managerial authority is exercised by an individual nonlawyer who performs professional services which assist the organization in providing legal services to clients, but only if:

- (1) The partnership or organization has as its sole purpose providing legal services to clients;
- (2) All persons having such managerial authority or holding a financial interest undertake to abide by these Rules of Professional Conduct;
- (3) The lawyers who have a financial interest or managerial authority in the partnership or organization undertake to be responsible for the nonlawyer participants to the same extent as if nonlawyer participants were lawyers under Rule 5.1;
- (4) The foregoing conditions are set forth in writing.

D.C. RULES OF PROF'L CONDUCT R. 5.4(b) (2006). “No other U.S. jurisdiction permits lawyers and nonlawyers to practice together in this fashion. In fact, a member of the Virginia bar, who practices in a District of Columbia law firm that includes a nonlawyer as a partner, apparently may not engage in the practice of law in Virginia.” D.C. Bar Ass'n, Op. 322 (2004).

practice of law.”⁶² But, though they practice law, patent agents are not licensed by a state to practice law and so by definition are not “lawyers.” Instead, they are nonlawyers who are authorized by federal law to practice law, but authorized only to prosecute patents.⁶³ What, exactly, is the scope of this authority?

At the outset, the limited grant of authority clearly does not prevent patent agents from providing services that are not “legal services.” A patent agent can provide nonlegal services even though they are used in connection with patent prosecution. For example, laymen may prepare an application, conduct a patentability search, or obtain documents from the Patent Office,⁶⁴ and so can patent agents.

Equally clear is that patent agents do not have the right to practice law broadly. *Sperry* emphasized that “registration in the Patent Office does not authorize the general practice of patent law, but sanctions only the performance of those services which are reasonably necessary and incident to the preparation and prosecution of patent applications.”⁶⁵ Thus, the “State maintains control over the practice of law within its borders except to the limited extent necessary for the accomplishment of the federal objectives.”⁶⁶ States cannot prevent patent agents from practicing patent law, but they can prevent them from writing wills.

Instead of a broad, unbounded grant of authority to practice law, courts have characterized the federal grant as allowing for the practice of “[a]ll aspects of patent prosecution; that is, from patentability determinations to drafting patent applications to amending patent applications”⁶⁷ While the dividing line is often not well-marked, the problem is that even typical prosecutions involve application of state law in activities that constitute the practice of law in most states. Patent agents, therefore, must be careful not to drift outside the safe harbor of *Sperry* and onto the rocks of unauthorized practice of law.⁶⁸ Precisely where the calm waters end and the shallows begin is not well-charted territory: the courts have “not seen fit to draw a line clearly defining these services or tasks which are incidental to the preparation and prosecution of patent applications

62. *Sperry v. Florida*, 373 U.S. 379, 393 (1963); see, e.g., *In re Lawrence Peska Assoc., Inc.*, 393 N.Y.S.2d 650, 652 (App. Div. 1977) (“Respondent’s contentions that [patent prosecution] does not constitute ‘legal work’ since non-lawyers are permitted to do it is [sic] without merit.”). For an earlier case reaching the same result as that reached in *Sperry*, see *Chicago Bar Ass’n v. Kellogg*, 88 N.E.2d 519 (Ill. App. Ct. 1949).

63. E.g., *In re Lawrence Peska*, 393 N.Y.S.2d at 652 (“Patent agents are permitted to prepare applications even though this constitutes the practice of law, solely because they are authorized to do so by federally supreme law.”).

64. 40 Fed. Reg. 33790, 33797 (Aug. 11, 1975) (explaining that such services are not legal services).

65. *Sperry*, 379 U.S. at 393.

66. *Id.* at 402.

67. *Sanofi-Synthelabo v. Apotex Inc.*, 299 F. Supp. 2d 303, 307 (S.D.N.Y. 2004).

