

UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE ADMINISTRATIVE LAW JUDGE

In the Matter of	)	
	)	
S. Michael Bender,	)	Proceeding No. D00-01
	)	
	)	
Respondent	)	
	)	

INITIAL DECISION

In this proceeding under 35 U.S.C. §§ 31, and 32 and 37 C.F.R. §§ 10.132 and 10.139, the Director of Enrollment and Discipline for the United States Patent and Trademark Office, (“PTO” or “Director”), has charged the Respondent, S. Michael Bender, (“Bender”), in ten Counts, with numerous violations of the Disciplinary Rules of Professional Conduct, as set forth in 37 C.F.R. Section 10 (“Rules”). The Counts arise from alleged violations of the PTO disciplinary rules stemming from Bender’s conduct in his business relationships with certain invention submission companies and with the inventors that contracted with those companies. Each Count pertains to a particular inventor.¹ A hearing was held from March 26th through March 29, 2001 in St. Petersburg, Florida.²

Although the particular rules violated are not identical for each Count, in broad terms all

¹Thus Count 1 pertains to violations in connection with Bender’s representation of inventor Pauline Lucero. The other Counts are as follows: Count 2, inventor Michael Gallo; Count 3, inventor Barbara DuBose; Count 4, inventor Beth Billig; Count 5, inventor Albert Brandsetter; Count 6, inventor Donald Marvin; Count 7, inventor Vicki Hunt; Count 8, inventor Eugene Metter; Count 9, inventor Richard Lee; and Count 10, inventor David Petchonka.

²While 37 C.F.R.. § 10.139 anticipates that an initial decision in disciplinary matters will be issued within six months after the Complaint is filed, the parties effectively waived this timetable by requesting a delay for the submission of post-hearing briefs.

but one³ tell a similar story. Except for Count 2, all the Counts share the assertion that, before Bender began representing the clients named in the Counts, attorney Leon Gilden was representing the clients. Count 1 is illustrative of the charges. It asserts that, in connection with the invention submission company American Inventors Corporation (“AIC”) and inventor/patent applicant Pauline Lucero, Bender, on or about August 1994, did not: review with Lucero the information initially filed with Lucero’s patent application; did not perform his own patent search to determine if Lucero’s application had merit; did not discuss with Lucero whether she knew that only a design application was being filed; and, having received an office action from PTO regarding Lucero’s patent application, did not file a timely response to that office action; did not file a response to questions posed by the Office of Enrollment and Discipline (OED), and that as a consequence of these failures, Respondent violated several sections of the disciplinary rules.

Accordingly, for the Lucero Count, Respondent was charged with violating Section 10.23(b)(2), circumventing a Disciplinary Rule through the actions of another; 10.112(a), failing to preserve the identity of funds and property of the client; 10.112(c)(3), failing to maintain complete records of funds; 10.23(b)(4) and (b)(5), engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation and engaging in conduct that is prejudicial to the administration of justice; 10.62(a), accepting employment without the client’s full consent after disclosure that the exercise of professional judgment on behalf of the client will or reasonably may be affected by the lawyer’s own financial interests; 10.68(a)(1), failing to avoid influence of others by accepting compensation from one other than the client without first obtaining the client’s consent after full disclosure, and 10.77, failing to act competently by neglecting a legal matter entrusted to him.

Overview of the Parties’ Contentions

A underlying argument in this case involves PTO’s contention that a patent attorney has an obligation to the client beyond the terms of any agreement that client may have entered into with an intermediary. Accordingly, PTO argues that even where an inventor/client enters into a contractual agreement with an invention submission company providing that the company will obtain a *design* patent and that it will retain an attorney to carry out that task, the attorney’s obligations transcend the express terms of the contract by including the obligation to consult with and advise the client. These obligations include, among other things, the duty to discuss whether the contract reflects what the client intended to accomplish. Here, this included the duty to ascertain whether the client understood and intended to seek a design patent as opposed to a utility patent. Thus PTO argues as a basic principle that whenever a patent attorney is retained, either directly, or indirectly, through an intermediary, the attorney has a duty to consult with the client to determine the client’s intentions and to be sure that the application accurately reflects

³Count 2, the “Gallo” Count is the exception because it involves Respondent’s relationship with a different invention submission company and pertains to certain failures in connection with the filing of a *utility* patent.

those intentions. Such client consultations need to include a review of the invention to be sure that it is consistent with the inventors' ideas and the duty to advise clients as to the form of patent protection that is best suited to their inventions. PTO Br. at 40.

PTO argues that the failure to consult and advise, which exists in every instance, was particularly egregious here because, in nearly every instance, Bender's clients' true needs⁴ were for a utility patent. In the case of DuBose for example, the inventor wanted a patent for an automatic pill crusher, a device which, by its very description signaled an invention with functional, not mere design, objectives. DuBose's description of her device, intended to pulverize pills in order to make the administration of medicine to infirm patients easier, made it obvious that she was seeking a utility patent. Bender's first contact with DuBose, in April 1994, was the time to provide such consultation and advice. Although, over four years later, Bender advised DuBose that a utility application could be filed, this advice was untimely. Similarly, PTO contends that Bender failed to provide the needed consultation and advice to Petchonka and Billig, leaving them with applications for design patents which were effectively useless in the sense that such a patent was inconsistent with the inventors' intentions, offering them potential patent protection only for a design which, ironically, as originally applied for, they had not even created. *Id.* at 42. In addition, PTO contends that Bender did not promptly respond to his clients' inquiries.

Respondent Bender contends that he not only met his client obligations but exceeded them. A central theme in his arguments is that his conduct must be evaluated in the context of the *Daniels* litigation,⁵ his ultimate success in that case, and that the problems which ensued for his clients stemmed from PTO's erroneous posture on that case, a posture that was eventually overturned by the Court of Appeals. Delays to clients, therefore, were attributable to PTO's incorrect initial determination in that matter. Even so, Bender argues that his clients were not harmed, and that he diligently went about removing the added surface indicia to the inventions, indicia that was added while the clients were represented by the attorney initially retained by AIC, Leon Gilden. Respondent also views these actions, removing the added surface designs, as

⁴As noted, one Count involves violations in connection with an application for a utility patent. The specific Counts are discussed *infra*.

⁵This Court early on addressed the impact of the *Daniels* case upon this proceeding. While Respondent places great emphasis on that case, this Court, after noting that the Court of Appeals determined that "a superimposed leaf ornamentation did not obscure the *design* in the earlier [patent] application and thus that the inventor was entitled to claim priority under 35 USC § 120," determined in its January 11, 2001 Order on Motion in Limine that the *Daniels* case has no relevance to this proceeding. Order on Motion in Limine at 3, n. 4. This Court explained that the proceeding against Bender would focus on the allegations in the Complaint, and not on "collateral issues that do not speak to the charges against Mr. Bender." Accordingly this Court informed that "whether PTO incorrectly rejected design patent applications from invention submission companies ... [is] not pertinent to this case." *Id.* at 3.

evidence that he helped his clients obtain the design patents for which they contracted. As Bender sees his obligations, he can hardly be faulted for carrying out the very terms of the contracts that the inventor/applicants voluntarily entered.

Preliminary Matters⁶

Prior to discussing the particular Counts, the evidence presented for them and the arguments advanced by the parties, several preliminary issues need to be addressed.

What is the scope of PTO's authority to discipline patent attorneys?

Respondent takes the position that PTO's authority to discipline attorneys is limited *solely* to misconduct *in connection with the prosecution of patent applications, or other similar matters before the patent office*. *Id.* at 5. Bender points to 37 CFR § 10.1 in support of his construction and its use of the description that the part "governs **solely** the practice of patent, trademark and other law **before the Patent and Trademark Office**." *Id.* at 5 (emphasis in brief). He also notes that provision's language that state law is not preempted except to the extent required to accomplish federal objectives. From this, Respondent asserts that alleged misconduct must arise from "**conduct of proceedings in the Patent and Trademark Office**." *Id.* (emphasis in brief). Respondent also calls attention to the PTO Solicitor's statement in the Final Rule for Part 10 that its intent is to "**regulate only conduct related or relevant to practice before the PTO**." *Id.* at 6. (emphasis in brief). On this basis Respondent takes the position that many of the charges do not relate to conduct involving the examination of applications for patents or practice before the PTO. Instead they involve communications between attorney and client or with a third party and as such are reviewable only by those states where the attorney is admitted to practice law. Thus, Bender argues that PTO disciplinary actions are limited to misconduct in connection with the prosecution of an application before the patent office.

