

Conflicted by Conflicts Rules?

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A brief discussion of proposed New York Rules of Professional Conduct vis-à-vis the USPTO's proposed ethics rules in terms of impact on patent attorneys in New York.

Recently, the New York State Bar Association (NYSBA) proposed changes to three of the rules of ethics that govern New York lawyers. The three proposed rules, namely, Rules 1.7, 1.9, and 1.10, all relate to conflicts of interest. The proposed rules flow from an initiative by the NYSBA's Committee on Standards of Attorney Conduct (COSAC) to comprehensively review New York's rules of ethics. The NYSBA is seeking public comment. (see www.nybsa.org).

Similarly, within the past year the United States Patent and Trademark Office ("USPTO") has solicited public comment on its proposed changes to its ethics rules that govern attorneys and agents practicing before the USPTO.

Patent practitioners who are admitted attorneys are in the unique situation of being subject to two sets of ethics rules, i.e., those of the state(s) where they are admitted, as well as those of the USPTO. This double obligation can raise a dilemma in the mind of patent practitioners: which rule governs?

Proposed New York Rules of Professional Conduct

In an effort to harmonize the ethics rules of New York with the ABA Model Rules, COSAC has proposed amending Rules 1.7, 1.9, and 1.10 to adopt language used in the ABA Model Rules. Brief overviews of the proposed rules are provided in COSAC's June 29, 2004 letter to the members of the New York Bench and Bar.

For the most part, the proposed changes do not alter the substance and scope of the rules. For guidance, each of the proposed rules is accompanied by a "comments" section analogous to that provided for the ABA's Model Rules. The comments section provides attorneys with examples, case law, and other information helpful in interpreting each rule.

While by no means a substitute for reading the proposed rules in their entirety, brief statements are

offered below regarding the scope of the proposed NY rules, as well as their differences from the NY rules currently in force:

Rule 1.7 Conflict of Interest With Respect to Current Clients

* This proposed rule deals with a lawyer's professional obligation to avoid conflicts of interest based on a lawyer's obligations to other clients or a third party. This rule also deals with conflicts of interest that may arise due to a lawyer's own personal interests.

* As proposed, a client's informed consent to a conflict must be "confirmed in writing."

* The proposed rule combines two concepts that are addressed in two separate rules in the current NY ethics rules: one rule addressing conflicts arising from a lawyer's own interests, and another rule addressing conflicts from simultaneous representation of multiple clients.

Rule 1.9 Duties to Former Clients

* This proposed rule deals with a lawyer's professional obligation to former clients. Briefly, the first paragraph of this rule incorporates the "substantial relationship test" that is in the current NY rule, while the second paragraph prohibits a lawyer from "using" or "revealing" a former client's confidential information.

* In a similar fashion to Rule 1.7, this amended rule requires that a client's informed consent to a conflict be "confirmed in writing."

* Under the proposed rule, a lawyer who has formerly represented a client in a matter, or whose present or former firm has formerly represented a client in a matter, shall not thereafter "reveal confidential information of the former client protected by

Rule 1.6. The current NY rule does not contain the phraseology "reveal confidential information."

Rule 1.10 Imputation of Conflicts of Interest

* This proposed rule deals with the imputation of one lawyer's conflict of interest to all of the other lawyers with whom the personally disqualified lawyer is associated in a firm.

* The proposed rule retains and refines the current NY rule that requires a law firm to implement a conflicts checking system to assist lawyers in determining if there is a conflict of interest.

* The proposed rule implements “screens” for newly associated attorneys to a law firm.

Proposed USPTO Rules of Professional Conduct

In December 2003 the USPTO published over 100 pages of proposed rules and commentary. Proposed rules §§11.100-11.806 relate to the Rules of Professional Conduct. USPTO Rules §§11.107, 11.109 and 11.110 generally correspond to proposed NY Rules 1.7, 1.9 and 1.10.

Overall, the USPTO and NY rules address the same substantive issues and concerns. An obvious difference, however, lies in the fact that the NY rules apply to attorney admitted in NY, while the USPTO rules apply to both attorneys and agents practicing before the USPTO. What is not so obvious is how to deal with a potential conflict arising between the two sets of rules.

A couple of distinctions, between the two sets of rules are worth noting. First, USPTO Rule §11.109 requires a client to give informed consent of a conflict in writing “after consultation”, whereas the proposed NY rule does not explicitly allude to, much less require, such consultation.

A second distinction can be found in comparing USPTO proposed Rule §11.109(c) with NY proposed Rule 1.9(c). The USPTO rule refers to “information relating to the representation” of a client, whereas the NY rule refers to “confidential information” of a client - arguably a narrower set of information. From a practical standpoint, however, the USPTO’s requirement may actually be more focused since the “information relating to the representation” concerns matters pertaining to the representation of the client before the USPTO.

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To the extent that the NY and USPTO rules, upon implementation, are consistent, a patent attorney admitted in NY should obviously follow the USPTO rules when practicing before the USPTO, i.e., when he or she is preparing a patent application, when he or she is drafting a response to an Office Action, or when he or she is otherwise filing papers with the USPTO.

To the extent that the NY and USPTO rules, upon implementation, are inconsistent, a patent attorney admitted to NY should follow the more stringent rule. If it is not clear which of the two rules are more stringent, the patent attorney should seek the counsel of their firm’s ethics committee, or in the alternative contact the USPTO and/or NY State Bar Association directly.

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