68. See *In re Wells*, No. 01-0-00379, 2005 WL 3293313, at *4-5 (Cal. Bar Ct. Mar. 7, 2006) (recognizing that while it could not regulate federal practice of an attorney, the court had jurisdiction because the attorney had resolved state court claims against clients, not just federal claims). See generally Ill. Bar Ass’n, Advisory Op. 92-6 (1992) (recognizing that as a factual matter a lawyer authorized to provide federal advice may stray into matters of state law).

before the Patent Office and those services or tasks which the respective states may proscribe as constituting the unauthorized practice of law."⁶⁹

Both before and after *Sperry*, the Patent Office and the courts have mapped out certain safe harbors for patent agents by identifying those activities which are authorized by federal law, and so which a state cannot prevent a licensed patent agent from performing. Some of these boundaries are pretty obvious, since they either involve activities that are required for patent prosecution, or do not. Thus, patent agents may provide inventors or applicants with an opinion as to the patentability of an invention; prepare the patent application including the specification, claims, and official drawings; advise applicants what action they should take, if any, after rejection; and prepare and file amendments and responses to office actions.⁷⁰

On the other hand, it is clear that a patent agent cannot write a will, file a patent infringement lawsuit in federal court, or take a deposition in connection with an infringement suit. Those activities are not necessary and incident to prosecuting patent applications. Likewise, engaging in patent litigation, trademark filings, and similar activities is not incident to patent prosecution.⁷¹

But beyond those obvious activities, the boundaries become less clear. Even some matters that may on first blush appear incident to prosecution have been held to be outside the safe harbor of *Sperry*. For example, a patent agent "may not advise his client as to the ownership of an invention such as where a question of ownership arises by virtue of employment or other contractual relationship between his client and others."⁷² That conduct would be unauthorized because such determinations are not incident to patent prosecution, and it would constitute the practice of law because it obviously involves interpretation of contracts, which is clearly the practice of law.

69. N.J. Comm. on the Unauthorized Practice of Law, Formal Op. 9 (1972). That 35-year-old observation remains true.

70. See Harry I. Moatz, *Avoiding Misconduct Complaints in Patent Prosecution*, 80 PLINY 29, 32 (Aug. 2000). Mr. Moatz is the current Director of the Office of Enrollment and Discipline, the disciplinary entity within the Patent Office. See *id.*

71. A New Jersey ethics opinion noted,

(i) He may not advise a client respecting litigation in the Courts of the State of New Jersey, including litigation involving issues arising under patent law.

(j) He may not advise clients concerning rights or liabilities in connection with trade marks nor may he represent clients in the assertion of trade mark rights or in defense of liability under trade mark rules.

(k) He may not represent clients in the filing and prosecution of applications for registration of trade marks nor the prosecution of oppositions to the registration of trade marks in the United States Patent Office unless and except to the extent that Congress may preempt this field of law. He may not represent clients in the filing and prosecution of applications for registration of trade marks nor in the prosecution of opposition to the registration of trade marks in the Office of the Secretary of State of New Jersey.

N.J. Comm. on the Unauthorized Practice of Law, Formal Op. 9 (1972).

72. *Id.*

Likewise, even though patent prosecution is but one of several possible means to protect intellectual property, a patent agent can "not advise his client as to what the client's rights may be under forms of legal protection available under federal or state law" instead of patent protection, such as trade secret protection, but "he may advise his client that there are alternate forms of legal protection on which he should seek advice from an attorney admitted to practice in this state."⁷³ Again, advice as to the scope of alternate forms of protection is not incident to the prosecution of patents and so is unauthorized, and providing guidance about whether to pursue alternate forms clearly is legal advice and so constitutes the practice of law.

The most interesting and difficult questions involve activities where the patent agent has been deemed by federal law competent to provide the advice, but not for the purpose for which the client seeks it. One example concerns whether patent agents can advise clients concerning validity, infringement, or the scope of an issued patent as compared to a pending application that the agent is prosecuting for the client. Whether they are authorized to do so, surprisingly, turns on why they have been asked to do so: they may not do so "except incident to the filing and prosecution of a patent application."⁷⁴