Respondent notes that PTO, citing to Counts 1, 3 through 5, 8 and 10, asserts that he "neglected" legal matters entrusted to him, in that he "did not adequately communicate with his clients, promptly respond to their inquiries, or effectively prosecute their applications." R's Reply at 2. By using the term "neglect," Bender reasons that as Section 10.77(c) of the Rules provides that a practitioner shall not neglect a legal matter entrusted to him and since Section 10.1 governs solely practice before PTO, the test for neglect "must be and was [the] pending design application[s] originally filed by attorney Leon Gilden with drawings already embellished

⁶Bender asserts that PTO's post-hearing brief in failing to address some of the charges in the complaint amounts to a concession that it cannot prove those allegations of unethical conduct and that the Court should consider those charges as withdrawn. R's Reply at 1. This contention is rejected. The determination of whether particular charges have been established is determined by the documentary evidence of record and the testimony, not by the parties arguments in their respective briefs.

by non-invented surface indicia.” *Id.* Bender then proceeds to list all of the steps he took to protect the patent rights of his clients. These actions included filing a petition on January 28, 1994, seeking revival of more than 300 abandoned Gilden applications, the April 18, 1994 filing seeking reconsideration of the denial of the first petition, forwarding to the inventors the PTO’s requirements for information and filing amended drawings where PTO indicated that the inventor did not create surface indicia.

In response, PTO describes it as “well settled” that administrative agencies have general authority to establish standards of conduct for those who practice before them, citing *Goldsmith v. U.S. Board of Tax Appeals*,⁷ 270 U.S. 117, 122 (1926). As in *Goldsmith*, PTO notes that Congress has provided it with express statutory authority to govern the conduct of attorneys before it. 35 U.S.C. § 2(b)(2)(D)⁸. Consistent with this inherent and express authority, PTO promulgated the disciplinary rules involved in this litigation, the transgression of which affords the Director the authority to seek a suspension or removal from practice.

PTO also asserts that Bender’s argument, besides overlooking the statutory and inherent authority for the Patent Office to regulate its practitioners, assumes that the disciplinary authority of the state bar *precludes* PTO action. Such an argument fails to recognize that both bodies may take disciplinary action against an attorney. Further, it disputes Bender’s assertion that PTO discipline is restricted to matters that directly involve that office. Respondent’s reliance on Section 10.1 and its provision that it governs the practice of law *before the U. S. PTO*, is not intended to restrict its authority to deal with misconduct. Rather, PTO maintains that the language of Section 10.1 was added to emphasize that federal law takes precedence over state law. The decision in *Sperry v. State of Florida*, 373 U.S. 379, *384, (1963), by informing that Florida had no power to preclude an attorney from practicing before the Patent Office, emphasized that the Commissioner of Patents was the sole determiner of those who may practice before it.

The Court agrees that PTO necessarily has the authority to broadly regulate patent attorneys. The narrow construction advocated by Bender would make a farce out of PTO’s regulatory authority, subrogating their primary interest in overseeing the behavior of patent attorneys to the

⁷In a strikingly analogous situation, the Supreme Court held that the Board of Tax Appeals has the power to adopt rules by which it may limit those who appear before it, because it was critical to be sure that those who represent taxpayers have the qualities to secure proper service to clients and to assist the Board in its duties. Indeed, the Court noted that it would be “a very curious situation if such power did not exist in the Board...” *Id.* at * 122.

⁸The section provides: “Specific powers. – The Office – ... may govern the recognition and conduct of ... attorneys ... representing applicants ...before the Office, and may require them ... to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants ...valuable service, advice and assistance in ... their applications or other business before the Office.”

decisions of particular state bars. As the court noted in *Klein v. Peterson*, 866 F.2d 412, at *416, (Fed. Cir. 1989) “the patent system depends more heavily than is usual in other practices upon the integrity of its practitioners.”

Although Bender has asserted that PTO disciplinary actions are narrowly limited, leaving most such actions to state proceedings, as *Kroll v. Finnerty*, 242 F3d 1359, (Fed. Cir. 2001) demonstrates, the question has really been whether *states*, not PTO, could bring disciplinary actions which stem from improper handling of patent matters. Faced with a state disciplinary action, Kroll, the patent attorney, was claiming that only PTO could bring such a disciplinary action. In holding that states are not preempted from pursuing such disciplinary proceedings, the court still noted that “PTO has exclusive authority to establish qualifications and procedures ... to suspend or exclude ... practitioners from practicing before [it].” *Id.* at *1364. The court went on to state that the PTO Director has “broad authority to discipline patent practitioners for incompetence and a wide range of misconduct, much of which falls within the disciplinary authority of states. That PTO and the states may share jurisdiction over certain disciplinary matters, however, does not mean that the states’ authority is preempted.” *Id.* at *1365. Thus, the court held that the “respective powers of the Grievance Committee and the [PTO] Director can be exercised without conflict.” *Id.*

Bender also has referred to *Kingsland v. Dorsey*, 338 U.S. 318, (1949), in support of his contention that PTO disciplinary actions are narrowly circumscribed, but the majority opinion provides no support for that position. To the contrary, the Supreme Court emphasized that the disbarment authority which the Commissioner of Patents was acting under, “represents congressional policy in an important field...relat[ing] to the character and conduct of ‘persons, agents, or attorneys’ who participate in proceedings to obtain patents.” *Id.* at 319. Further, the Court noted that Congress made the PTO, not the courts, primarily responsible for protecting the public from attorneys who betray the high trust they hold. *Id.* at 320.

Does the Complaint sufficiently apprise Respondent of the Charges against him?

Respondent asserts that PTO failed in its complaint to give a plain and precise description of the alleged violations, as required by 37 CFR § 10.134 (a)(2), and, in any event, failed to meet the evidentiary standard of proving the charges by “clear and convincing evidence.” Respondent maintains that in applying this standard, for him to be excluded from practice before the PTO, 35 U.S.C. § 2(b)(2)(D) requires that it must be shown that he engaged in “gross misconduct.” R Br. at 2.

Elaborating, Bender urges that the Complaint is “fatally defective” because it failed to reasonably apprise him of the alleged violations. *Id.* at 9. He argues that, within each Count, the disciplinary rule alleged to have been violated is not linked with facts averred. Respondent, citing Count 3 as an example, believes that while conduct involving dishonesty, fraud, deceit or misrepresentation is charged, the facts alleged in that Count do not specify the acts or conduct

involved. As a consequence, Respondent maintains that, even now, he “has no clear understanding what this charge is about!” *Id.* at 10. Bender maintains that each Count suffers from this defect and consequently that his due process rights were violated by failing to give him fair and adequate notice of the charges. *Id.* at 12.

PTO replies that a complaint is legally sufficient if it fairly informs a respondent of the violations alleged to constitute the basis for the disciplinary proceeding. In particular, as set forth in 37 C.F.R. § 10.134(a), sufficiency exists where the complaint sets forth the practitioner’s name, provides a plain and concise description of the alleged violation(s) of the disciplinary rule(s), states the time and place for the filing of an answer, informs that failure to answer may result in default judgment, and is signed by the Director. Each of these, it contends, has been satisfied. PTO distinguishes its duty in meeting the requirements for the notice required for a proper complaint under the procedural rules from disclosing how it intends to prove its case. D.R. Br. at 25 -26.

Respondent’s references to *In re Quiat*, 979 P.2d 1029 (Colo. 1999), are misplaced, in PTO’s view, because the jurisdiction involved in that case, Colorado, specifically provides that in disciplinary matters the complaint must set forth clearly and with particularity the grounds for discipline and the conduct which gave rise to the charges. *Id.* at 26. In contrast, the PTO procedural rules do not require an exposition of the specific conduct involved but rather only a plain and concise description of the alleged violations is required. In addition, PTO disputes the contention that the violations related to Rules 10.48 and 10.68(a)(1) are conclusory, lack particularization and are unsupported by the Complaint. It points to a number of paragraphs in the Complaint which set forth the allegations that: inventors gave the invention submission companies (primarily AIC) money to prepare and prosecute a patent application for them; that once Bender was hired by AIC he filed such applications and that he was then paid directly by AIC from funds provided by the inventors. Those allegations set forth the basis for the claim that the Respondent shared fees with a nonpractitioner, (AIC), in violation of 10.48, and for accepting that compensation without consent from the inventors after full disclosure of the arrangement, in violation of 10.68(a)(1). In the alternative, PTO asserts that even if the violations regarding these sections could be viewed as conclusory, fair notice of these charges was clear within the four corners of the Complaint.

PTO also asserts that the Complaint sets forth factual support for the charge of neglect under 10.77(c), in that prior to assuming the cases which had been initiated by Gilden, Bender was aware that Gilden had been suspended from practice before PTO and that the disciplinary action stemmed from Gilden’s initial filings of applications for patents. Thus, especially given the circumstances under which this work arose, prior to submitting any filings, Bender had duty to be sure that the applications were consistent with the inventors’ needs. *Id.* at 27. Similarly, PTO points to the Complaint’s reference to Bender’s practice of waiting until the last minute or after the time for a response, to inform the inventors of office actions by the Patent Office. These allegations also serve to inform the Respondent of the basis for the charge that he prejudiced the administration of justice. Thus, in PTO’s view, due process has been satisfied because Bender

was clearly on notice of the nature of the charges against him.

Beyond these arguments, PTO notes that Bender has demonstrated that he was not left to guess when he filed his Answer to the nineteen page Complaint. That Answer, consisting of 60 pages responded to each and every paragraph in the Complaint. It also points out that Bender then received hundreds of pages pursuant to the Court's Prehearing Order and that these pages identified the exhibits PTO intended to introduce as well as the witnesses it would call. Last, despite the opportunity to file motions, an opportunity for which the Respondent availed himself extensively by filing five separate motions, Bender never filed a motion for a more definite statement.

The Court agrees with the points raised by PTO and finds that no procedural defects were committed by PTO and that no due process notice violation occurred. *Quiat* is clearly inapplicable. The Colorado Supreme Court never addressed the due process contentions because it determined that "certain findings of the hearing board ... contravened the [notice provisions under] the rule." *Quiat* at *1037. Here, Bender well understood the charges against him and, objectively, the Complaint clearly informed him of the nature of the charges, which were set forth in compliance with the PTO rules. *See: Clark & Wilkins Industries, Inc. v. NLRB*, 887 F.2d 308 (D. D.C. 1989), where the court noted that the union's complaint was sufficient "as measured by the Board's regulation governing the sufficiency of complaints." *Id.* at *314. That court also noted, as does this Court here, that the issues were "fully and fairly litigated" at the hearing and that Bender was fully apprised of the evidence PTO was relying upon, through the prehearing exchange, through which Bender had advance notice of every document intended to introduce at the hearing. *Id.*

Klein v. Peterson, 696 F.Supp. 695 (D. D.C. 1988) is instructive. There, Klein had appealed his two year suspension and five years probation imposed by the PTO, a sanction applied in connection with charges of misconduct and giving false answers to a PTO Requirement for Information. Klein claimed due process violations, but the court held that such claims have to be resolved by examining the proceeding conducted against him. In making such a review, the court found that Klein was given adequate notice of the charges, had the right to present a defense and to confront witnesses against him. The court rejected the contention that PTO's disciplinary proceedings were vague by not establishing proper procedural safeguards, or applicable standards of conduct, noting that "administrative agencies should be 'free to fashion their own rules of procedure and to pursue methods of inquiry capable of permitting them to discharge their multitudinous duties.'" *Id.* at *697 quoting *FTC v. Pottsville Broadcasting Co.*, 309 U.S. 134, 143. (1939).

In affirming the District Court, the Federal Circuit also rejected Klein's claim that the disciplinary proceedings were a per se violation of due process. Further, upholding the administrative law judge's and the Commissioner's findings, the Court, referring to the clear and convincing standard, stated that the patent attorney's intent can be established by circumstantial evidence. At this point it should be noted that the Court is mindful that the alleged violations

must be proved under the “clear and convincing” evidentiary standard. 37 C.F.R. § 10.149. This standard has been described as “that weight of proof which ‘produces in the mind of the trier of fact a firm belief or conviction as to the truth of the allegations sought to be established, evidence so clear, direct and weighty and convincing as to enable the fact finder to come to a clear conviction, without hesitancy, of the truth of the precise facts of the case.’” *United States v. Jackson*, 19 F.3d 1003, *1007. In deciding this case, this Court has applied this standard with such a description in mind.

Discussion of the Evidence⁹

Regarding the testimonial evidence, PTO’s first witness, Harry I. Moatz, the Director of Enrollment and Discipline for the Patent Office, was permitted to testify for the limited purpose of identifying documents for foundational purposes of admissibility as a custodian of the records. Tr. 25. Through this witness the PTO documents were admitted into the record. GX 11, Bates¹⁰ 1,975 - 2,143, representing a PALM¹¹ listing was the first such exhibit. The pages in this exhibit list the patent applications where Bender was the attorney of record. The Court observed that this document, reflecting activity from 1979 through June 2000, shows that Mr. Bender was “[p]retty active.”¹² Tr. 70. The exhibit reflects that Respondent, during 1994 and 1995, was the attorney of record for at least 1,972 patent application filings.

Moatz next identified GX 12, Bates 2,144 through 2,192, as documents obtained through Postal Inspector Gerard Carmady. This individual declared that the documents within this exhibit were seized from AIC offices pursuant to a federal search warrant. Bates 2144. While objecting to the documents admission on several grounds, Respondent conceded they were

⁹ While the Court has thoroughly reviewed the transcript and exhibits, this section does not purport to be a point-by-point discussion of all of the evidence presented during the course of the March 26 through March 29, 2001 hearing. Instead, it is intended to summarize that evidence.

¹⁰PTO exhibits were identified two ways: as government exhibits identified during the hearing and also by referencing Bates numbers. In the prehearing exchange, the same Bates numbers were applied to the PTO documents as those introduced at the hearing. Respondent found it confusing for PTO to refer to government exhibit numbers because the numbers applied to exhibits in the prehearing exchange were not always identical to those numbers used at the hearing. As the Bates numbers remained unchanged, confusion was avoided by referring to them as well as the government exhibit number.

¹¹The term “PALM” refers to Patent Application Locator and Monitor. It gathers together information such as the inventor, the attorney and the status of the application. Tr. 69.

¹²Bender disagreed with the Court’s characterization. Tr. 70.

obtained by the Postal Services when they raided AIC offices. Tr. 82 Check receipts from AIC reveal that it paid Bender \$204,734 during an eight month period from August 17, 1994 through March 28, 1995. These documents were admitted by the Court, as were Bates 2,150 and 2,151, and Bates 2,188 through 2,192, reflecting the declarations of Pat King and Robert Lougher, with the weight afforded to them to be determined at a later time by the Court.

Pat King's declaration, declared under penalty of perjury that it is true and correct to the best of her knowledge, informs that she was an employee of AIC from 1990 through 1995 and that she became familiar with AIC's business practices. In brief, AIC would solicit for inventors to present their ideas, tell each inventor their idea was great, and then perform a patent search. A sales presentation would ensue and the evaluation of the invention would always be "quite positive." If the inventor then signed a contract with AIC, it would forward documents to a patent attorney. Mr. Bender was such an attorney and Ms. King remembered seeing his name frequently in the course of AIC business dealings. The attorney would draft the patent application, send it back to AIC, which would then get the inventor's signature on the application. Ms. King also relates that direct contact between the inventors and the attorney was "emphatically discouraged by AIC." Consequently, AIC, not the attorney, kept the inventors informed during the patent process. Bates 2150, 2151.

Mr. Lougher's statement was made to the Senate Subcommittee on Regulation and Government Information Hearing regarding Invention Promotion Companies.¹³ Lougher's statement, a detailed recounting of his involvement with AIC, the company that employed him, explains the fraudulent practices that company employed, but it does not reference the Respondent's name.

The Petchonka Count

Count 10 involves inventor/applicant David Petchonka. Moatz identified the PTO file for Petchonka., GX 10A, pages 1 -69. These were admitted along with Tab R and GX 10R through 10Z, GX 10, tab AA. GX 1, Bates stamp 135 through 228. GX 10-A, reflects the design patent application, for Petchonka's Music Muffs. Signed by Petchonka on August 19, 1993, it lists Respondent's name as the attorney appointed by him to prosecute the application, together with Respondent's address. Petchonka's design application depicted earphones with a drawing of a musical note riding a pair of skis on them. On October 31, 1994, Bender sent a letter to Petchonka informing him that the patent office "considers the design illustrated in the drawings of your application to be patentable over the prior art." Bates 16. Bender informed Petchonka that "[w]e have learned from the Patent Office that a draftsman working for the Patent Drafting company in the course of preparing your patent application might have added "surface ornamentation"... to the drawings of your application." *Id.* Amended drawings were included

¹³The statement, dated August 19, 1994, appears within GX 12, Bates 2188 through 2192.

with the letter, deleting the ski logo, and advising Petchonka that if he was not the inventor of the “decorative surface pattern,” (i.e. the musical note on skis) he should sign the new application. Another notice of allowance *for a design patent* was thereafter issued on July 15, 1998. Bates 37.