There are several variations of common activities which shed light on the fact that the propriety of giving advice turns on the purpose for which the client wants it. Clients may ask a patent agent whether a claim in an application the agent is prosecuting will cover a competitor's product. Drafting claims is clearly incident to patent prosecution, and satisfying the duty to obtain claims that the client wants is a necessary part of that obligation.⁷⁵ Courts should, as a result, hold that giving that advice is authorized by federal law. Likewise, patent agents should be permitted to advise clients as to whether a competitor's product will infringe an issued patent if that advice is necessary for the client to decide whether to file a new or continuation application, or to amend claims of an existing application. Deciding whether to seek a patent, and for that matter whether to seek broader claims by amending a pending application or filing a continuation application, is clearly incident to patent prosecution. Similarly, a client may need to know whether her product is covered by a patent to know whether to have the patent agent file an application. Such opinions ought to be deemed incident to patent prosecution and thus be authorized.

In each of the foregoing examples, the purpose of the advice was to prosecute a patent. The purpose of the advice is critical to whether it is proper to give it. So, a patent agent cannot advise a client whether the client's product infringes a third party's patent when the purpose of obtaining the advice is not to prosecute an

73. *Id.*

74. *Id.*

75. See Hricik, *supra* note 30 (discussing the duty to obtain maximum patent coverage for clients and what that obligation entails).

application or to decide whether to otherwise broaden claims. One reason to do so, for example, is to obtain an “opinion of counsel” to provide protection against a claim of willful infringement.⁷⁶ Such opinions are not incident to patent prosecution—and so would not be authorized—and clearly involve the practice of law. Advising clients whether their products infringe third party patents certainly is not necessary for prosecution and obviously requires giving legal advice. Because, in this hypothetical, the advice is not necessary for prosecution, it is unauthorized.

Another reason why a client may ask a patent agent to opine on the scope of the claims of an issued patent is to determine whether the client’s product is covered by the issued patent, so that the client can decide whether to file a patent application. In this circumstance, the client may need advice about an issued patent in order to know whether to file an application that covers the client’s own product. Under such circumstances, the patent agent’s conduct ought to be deemed authorized. Conversely, it would be unauthorized where the advice was sought for reasons other than whether to obtain a patent.

Another aspect of patent practice that raises interesting questions is the fact that patent prosecution often involves the drafting of contracts. The contract that is common in patent prosecution is an assignment, which, as is the case in many practice areas, is a contract by which one person (usually the inventor) assigns rights in the patent application to another person (usually the inventor’s employer). It is common, but not required,⁷⁷ for patent applications to be assigned by an employee to her corporate employer because the employee owes an obligation to assign inventions to the employer.

Patent assignments are contracts governed by state law.⁷⁸ Consequently, the argument that patent agents are not authorized to draft assignments is straightforward: a nonlawyer may not draft an assignment of property from one person to another and that is what a patent assignment does.⁷⁹ Therefore, unless the

76. See generally William F. Lee & Lawrence P. Cogswell, III, *Understanding and Addressing the Unfair Dilemma Created by the Doctrine of Willful Patent Infringement*, 41 HOUS. L. REV. 393 (2004) (discussing purpose and use of opinions of counsel).

77. Assignments are not required by the patent laws; they are simply an optional means by which ownership of an application is transferred from one person (usually the inventor) to another (usually the inventor’s employer) because of an existing contractual requirement to do so. See generally Peter Caldwell, *Employment Agreements for the Inventing Worker: A Proposal for Reforming Trailer Clause Enforceability Guidelines*, 13 J. INTELL. PROP. L. 279, 281-82 (2006) (providing a review of the recent use of such assignment clauses).

78. Interestingly, patents are personal property created by federal law, 35 U.S.C. § 261, but their transfer is made through contracts governed by state law. See *Univ. of W. Va. v. Vanvoorhies*, 278 F.3d 1288 (Fed. Cir. 2002) (holding that assignment was a matter of state law contract). While governed by state law, some terms in the contract may be governed by federal law. *Id.* (holding that assignment was a matter of state law contract, but whether an application was a “continuation-in-part” or not was a question of federal patent law).