Petchonka and his wife wrote to Bender on May 10, 1996, expressing their concern that his invention was being advertised by another and sending a video copy of the ad which aired on a cable show. After four months elapsed without a response from Bender, Mrs. Petchonka wrote again to Respondent, on September 19, 1996, asking why he had not replied. Bender did reply to the second letter, acknowledging that he never replied to the earlier one, and asserting that his reply was due to the Patent Office’s delay in deciding a test case involving whether removal of non-invented surface indicia constitutes new matter. He opined that the advertised product had an “overall appearance that is different from the [Petchonka’s] design claimed in [the] pending application,” which would not infringe on their design. Regarding the Petchonka’s reference to AIC going out of business, Respondent advised them to look to their contract with AIC and to retain a general attorney to pursue any rights they may have against that company. Bates 46 - 47.

On July 27, 1998 Bender wrote to the Petchonkas, telling them that a notice of allowance had been received for their design patent, and asserting that the allowance came about because of the *Daniels* litigation. At that time he advised them about the “Factors to Weigh in Seeking a Design Patent.” In that July 1998 letter he first explained what a design application covers and compared that type of patent with a utility patent application. He then advised that the Petchonkas would need to decide whether it was worth it to continue to pursue their design patent, given the deletion of the ski logo, and the “relatively limited legal protection [they] will receive by obtaining such design patent...” Bates 65. Bender then advised them that if they wanted to pursue a utility patent, his fee would be \$1,950, but he advised them that he viewed their chances of obtaining such a patent as “not favorable.” Bates 66. Finally, he advised them that he had his own issues with the defunct AIC for fees due him but that he could not offer any advice for dealing with them and suggested they consider hiring a general attorney. Bates 66 - 67.

David Petchonka, the inventor/applicant for Music Muffs testified at the hearing. As noted Petchonka’s idea was to incorporate audio headphones into ear muffs, so that one could listen to music when outside in cold weather and maintain warm ears. He first contacted AIC regarding his idea in 1991. After providing AIC with nearly \$4,491, an amount he acquired by taking out a loan, and signing several documents, Petchonka, who was excited after his first meeting with AIC, testified that further contact that invention submission company essentially ended in late 1991. Tr. 133. Petchonka understood that his attorney would be whoever AIC appointed for him. He testified that the design patent application came from AIC. Although he believed there was another attorney before Bender, he could not recall his name. Tr 136. When shown the drawings of his “Music Muffs,” Petchonka’s recollection was that the drawings were produced by AIC, but he had questions because the drawings included a ski logo (i.e. the skiing musical note) on the muffs and he had not added them, nor were they part of his invention. Tr. 139, 142, 159, 163.

While Petchonka could not remember ever designating Bender, at some point he did consider him to be his attorney. Tr. 144. Petchonka did not recall Bender ever describing the patent process, nor the potential for conflicts of interest with AIC's involvement in the patent process. Tr. 144, 147, 148, 169. When asked about various documents he signed, and what the language in them meant, Petchonka admitted he had "no clue" and that Bender never explained what the documents meant. Petchonka had the same answer, having no idea, when asked what a document's reference to a "divisional application" meant.

In fact, Petchonka stated that Bender had never spoken personally to him nor met him until the hearing in this matter. Tr. 148, 149. Petchonka stated that he had questions about the patenting process but that all his questions went through AIC. Tr. 152. Consistent with this testimony, Petchonka stated that Bender never asked him how the Music Muffs worked nor inquired about his intentions regarding a patent. Tr. 170. Further, Petchonka testified that Bender never mentioned that AIC could potentially do something against his interests nor did he ever suggest that he should seek the opinion of another attorney before signing the power of attorney. Tr. 170. Petchonka believed that Bender was a government attorney who would work with AIC and the government to get his patent.¹⁴ Tr. 171. He also testified that, after seeing an invention on television that appeared similar to his idea, he wrote to Bender on May 10, 1996 and sent along a video tape of the commercial. When he did not get a reply from Bender, Petchonka's wife wrote again on September 19, 1996, asking why he had not responded. Following their second letter, Bender did respond (see GX 10, I, page 46) and sent the tape back to the Petchonkas. When the Petchonkas learned that AIC was out of business, his wife contacted Bender. She related to him that Bender wanted \$500 to continue handling the patent application. Tr. 167. Eventually Petchonka wrote to the patent commissioner because he felt he was getting the runaround. Tr. 158. (see GX10 K)

On cross-examination by Bender, Petchonka denied that Bender had made telephone calls to his wife concerning the patent application. Tr. 173 - 174. Petchonka did agree, comparing R's ex. 40, pages 2 and 3, that the patent applications were not identical and he conceded that the earlier application could have come from one other than Bender. Tr. 180. Petchonka also agreed that Bender acted to remove the ski logo from his application. Tr. 182. He also concurred that he signed a contract with AIC, that he consented to the compensation agreement between AIC and Bender and that when he received the application, which he signed on August 19, 1993, the ski logos were on the document at that time Tr. 175 -177, 183.

When shown Ex. R 40, pages 70 - 73, the contract between Petchonka and AIC, Petchonka

¹⁴Bender goes out of his way to show that he never represented to clients that he was an attorney for the government. The Court makes no finding on this. The real point, apparently lost on Bender, is that the lack of sophistication of clients like Petchonka emphasizes the trust and reliance such individuals place on attorneys and this is particularly so where an esoteric area of law is involved. It also highlights the critical duty to consult, educate and advise clients in this complex field of law.

agreed that he signed the agreement. Tr. 189. Petchonka believed that those before Bender did some type of patent search, but he could not recall the results. He also acknowledged that when he signed the patent application, it was mailed to him by AIC. He was not told of the difference between a utility and a design patent by AIC or his first attorney. Tr. 194.

Based on the testimony of Petchonka, as described above, along with the Court's determination that he was a credible and forthright witness, and based also on the exhibits admitted pertaining to his application, the Court finds that the clear and convincing (and uncontradicted) evidence shows that Bender violated the following disciplinary rules:¹⁵ Rule 10.23(b)(5), by engaging in conduct that was prejudicial to the administration of justice; Rule 10.62(a) by accepting employment without his client's consent and without first providing full disclosure that the exercise of his professional judgment on behalf of Petchonka would or reasonably could be affected by his own business or financial interests; Rule 10.68(a)(1), by Respondent's acceptance of compensation from AIC for his legal services to Petchonka, without first obtaining Petchonka's consent upon full prior disclosure of the arrangement; and Rule 10.77(c) by neglecting a legal matter entrusted to him.

Bender's most fundamental failure stemmed from not consulting and advising Petchonka at the outset of his representation. The record makes clear that Petchonka was not equipped to appreciate the fundamentals, let alone the intricacies of patent law.¹⁶ Bender failed to guide Petchonka to the best form of patent protection and failed to properly advise whether the idea was worth pursuing at all. Had such consultation and advice occurred, Bender would have urged Petchonka to seek a utility patent or to drop the quest for a patent entirely. Further, Bender's later actions in removing the ski logos in reality did nothing for Petchonka, as the design left after its removal was obviously worthless. Bender, tacitly concedes this as he never has identified the "valuable rights" Petchonka would possess upon receiving a design patent for an unremarkable drawing of earphones.¹⁷ Instead, Bender's sole interest was to carry out AIC's contract with

¹⁵For all Counts, where a specific Disciplinary Rule is *not* addressed by the Court, it has been determined that, *on this record*, it has not been established. For example, in Count 10, by not addressing the charge that Bender violated Rule 10.48, alleging that Respondent shared legal fees with a nonpractitioner, it has been determined the violation was not established under the clear and convincing standard. The Court wishes to emphasize however that the finding of no violation does not suggest that such a violation could never be established for such a charge of fee sharing or, as a second example, for failure to establish identifiable bank accounts. Rather, the holding is only that this record does not establish those violations.

¹⁶Of course, Bender's obligation to consult and advise would still exist if his client was an attorney or even a patent attorney.

¹⁷As the earphones were in a design patent only, the drawings do not hint that they are also ear muffs and, even if the drawings did suggest that, the design patent would not protect the utility behind Petchonka's idea.