79. Drafting an assignment is the practice of law in many states. See, e.g., *In re Burton*, 614 A.2d 46, 48 n.4 (D.C. 1992) (citing jurisdiction’s rule defining the practice of law as “preparing . . . contracts, assignments . . . or any other instruments affecting . . . personal property or any interest therein”); Okla. Bar Ass’n Legal Ethics Comm., Formal Op. 319 (2002) (arguing that the preparation of contracts constituted the practice

drafting of an assignment is incident to patent prosecution, it constitutes the unauthorized practice of law.

The authorities have not clearly answered whether patent agents may draft assignments. Suggesting that it is an authorized activity is the fact that patent assignments are not legally required to obtain a patent.⁸⁰ Furthermore, and unlike virtually all other aspects of patent prosecution, the validity and scope of an assignment does not turn on federal patent law, which the agent is authorized to practice and with which he must be familiar with, but instead turns on state contract law. Yet, assignments are extremely common and, if not legally, it is practically necessary for assignments to be done, particularly where an employee-inventor is involved.⁸¹ If a patent agent is not authorized to prepare an assignment, then in connection with many patent applications, patent agents would be unable to practicably prosecute the application since getting the application assigned to the employer is a practical requirement for prosecution.

The authorities provide little guidance but generally restrict the scope of authority of patent agents to draft assignments narrowly. They also reflect the same divide discussed above: the purpose of the service is what renders it permissible or not. This is reflected by one of the few considered opinions on the subject, which prohibits patent agents from preparing contracts or licenses "dealing with patent rights" and also from advising clients "in matters concerning contracts, licenses or assignment dealing with patent rights," but, nonetheless, permits them to prepare assignments that are "filed simultaneously with a patent application" and to advise clients "concerning contracts, licenses or assignments dealing with patent rights" if they "directly affect and be incident to the filing and prosecution of a patent application."⁸²

Other authorities take an even more narrow and overly-cabined view on this issue. For example, the *Kellogg* court went so far as to hold that patent agents may not even use the form-based assignments, which the Patent Office authorized and approved as official forms. That court stated:

The courts of the State of Illinois, and not the United States Patent Office, may determine what constitutes the illegal practice of law in this State. The fact that

of law); see also *Gasser Chair Co. v. Infanti Chair Mfg. Corp.*, No. 88 CV 3931, 03 CV 6413, 2006 WL 616267, at *3 n.8 (E.D.N.Y. Mar. 6, 2006) ("[C]ourts have held that Section 261 of the Patent Act does not displace the Uniform Commercial Code in providing a mechanism for perfecting security interests in patents.") (collecting cases so holding).

80. See generally Jerome S. Gabig, *Federal Research Grants: Who Owns the Intellectual Property?*, 9 HARV. J.L. & PUB. POL'Y 639, 644 (1986) ("[I]nventors frequently assign their rights to an employer as condition of their employment contract.").

81. See Richard S. Gruner, *Corporate Patents: Optimizing Organizational Responses to Innovation Opportunities and Invention Discoveries*, 10 MARQ. INTELL. PROP. L. REV. 1, 30 (2006) ("The patents arising out of corporate employees' discoveries are typically required by employment contracts to be assigned to the inventors' corporate employers.").

82. N.J. Comm. on Unauthorized Practice, Formal Op. 9 (1972).

the defendant used forms instead of original documents is not controlling upon the question of whether or not he was engaged in the practice of law. We have heretofore said that the preparing, drafting, and construing of assignments . . . relating to letters patent, constitutes the practice of law⁸³

These examples show that what determines whether a patent agent may give advice is not the substance of the advice or whether the patent agent has the training to give it: it is the purpose for which the advice is used that determines the propriety of giving it. If the purpose is prosecution, *Sperry* provides authority for the patent agent to give the advice.⁸⁴ Otherwise, the patent agent engages in the unauthorized practice of law if she provides the advice.