Petchonka. By doing so, Bender directly benefitted himself, ensuring that, as long as AIC remained solvent, he would be paid his fee from them.

Thus, Bender chose to worship before the altar of greed, ignoring the sanctity of the high trust owed to his client. Ignoring his client's inquiry for five months, regarding the video, is another example of his lack of concern for his client's interests and concerns. That Bender saw his arrangement with AIC as an arrangement of benefit to him with little or no burden is clear. Putting aside for the moment the fundamental failure by effectively abetting the foolish pursuit of the design patent, Bender did not accept even that minimal burden once AIC stopped paying him. Had Bender at least accepted the minimum duty to see the design patent to fruition, and dealt with AIC to recover from them the funds he was owed, it could have been viewed as a minimal factor in mitigation of the sanction for his misconduct. Instead, when his benefit soured, he turned to the inventors for payment, effectively telling them any problem they had with AIC was *their* problem, not his.

The DuBose Count

Barbara DuBose, another applicant/inventor also testified. GX 3, Bates 1,007 through 1,414, including subsets A through Z and AA through EE, were identified as the Barbara DuBose file, and admitted into the record. DuBose's idea was the "automatic pill crusher" and she explained, coming from her nursing experience, that she had witnessed patients having trouble taking medication. By the action of her pill crusher pulverizing the medication, she believed that it would make medication administration easier. Tr. 201 - 206. She identified the rough draft of her idea which was sent to AIC, but emphasized that the designs¹⁸ displayed on it (surface indicia) were never added by her. Tr. 208.

While the name of the invention itself signals that a utility, not a design, patent was intended by the inventor, DuBose also pointed out the on/off switch, and the pull-out medicine tray on the application drawings. Tr. 210. Bates 1,015 - 1,017. GX 3A. DuBose had a mechanical engineer work up a rough drawing of the pill crusher and she testified that her description of the idea's functioning, pulverizing pills, and thereby eliminating partially crushed pills and assuring correct dosage, was sent to AIC. Tr. 214. GX 3, Letter H, Bates 1,063. She also told the AIC representative how the device worked when she met with AIC in St. Louis. Tr. 216- 217. Sold that she had a good idea, she signed a contract with AIC and paid them \$9,940. Tr. 218. DuBose identified exhibit R 40 as essentially the same as her contract, except for the named inventor and the particular dollar amounts. Tr. 221. Her contract did not name the patent attorney but later AIC told her it was Leon Gilden. Tr. 223. DuBose stated that she believed the designs were added to help sell her invention. Tr. 226.

¹⁸In this instance, the added designs to DuBose's idea were a pattern of apothecary cups, or mortars and pestles, displayed on the drawings of her pill crusher. Tr. 208 - 209. Bates 1,015 - 1,017.

Examining GX 3, V, Bates 1,368 -1,374, a letter from Respondent, dated April 21, 1994, DuBose identified it as her first contact from Bender. The letter tells DuBose that Bender will be pursuing her design patent, but she stated that she never told Bender she wanted a design patent and that prior to his letter, Bender had never spoken to her. Tr. 230. Although she conceded that her representation agreement with AIC provided that it would secure an attorney to file her design application, she was simply following AIC's instructions. While she did sign a power of attorney, appointing Bender, she made it clear that Bender never told her how much he would bill for his services, nor that she would have to pay him directly, nor advise that there were any potential dangers with AIC paying his attorney fees. Tr. 231 -233. She also testified that Bender never advised there could be a danger that AIC could run out of money, nor that there were potential risks with Bender receiving instructions from AIC instead of from the client, nor that AIC could potentially give instructions that would not be beneficial to her interests, nor did Bender suggest that she should obtain independent counsel before signing a power of attorney to him. Tr. 233 - 234. It was her belief that Bender worked for AIC. *Id.* With Bender's letter advising her to: "Be assured American Inventors and [Bender] will represent you to the best of our ability," DuBose trusted Bender and signed documents based on that trust. Tr. 237.

Subsequently DuBose received, through Bender, PTO's request for information. Tr. 239 - 242. GX 3, I, Bates 1,065 - 1,072. Among other questions, the request asked if she had added the surface designs. Pointing to Bates 1,070 - 1071, DuBose identified her response that she had not added the design. Tr. 242. DuBose testified that she never intended to apply for a design patent pertaining to surface ornamentation but rather that her intent was to obtain a utility patent covering the function of her pill crusher. Tr. 243. However she did not understand the difference between a design and a utility patent when she signed the patent application. Tr. 244. When Bender filed an application on her behalf, it was a design patent. She noted that the same drawings appeared on that application, but confirmed that Bender never asked her about this. Tr. 246. Although she acknowledged that Bender's letter described the difference between design and utility patents, she still believed that she needed a design patent, because that was what AIC and Bender were getting her. Tr. 249. When she signed the continuation application from Bender, she still did not appreciate the difference between a design and a utility patent and she had read Bender's letter telling her a design patent was valuable. Tr. 250. As with the original application, DuBose noticed the added designs, but, trusting Bender and AIC, she continued to believe they were added to help her sell her invention. Tr. 252. She identified her continuation application, dated April 25, 1994, noted that it contained the unwanted designs and agreed that it was not until five months later, during September 1994, that Bender filed to have the added designs removed. Tr. 322 -323. When she learned, in a subsequent letter from Bender, that PTO had rejected her patent, she then understood that the design would have to be removed. GX 3, N. Bates 1,092 - 1,095. At that time Bender asked for \$585, along with the Patent Office fees of \$280 and \$55. Tr. 257. Bates 1,092 represents PTO's final rejection and it reflects a February 13, 1995 mailing date. In comparison, Bender first wrote to DuBose, transmitting the information about PTO's final rejection, on May 11, 1995. Bender did not assist her in answering the questions from PTO. Tr. 263. At that point, DuBose refused to spend any more money and the patent was abandoned. Tr. 262. DuBose confirmed that Bender never sent her any invoices for

his legal fees, nor any copy of fees that he billed AIC for his services to her. Tr. 265.

While Bender attempted to show (Tr. 266 - 288) that he benefitted DuBose by his representation, by reviving her application (see Bates 1044, and 1074 - 1076) and by acting to have the added designs removed and by pointing out that DuBose's contract with AIC allowed AIC to pick the patent attorney, the contention is ludicrous and offensive because the benefit Bender was working to protect was DuBose's useless design patent, a patent which was completely at odds with the utility nature of her idea. Thus, Bender's argument that he was pursuing for DuBose exactly what she had contracted for: a design patent, is rejected as completely inconsistent with the duty he owed her as his client. That Bender seems blind to his failure was indicated by his objection to the implication he detected by questions from PTO counsel that *he* had added the unwanted drawings. As Bender put it: "All I did was continue over the drawings from the original application." Tr. 327. Indeed, Bender has aptly summed up all that he did and therein admitted unwittingly his great failures in representation.

The Court also rejects Bender's indirect defense during cross-examination that his delay in sending her the PTO rejection was explained in his letter as attributable to his *Daniels* litigation. While Bender attempts to excuse much of his inaction to *Daniels* and touts his vindication from that litigation's determination that, in a given instance, a surface pattern can be removed from a design patent, without the patent being deemed as new matter, he ignores that, even if *Daniels* was pertinent, there was nothing preventing Bender from timely forwarding the information from PTO to the inventor clients. More significantly, Bender's victory in *Daniels* and his October 6, 1998 letter, touting the success and informing DuBose that her application was no longer considered abandoned, does nothing to cure the fundamental failures of Bender in his representation of DuBose. The most prominent, but by no means the only, failure was to lead DuBose further down the path to obtaining a worthless design patent. Accordingly, Bender's October 1998 attempt by letter to inform DuBose of the utility patent option was both untimely and insufficient.¹⁹

Based on the very credible testimony of DuBose, as described above, and the exhibits admitted pertaining to her application, the Court finds that the clear and convincing and uncontradicted evidence shows that Bender violated the following disciplinary rules: Rule 10.23(b)(4) in that Bender engaged in conduct involving fraud, dishonesty, deceit and misrepresentation; Rule 10.23(b)(5) in that Bender engaged in conduct that was prejudicial to the administration of justice; Rule 10.62(a) by accepting employment from AIC without first obtaining his client's consent after first providing full disclosure that the exercise of his professional judgment on behalf of DuBose would or reasonably could be affected by his own business or financial interests; Rule 10.68(a)(1) by accepting compensation from AIC for his legal services to or for DuBose, without first obtaining DuBose's consent after providing her

¹⁹While not expressly discussed the Court has closely considered each of the other points raised during Bender's cross-examination (Tr. 291 through 316 and 330 through 332) and found them meritless and not warranting further discussion.

with full disclosure; and Rule 10.77(c), by Bender's neglect of DuBose's legal matter which had been entrusted to him.