Prohibiting patent agents from giving advice if it is not for prosecution purposes may be the result of *Sperry*, but it is an odd dichotomy, and one that fails to allow patent agents to provide advice so long as they are competent to do so. For example, the duty of competency requires patent agents to know the law of obviousness and to be able to make judgments and legal arguments on behalf of clients on those issues during prosecution. A client is fully entitled to rely on a patent agent for advice on whether a proposed claim is obvious, for example, before spending the money to file an application containing that claim. It makes little sense to deny clients the ability to obtain the same advice and rely on it when the question is not whether a proposed claim is invalid as obvious, but when an issued one is. Yet, that is the dichotomy created by the limited grant of authority: the purpose of the advice, not the competency of the patent agent to give it, determines whether the patent agent is authorized to give it.

Thus, even if the patent agent is highly involved in a client's prosecution activities and so knows the prior art and its landscape, a patent agent is not authorized to provide an opinion on noninfringement or invalidity to a client about another patent.⁸⁵ Clearly, a patent agent can prosecute patent applications without giving such opinions, and they are not incident to prosecution. Furthermore, the courts have stated that the fact that an opinion was not from a patent attorney, but instead from a patent agent, may show the client's reliance upon the opinion was not reasonable.⁸⁶ Indeed at least one court has suggested

83. *Chi. Bar Ass'n v. Kellogg*, 88 N.E.2d 519, 526 (Ill. App. Ct. 1949).

84. The same dichotomy exists with respect to advice from patent agents concerning invalidity. A patent agent must determine, for example, whether a proposed claim is valid over the prior art. It is not necessary for patent prosecution, however, for a client to know whether a third party's patent is invalid. Even though the legal knowledge and skill required to analyze whether a proposed claim is valid over the prior art is essentially a skill no different than that required to determine whether a claim in an issued patent is valid, a patent agent can only do the former. The latter constitutes the unauthorized practice of law.

85. See Edward Poplawski, *Effective Preparation of Patent Related Exculpatory Legal Opinions*, 29 AIPLA Q.J. 269, 271 (2001) (discussing need for and way to prepare such opinions).

86. See *id.* at 286-87 (“[A patent opinion] should be given by a qualified United States patent attorney. As such, an opinion by a non-attorney, including even a patent agent, a general attorney, or a foreign attorney is normally entitled to little weight.”). Under this view, if an opinion is obtained, the fact that it came from a nonlawyer patent agent does not preclude reliance, but reduces reliability of the opinion.

that reliance on an opinion from a patent agent is improper.⁸⁷

There may be some basis for the distinction other than the happenstance boundary of *Sperry* and federal law. For example, one court wrote:

In our opinion, the rendering of opinions relating to the infringement of patents and the enforcement of patents . . . very definitely involves the practice of law. Whether or not a patent is violated depends upon many factors, which question can only be determined by the courts, federal or state as the case may be, presented by duly licensed attorneys at law.⁸⁸

Where the advice turns on issues concerning evidence and admissibility, for example, a patent agent may not be in the same position as a lawyer to provide an infringement analysis, even though that analysis largely turns on skills which the patent agent has and which he is authorized to exercise. It may still be true, nonetheless, that a patent agent may lack the training to competently give the advice. Even so, a bright line prohibition ignores the fact that a patent agent is as technically able as a lawyer to interpret a claim and apprehend the prior art in light of federal patent law, and the advice often turns only on those points of consideration.

The foregoing shows that the scope of the authorization from the Patent Act, which allows patent agents to practice law when necessary to prosecute patents for their clients, may be under-inclusive at least from the perspective of competency. The Patent Act does not authorize patent agents to provide certain services, even if they are as qualified as patent lawyers to do so.

VI. PATENT AGENTS SHOULD BE TREATED AS LAWYERS FOR PURPOSES OF PRIVILEGE

A tremendous amount has been written about whether communications between patent lawyers and their clients can, or should, be deemed to be privileged.⁸⁹ Others have examined the need for a uniform approach to privilege with respect to international and domestic patent agents.⁹⁰ The courts disagree on even the most basic question of whether communications in the United States

87. There is no direct authority holding that *only* an attorney must give an opinion, though at least one court has intimated that opinions from patent agents are insufficient. See *Signtech USA Ltd. v. Vutek, Inc.*, 44 U.S.P.Q.2d 1741, 1750 (W.D. Tex. 1997) (stating that "any oral opinion given by a patent agent not yet licensed to practice law was incompetent").