Other testimony presented during the hearing.

Per the Director's Prehearing Statement, William Meserole, Esquire, was permitted to testify "generally concerning patent law, practice before the USPTO, and attorney-client relationships in the patent law field." PTO Prehearing Statement at 1. Meserole, an attorney with forty-five years of patent practice experience, was not identified by PTO as an expert. Consequently, his views about the duties owed by a patent practitioner, views that included the importance of discussing the invention with the inventor as the "first step" for the practitioner to undertake, and the need for "extensive consultation with the inventor" during the application process, were not considered for the purpose of establishing the standard of professionalism owed to clients. However, the Court has determined that Bender's violations of the Disciplinary Rules do not require expert testimony to establish that his conduct constituted violations.

Bender offered Ms. Claudia Yarus, Esquire as a defense witness. Other than Bender, Yarus, who is not qualified to practice patent law, was the only attorney who worked in Bender's office during the time in question. She disputed that the Petchonka design application was prepared by Bender's office. Bender used Yarus to support his contention that he took several actions on behalf of the inventor/applicants Petchonka and DuBose, noting, for example, his action to have the surface indicia removed from the designs of those inventors. Tr. 501 -504. She also testified that invoices to AIC were only mailed after work was completed. Tr. 505 - 510. Bender also used Yarus to further his argument that PTO incorrectly deemed his attempt to remove surface indicia from the designs as "new matter." This was nothing more than an effort to reassert Bender's position that much of the trouble generated by this Complaint is reducible to PTO's incorrect position about new matter rejections, and Bender's vindication in the *Daniels* decision.²⁰

²⁰Although discussed elsewhere, it is worth reiterating that the Complaint is not about whether PTO correctly determined that the removal of surface indicia from a design patent application constituted "new matter." The charges in the Complaint relate to distinct and far more fundamental questions involving Bender's conduct with the named inventors in the ten Counts. It is noteworthy that, while Bender has asserted that a design patent can be valuable, nowhere has he ever described the "value" the inventors named in the complaint would possess with (in all but the one case involving a utility patent) the inventors' design patent applications. To take two examples, Bender has never addressed the particular value DuBose would have, after removal of the apothecary cup surface indicia, with the *design* patent of her pill crusher, nor the value Petchonka's *design* patent of his music muffs would bestow. There is a reason such values have not been identified: none genuinely exist. Although one could always argue that the design patent of Petchonka and DuBose would have some theoretical "value," as designs, the design patents were worthless in terms of furthering the aims of the inventors' ideas. Regrettably, it is clear from the totality of the evidence that this was not Bender's concern, as he saw his

It is fair to characterize much of Yarus's testimony²¹ as relating to the effect and impact of the *Daniels* case. During this testimony, the Court again advised Bender that *Daniels* does not refute or explain²² the allegations set forth in the Complaint of Bender's misconduct. Tr. 555 -557. Specifically, the Court advised Bender that his efforts, for example regarding R's exhibits 14 and 17, did not move his case "one inch towards refuting the particular aspects that are identified in the Complaint as having been transgressions in terms of conduct for patent attorneys when prosecuting patent applications on behalf of their clients." Tr. 557.

Further Discussion of Issues Raised by Respondent Bender

Before turning to the remaining eight Counts, the Court turns to additional discussion of issues raised by Bender. While Bender has contended that these issues should be considered in the context of only two of the Counts, Petchonka's and DuBose's, a contention the Court has rejected by denying the dismissal of the other Counts, the discussion which follows has relevance generally to all the Counts.

Did Bender fail to properly maintain funds paid to AIC for his legal fees?

Respondent first deals with the alleged violations of Rules 10.23(b)(2), 10.112(a), and

responsibility to be limited to carrying out the terms of the inventors' agreements with the invention submission companies.

²¹The Court also finds that Yarus was not a forthcoming or credible witness. Admitting that only Bender was qualified to practice before PTO and that the office was staffed only by her and temporary employees of varying small numbers, and that there were about 1,000 cases coming from Gilden in 1993, Yarus's assertion that "everything I did was under Mr. Bender's supervision and control" is not credible. Further, the Court had to admonish Bender about nodding and otherwise signaling to Yarus during her testimony under cross-examination. Tr. 591. Last, the Court noted on several occasions that while Yarus was responsive and articulate to questions on direct examination, she appeared challenged by the most ordinary questions posed by PTO counsel. See, for example: Tr.594, 617, 628. Accordingly, the Court ascribes little weight to her testimony.

²²Although the Court suggested that *Daniels* could have some bearing in terms of a mitigating consideration, should violations be established, upon review of the entire record, the Court has determined that Bender's actions regarding *Daniels* do not operate to lessen the sanction. In truth, Bender's success in *Daniels* brought no genuine benefit to nine of the named inventors, because prevailing in securing a design patent was antithetical to their true interests and produced nothing of value for them.

10.112(c)(3), involving failure to keep financial records or make deposits regarding funds from DuBose and Petchonka. Bender maintains that the rule is applicable only where such funds are paid directly to the practitioner. *Id.* at 24. Pointing to the contracts DuBose and Petchonka made with AIC, Bender argues that the inventors agreed the patent attorney would be paid by AIC but that the agreement does not specify whether the payment would derive from the service fee or from some other source. Thus, he argues that there was no allocated legal fee portion of the service fee paid to AIC. As Bender never billed the inventors directly nor received any funds for his legal work until after it was completed, there were no client funds, only professional service fees for which he has no ethical responsibility to maintain financial records. A consistent theme of Bender's arguments is advanced again in connection with these alleged violations: this conduct does not relate to conduct in a matter pending before the Patent Office. *Id.* at 29.

PTO maintains that 10.112(a) and 10.112(c)(3) are violated whenever a practitioner fails to deposit client funds into identifiable bank accounts or fails to maintain complete records of such funds. Under 10.23(b)(2), it argues, a practitioner violates this principle when he permits a third party to do the same thing. D.Br. at 12. As Bender knew that part of the money paid to AIC was to go to legal fees, he had an obligation to determine how much money was advanced for his fees and where such funds were deposited. Additionally, PTO asserts that Bender's argument that these provisions only apply to funds that are paid directly to the attorney, and not to funds paid with the client's full consent to an agent, such as AIC, misses the point that he has also been charged with violating 10.23 (b)(2) which prohibits an attorney from circumventing any disciplinary rule through the actions of another.

In the Court's view, PTO has not established by clear and convincing evidence that Bender failed to properly maintain funds paid to AIC for his legal fees. The Court notes that DR 9-103, preserving the identity of funds and property of a client, refers to funds of the client *paid to a lawyer or law firm*. Accordingly, this aspect of the charges against Bender are dismissed.

Did Bender engage in dishonesty, fraud, deceit or misrepresentation?

Regarding alleged violations of Rule 10.23 (b)(4), involving dishonesty, fraud, deceit or misrepresentation, Bender maintains that by PTO's failure to specify in the Complaint which of the twenty sub-paragraphs apply to him is fatal to those allegations. Bender, maintaining he has been left to guessing just what type of dishonesty is being accused, assumes that the charge stems from the letters to his clients in which he states that his license restricts him to practice before the PTO, when his membership in the District of Columbia and New Jersey Bars do not so restrict him. Having so framed the dishonesty issue, Respondent knocks it down by noting that the remarks about his practice being restricted to the PTO were generated to insulate him from any charges by the State of Florida that he was practicing law in that state without a license. *Id.* at 30 - 32. Beyond this argument, Respondent adds that PTO would also need to show that he had a "deceptive intent" and that such misrepresentation was "material," by being made while prosecuting a patent application or other matter before PTO. *Id.* Respondent asserts that under

any and all of these criteria, PTO claim, as framed by Respondent's guess of the charge, is meritless.

Clearly, the record is replete with uncontradicted evidence that Bender engaged in dishonesty, deceit, and misrepresentation. A few examples of this include: not explaining that *he* was responsible for the delay in forwarding PTO matters, which delay resulted in extension fees that he did not absorb, but rather which he sought from the inventor/clients; by claiming in several letters to inventor/clients that he was conducting an "investigation" regarding the added surface indicia, when clearly he knew what was going on from the number of applications with this problem; by pushing his inventor/clients further down the road to obtaining useless design patents; and by suggesting, in connection with that fruitless endeavor, that he had "good news" and that the inventors, with Bender's guidance, were "certainly making progress."

Did Bender Prejudice the administration of justice?

Addressing the Complaint's references to conduct prejudicial to the administration of justice, under Rule 10.23 (b)(5), Respondent again maintains he is left to guess the violation charged. To do this he looks to the "averments" portions of the Counts and concludes that PTO must be referring to charges that he did not answer or that he evaded questions in the Requirement for Information from the Office of Enrollment and Discipline. *Id.* at 35. Bender asserts that the Complaint never identifies which questions were evaded. He adds that even had they been so identified, the term "evasive" is subjective and PTO failed to offer any expert to explain what constitutes evasion. Bender concludes that with his answer's denial of the charge of evasion, no clear and convincing evidence was provided and consequently the charge must be dismissed.

PTO's response is that Bender's violation stems from his informing clients that, because AIC was not paying his legal fees, further action on their behalf would not occur unless he was paid directly by the inventors.²³ Aggravating his unwillingness to proceed with a reply to the office action, Bender did not inform his clients of the office action or his demand for direct payment

²³Bender contends that he never demanded an extension fee from his clients. Rather, he "merely 'requested help' in an unfortunate situation brought about by the failure of the PTO to decide the Daniels issue promptly..." RRBBr.at 23. Citing his letter to support the claim that he was not demanding such fees, Bender quotes that he "**respectfully request[s] your help...**" *Id.* at 23. Bender attempts to shade the picture of his actions in his own letter by emphasizing that his letter was "PATENT OFFICE FEES" while minimizing his acknowledgment that he was seeking money from the clients for his fees. R RBr. at 26. Bender's own letter makes it clear that he cannot "continue to represent you in the Patent Office without receiving reasonable compensation for my services as a patent attorney." *Id.* at 23. It is obvious and the Court so finds that Bender was seeking more than the voluntary contributions or "requested help." Bender was seeking direct compensation.

until months after the PTO office action had been sent to him.

First, as discussed within this decision, Bender was clearly evasive in his answers to the RFI and this constituted conduct prejudicial to the administration of justice. The Court also finds that Bender's demand for additional fees and his delay in informing clients of the unilaterally imposed new terms for him to continue to work for them, constitute conduct prejudicial to the administration of justice. As there is no contrary evidence but that Bender did impose the new payment demands and coupled this with a late notice to the clients of the office action, the clear and convincing standard has been unequivocally met. Bender has tried to have it both ways with the AIC contract. This occurred by excusing his independent attorney/client duties to advise his clients under the specious argument that his only duty was to carry out what the inventors had agreed to under the terms of their contract with the invention submission company. However, while seeing his duty as so limited by the contract terms, once the funds stopped flowing from the invention company, he had no problem to then ignore his duty under the contract, even to pursue the hollow design patent,. Thus, instead of adhering to the contract and looking to the invention company for his fees by whatever means were available for collection, Bender only looked to the contract when it was beneficial to him, but turned away from it when it was not advantageous.

Turning to the charge that he gave something of value to AIC for recommending his service and that this ran afoul of Rule 10.32(b)'s proscription of that conduct, Bender asserts that the Complaint fails to offer any details of this claim. Rather, Respondent replies that he was not "recommended" to any AIC customers, but instead was "engaged" by AIC to take over most of the inventors named in the Complaint "following disciplinary action against the inventors' original attorney, Leon Gilden, Esq." *Id.* at 36. This was no more than AIC's duty to retain replacement counsel. The Court finds, as to this limited claim under Rule 10.23(b), that the evidence of record does not rise to the clear and convincing standard.

Last, in his oft repeated claim, which the Court again rejects, Respondent asserts that the prohibition of Rule 10.32 (b) is not a ground of misconduct under Rule 23 (c) and, as Respondent maintains with all the other charges, does not relate to a matter or proceeding before the Patent Office.

Did Respondent Improperly share fees with AIC and Phase 2 in violation of Section 10.48?

Respondent denies that any fee sharing with a non-practitioner has been established. The Rule involved, 10.48, prohibits sharing legal fees with a non-practitioner. Bender asserts that the prohibition anticipates an arrangement where a practitioner, having received a fee, then returns some part of it to a non-practitioner. As Bender never sent a portion of his fees back to AIC, he argues no fee sharing can be demonstrated. Further, Respondent notes that the transcript makes no references to fee sharing. In fact, refuting the claim, Respondent points to the fact he sued AIC for failure to pay his fees and obtained judgments in those actions. *Id.* at 38. Again, Bender maintains that fee sharing is not a ground of misconduct under Rule 23 (c) nor does it relate to a

matter or proceeding before the Patent Office.

PTO responds that it is not necessary to show that an attorney has returned funds back to the non-practitioner in order to establish improper fee sharing. Instead, PTO maintains that improper fee sharing occurs as soon as the non-attorney compensates the attorney for the services rendered. Under the admitted arrangement between the invention companies and the inventors, the inventors paid those companies a sum of money, an uncertain part of which was to pay for the patent attorney. Bender admits that he would bill the invention company after he performed a legal service. PTO insists that the law is quite clear that any time a fee received by a non-lawyer is then split between the non-lawyer and the lawyer, improper fee splitting occurs. PTO also maintains that Bender's assertion that his subsequent law suit to recover his fees against the invention submission companies refutes the allegation of fee sharing, proves its point that prior to that lawsuit Bender was being paid from AIC funds from inventors.

In the Court's view, PTO has not established by clear and convincing evidence that fee splitting occurred. Fee splitting implies that a portion of the *legal fees* have been split between the non-practitioner and the lawyer. There simply is no evidence on this record that any portion of the *legal fees* were split. Accordingly, this aspect of the charges against Bender are dismissed.

Did Bender accept employment and compensation without first providing full disclosure and consent to the arrangement?

In dealing with the charge that he violated Section 10.62, addressing employment when the personal interests of the practitioner may impair the practitioner's independent professional judgment, Bender acknowledges that PTO has alleged that he violated subpart (a) barring such employment except with the consent of a client after full disclosure. *Id.* at 39. In Bender's view this requires a showing that at the time he assumed responsibility for the prosecution of the patent he had some other interest that reasonably could impair his professional judgment. Addressing these requirements, Bender first asserts that the Complaint is silent as to any alleged conflicting interest. Beyond that, he maintains that PTO produced no evidence at the hearing of any conflict between him and Petchonka, DuBose or any other inventor named in the Complaint. To the contrary, Bender views his actions regarding the inventors as "extraordinarily competent efforts." *Id.* at 40. Citing *In re Quiat*, 979 P.2d 1029 (Colo. 1999) for the proposition that establishing a Section 10.62 (a) violation requires showing that professional judgment will be or reasonably may be affected by the attorney's own interests, Bender believes that, as in *Quiat*, the record here does not establish such a conflict. *Id.* at 41.

To the charge that Respondent violated Section 10.68, involving avoiding influence of others than the client, and subpart (a)(1)'s requirement that the attorney may not accept compensation from anyone other than the client for legal services relating to the client, except with the client's consent after full disclosure. Respondent maintains that full disclosure occurred in every instance through the contract between each inventor and the invention submission company

involved. Each inventor consented to the contractual arrangement, giving the invention submission company authority to engage a patent attorney and to pay all patent costs except for PTO fees. *Id.* at 42. Bender points out that Petchonka and DuBose both acknowledged that they accepted this arrangement. Further, Respondent insists that the rules allow such arrangements by providing that “[a]ny person authorized by the applicant may file an application for a patent on behalf of the inventor.” 37 CFR 1.41(c). Significantly, Bender agrees that the ethical danger addressed by Section 10.68 (a)(1) is that “someone paying another’s legal service fees might exert an undue or negative influence over the attorney’s efforts in competently and zealously performing his/her duties while representing the client.” *Id.* at 43. Applying his repeated view of the scope of PTO’s authority for disciplinary actions, Bender observes that PTO has not charged him “with mishandling *the prosecution* of any of the inventors’ applications or of not acting zealously ... nor is there any evidence ... to support such charges.” *Id.* at 43- 44 (emphasis added).

In response to Bender’s defense to the Section 10.62(a) and 10.68(a)(1) charges, PTO notes that, as a predicate to accepting employment with a client, an attorney must first disclose the arrangement with the client in those instances where the attorney’s judgment reasonably may be influenced by his own interest. This duty to inform first is also a predicate to receiving funds from a third party. Under this standard, Bender had the duty to explain these issues with each client, and to provide an explanation which is complete, and includes the issue of whether the client needs independent counsel. PTO notes that the issue of ascertaining whether there has been valid client consent to such arrangements is not reached unless full disclosure is first demonstrated.