88. *Chi. Bar Ass'n v. Kellogg*, 88 N.E.2d 519, 524 (Ill. App. Ct. 1949).

89. See, e.g., Jonathan G. Musch, *Attorney-Client Privilege and the Patent Prosecution Process in the Post-Spalding World*, 81 WASH. U. L.Q. 175 (2003) (discussing attorney-client privilege).

90. See James N. Willi, *Proposal for a Uniform Federal Common Law of Attorney-Client Privilege for Communications with U.S. and Foreign Patent Practitioners*, 13 TEX. INTELL. PROP. L.J. 279 (2005).

between patent agents and their clients can be privileged.⁹¹ This Part argues that patent agents should be treated as lawyers for purposes of the attorney-client privilege.

A. THE INITIAL HOSTILITY TOWARD THE PATENT AGENT PRIVILEGE

The initial decision analyzing privilege in the context of patent prosecution, with both lawyers and agents involved, was hostile. In the seminal case of *United States v. United Shoe Machinery Corp.*,⁹² Judge Wyznaski characterized patent agents as “mere solicitors of patents who fall outside the privilege.” He even compared patent lawyers “to the employees with legal training who serve in the mortgage or trust departments of a bank or in the claims department of an insurance company.”⁹³

That hostility had an impact. Even today there remains a split: some courts deny privilege over all patent agent-client communications;⁹⁴ some recognize privilege only if the agent was supervised by an attorney at the time of the communication;⁹⁵ and still other courts treat patent agents as patent lawyers.⁹⁶ As of now, the courts are divided along these lines, a result which leads to uncertainty during prosecution as to whether communications will be privileged and extensive briefing and argument during patent litigation over whether communications claimed as privilege are properly withheld.

B. SHOULD THERE BE PRIVILEGE OVER PATENT AGENT-CLIENT COMMUNICATIONS?

This section addresses whether patent agents should be treated as patent lawyers for purposes of the attorney-client privilege. At the outset, Federal Circuit law should apply to the existence of a patent agent-client privilege, not the

91. See *Agfa Corp. v. Creo Prods., Inc.*, No. 00-10836-GAO, 2002 WL 1787534, at *2 (D. Mass. Aug. 1, 2002) (collecting cases and discussing the split among the district courts on whether a patent agent-client privilege ought to be recognized).

92. 89 F. Supp. 357, 360 (D. Mass. 1950).

93. *Id.*

94. See, e.g., *Agfa Corp. v. Creo Prods., Inc.*, No. Civ. A. 00-10836-GAO, 2002 WL 1787534, at *2 (D. Mass. Aug. 1, 2002) (“I see no reason to extend . . . the . . . privilege to non-lawyer patent agents . . .”); *Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146, 1169 (D.S.C. 1975) (“The federal courts have refused to extend the attorney-client privilege to encompass American patent agents.”); *Rayette-Faberge, Inc. v. John Oster Mfg. Co.*, 47 F.R.D. 524, 526 (E.D. Wis. 1969) (“[T]he attorney-client privilege does not apply . . . for the reason that the communications are with a group of agents who, apparently, are not attorneys at law.”).

95. See, e.g., *Cargill, Inc. v. Sears Petroleum & Transport Corp.*, 2003 WL 22225580 (N.D.N.Y. Sept. 17, 2003) (collecting cases).

96. See, e.g., *Polyvision Corp. v. Smart Technologies, Inc.*, 2006 WL 581037 (W.D. Mich. Mar. 7, 2006); *MPT, Inc. v. Marathon Labels, Inc.*, 2006 WL 314435 (N.D. Ohio Feb. 9, 2006) (“The fact that the applicant’s patent attorney might employ a patent agent for certain aspects of prosecution is irrelevant.”).

law of the state or regional circuit in which the case is pending.⁹⁷ That is so because whether and to what extent documents that are prepared by a patent agent during patent prosecution can be privileged are obviously questions unique to patent law, since all patent agents can do is practice patent law.

For three reasons patent agents should be treated as patent lawyers for purposes of privilege. First, the PTO Code requires patent agents to maintain in confidence information “protected by the . . . agent-client privilege” to precisely the same extent as it requires patent lawyers to maintain in confidence information “protected by the attorney-client privilege.”⁹⁸ The PTO Code’s requirement would be rendered entirely superfluous if there was no “agent-client” privilege.

Second, when the Patent Office adopted this PTO Code provision, the PTO stated that the “privilege is applicable in certain cases to communications between agents registered to practice before the PTO in patent cases and their clients.”⁹⁹ While the Patent Office probably lacks authority to establish a privilege by regulatory fiat, the office’s position is obviously worth weight in the analysis. No court has yet recognized its position on this issue, however.

Third, from a functional perspective, what patent agents do with respect to patent prosecution is *identical* to that which patent attorneys do. Because communications with patent lawyers can be privileged, from a functional perspective it makes no sense to treat patent agents differently.

For these reasons, courts should hold that patent agents are “lawyers” for purposes of the attorney-client privilege. Communications between patent agents and clients should be privileged to the same extent as communications between patent lawyers and clients, subject to one key limitation: consistent with their limited authority to practice law, once an application issues as a patent, privilege over communications with the patent agent about that application likely ceases.

Communications subsequent to the issuance of a patent, however, are not covered by the attorney-client privilege. The purpose of extending the privilege

97. See *In re Echostar Communications Corp.*, 448 F.3d 1294, 1298 (Fed. Cir. 2006) (“Federal Circuit law applies when deciding whether particular written or other materials are discoverable in a patent case, because they relate to an issue of substantive patent law.”) (citing *Truswal Sys. Corp. v. Hydro-Air Eng’g, Inc.*, 813 F.2d 1207, 1212 (Fed. Cir. 1987)); *In re Spalding Worldwide, Inc.*, 203 F.3d 800, 803 (Fed. Cir. 2000) (“[O]ur own law applies to the issue of whether the attorney-client privilege applies to an invention record prepared and submitted to house counsel relating to a litigated patent.”). In *Spalding*, the Federal Circuit emphasized that application of privilege to documents created during patent prosecution “is unique to patent law” and “clearly implicates substantive patent law.” *Spalding*, 203 F.3d at 804.

While the Federal Circuit has not yet held that its law applies to whether patent-agent communications are privileged, that result seems particularly compelling given the fact that patent agents are authorized only by federal law to practice, no state interest would appear to be implicated, and the need for federal uniformity is apparent.

98. 37 C.F.R. § 10.57(a).

99. 49 Fed. Reg. at 10,012, 10,016 (citing *In re Ampicillin Antitrust Litig.*, 81 F.R.D. 377, 392-94 (D.D.C. 1978)).

to a non-lawyer patent agent is to obtain advice in confidence that will substantially affect the legal rights of the client, i.e., in the patent application process. There does not appear to be authority for a blanket attorney-client privilege between a registered patent agent and his client once the purpose of extending the privilege has been accomplished.¹⁰⁰

Finally, it should be noted that the courts remain divided and the law remains unsettled on the scope of the attorney-client privilege during patent prosecution.¹⁰¹ Thus, even if there is a privilege, it may be more limited in scope than traditional attorney-client communications. But, to the extent the communication would be privileged if from a patent lawyer, it is privileged if from a patent agent.

VII. CONCLUSION

Who are patent agents? Are they lawyers, or not?

This article has hopefully shown that who they really are depends upon what forum is asking the question and what question is being asked. Clients, lawyers, and patent agents must face the fact that there remains uncertainty about how courts will treat conflicts of patent agents who are hired by firms, about the scope of authority of patent agents, and about the existence of privilege. Accordingly, care must be exercised to manage and minimize those risks, such as analyzing imputed conflicts from patent agents; crafting tasks for patent agents to be within their authority; and assuming privilege will not exist.

100. *Polyvision Corp. v. Smart Technologies, Inc.*, 2006 WL 581037 (W.D. Mich. Mar. 7, 2006).

101. *See, e.g., In re Gabapentin Patent Litig.*, 214 F.R.D. 178 (D.N.J. 2003).