That Bender had such a conflicting financial interest cannot be doubted, as between the years 1993 and 1995 he often received from AIC up to \$15,000 every other week. To earn these fees, Bender had only to satisfy AIC by proceeding with the design applications. Bender was blind to the fact that his client was not AIC. Rather, the individual inventors were his clients and it was to those individuals that he owed his duties of professional responsibility. Bender’s own form letter to the inventors evidences his failure to disclose and advise. It was grossly insufficient for him to merely introduce himself as the replacement for Gilden and to inform the inventors that he was retained by AIC to file design applications. Instead, as it pertains to the Section 10.62(a) and 10.68(a)(1) charges, Bender was obligated to disclose that he was receiving sums from AIC to carry out design applications but that a design application might not be consistent with the inventors’ aims nor in their best interests.

It is important to appreciate the significant difference between a design and a utility patent. Design patents are available for “[w]hoever invents any new, original and ornamental design for an article of manufacture...” but the protection the inventor receives for such a patent “is not the function of the invention ... but rather “that which gives a peculiar or distinctive appearance to the manufacture or article.” *Contico Int’l Inc. v. Rubbermaid* 665 F. 2d 820, at * 823 (8th Cir. 1981). Importantly, the holder of a design patent has nothing in terms of claims to the structural or functional aspects of the invention. Thus a “design patent is not a substitute for a utility

patent” and the holder of such has “limited his patent protection to the ornamental design of the article.” *Id.* at * 1187. Accordingly, a design patent protects only “the nonfunctional aspects of an ornamental design as shown in the patent.” *Elmer and HTH v. ICC Fabricating Inc.*, 67 F.3d 1571, *1577 (Fed Cir. 1995) For that reason “[d]esign patents have almost no scope... [providing a] claim ... limited to what is shown in the application drawings.” *Id.*

Given his view of the relationship and roles between AIC, the inventors and himself, Bender was also obligated to tell his clients that should AIC not pay him (out of the funds the inventors had already paid to AIC) that he would look to them for payment, that all contracts carry the risk that one or more sides may not perform their obligations, and importantly, that it was Bender’s view that he was not obligated to pursue their applications absent direct payment from them, should AIC fail to pay him. Both DuBose and Petchonka testified without contradiction that Bender never alerted them to these potential pitfalls, nor did he cover the issue of whether they should consult with independent counsel. The record is uncontradicted in this regard. Thus, the standard of proof having clearly been met, the Court determines that the violations of Section 10.62(a) have been demonstrated.

Although Bender has maintained that, by virtue of the contract between AIC and the inventors and, in particular, by virtue of the representation agreement, the inventors all agreed that AIC would select the attorney to file their patent applications, the Court agrees that such agreements cannot operate in place of or to circumvent the patent attorney’s independent obligations to the clients.

Regarding the allegations of violations of Section 10.68(a)(1), prohibiting an attorney from accepting compensation from a third party without prior full disclosure and consent to such an arrangement, there can be no dispute that Bender did not satisfy this obligation, as he did not speak with his clients before acting on their applications.

Did Bender neglect Petchonka’s and DuBose’s patent applications in violation of Rule 10.77(c)?

In responding to the charge that Rule 10.77 (c), involving neglect of an entrusted legal matter, was violated, Bender maintains that he must again resort to speculating as to what is involved. His best guess is that the alleged neglect pertains to the ski logo that was added to Petchonka’s invention, his reply to Mrs. Petchonka regarding the video tape and his forwarding information to DuBose regarding PTO’s final rejection of her application at a time near the end of the shortened statutory period. *Id.* at 44 - 45. Regarding the ski logo, Bender begins by asserting that PTO claimed that *he* added the ski logo.²⁴ Bender also believes that the Complaint’s failure to

²⁴Bender mischaracterizes PTO’s claim. To support his claim that PTO asserted that Respondent had added the ski logo, he points to the opening statement of PTO counsel Covey wherein he asserted that “specific placing of that indicia or that logo on Mr. Petchonka’s

mention the ski logo means the charge relating to that is not cognizable. Even so, Bender believes that his efforts²⁵ to remove the logo and all non-invented surface indicia were “Herculean.” *Id.* at 45. Bender also disclaims involvement with the original Petchonka application, although he concedes his name appears on it in the power of attorney section. Bender maintains that Petchonka’s original patent application and the later application filed by Respondent are different and suggests that, based on indicia such as font style, format and overall appearance, Petchonka’s original application was likely filed by AIC’s predecessor attorney, Gilden. *Id.* at 47. In addition, Bender points to his witness, Claudia Yarus, to support his contention that neither he nor his office prepared the original Petchonka application, which he views as an important fact to support his contention that he had nothing to do with the ski logo’s insertion in the application. Even if the Court does not find this to be the case however, Bender contends that his subsequent action to delete the ski logo cured the defective application. Thus, when the issue framed is whether Bender “neglected ...Petchonka’s *design* patent application” the Respondent can argue that he succeeded by obtaining the inventor’s *design* patent. *Id.* at 49. (emphasis added)

Bender next speaks to the video tape that Elaine Petchonka mailed him in May 1996. The Petchonka’s believed that the tape, taken from a cable TV show, reflected an advertisement for a product they considered to be similar to Mr. Petchonka’s “Music Muffs” invention. Respondent maintains that some months prior to this mailing, in January 1996, he had a telephone with Mrs. Petchonka in which this matter and several others relating to the patent application were discussed. *Id.* at 50. Bender next states that he replied to the May 1996 letter with a letter he mailed to the Petchonkas on October 9, 1996. In the letter he relates that PTO has not yet responded to his request for reconsideration in the *Daniels* matter, while asserting that PTO action in such requests normally takes about two months. Thus, Respondent maintains that any delay in responding to matters is properly attributable to PTO’s own delay in acting on the *Daniels* matter, which stalled Respondent’s efforts to have the ski logo deleted. Viewed in this context, Respondent insists that his handling of the Petchonka’s concerns arising from the video tape was not neglectful. According to Bender this is especially so because the matter he was entrusted with by the Petchonka’s was the prosecution of the *design* application.

invention shows that he neglected a matter that was entrusted to him...” Tr. 34. Clearly, PTO was not asserting that Bender added the logo. PTO’s point, made clear throughout the hearing, was that, in not inquiring with Petchonka about the nature of his invention, which inquiry would have included determining if the invention accurately reflected the invention, he neglected the legal matter which was entrusted to him.

²⁵One of the things that Bender frequently asserts in his brief relates to his successful effort in the *Daniels* case, in which he succeeded in having a large number of design applications revived, after they had been rejected by PTO for including non-invented indicia in design applications. 144 F. 3d 1452 (Fed Cir 1998) . As discussed within, the Court has previously ruled that the *Daniels* litigation does not address, and is not relevant to, the charges leveled against Bender and accordingly it does not revisit that issue again.

As with the other Counts, Bender adds his refrain that, in any event, “the video tape was not a matter before the PTO.” *Id.* at 51. In the context of this issue, Bender reiterates his assertion that neglect is limited solely to practice before the Patent and Trademark Office. He then lists the steps he took to protect the rights of the inventors named in the Complaint and for other applicant/inventors cases which he assumed from attorney Gilden. These steps included: filing a petition for revival of more than 300 abandoned Gilden applications; filing a petition for reconsideration of that petition; forwarding PTO’s requirements for information to the inventors and later forwarding their responses to PTO along with filing amended drawings where the inventors’ responses indicated they “did not invent certain surface indicia;” filing file-wrapper continuation applications to forestall abandonment of applications while the applicant/inventors reviewed the PTO requests for information;²⁶ filed petitions in about 300 applications that had been abandoned due to Gilden’s failures to forward PTO requirements for information; filing appeals and a petition in the *Daniels* case; and mailing a “comprehensive letter” to over 1,000 Gilden applicant/inventors upon prevailing in the *Daniels* case, informing them of their options. R. R.Br. at 3-5. Respondent believes that these actions refute the claim of neglect. When measured by whether there has been a failure to do something *in a patent office matter*,²⁷ as Bender insists it must be, he urges there is no evidence of neglect in the *prosecution of any application*. *Id.* at 7.

In fact, Respondent views his actions as benefitting the various inventors. As he put it: “[W]hen Respondent took over the prosecution of the design applications in question in late 1993, each application was in dire straits. Each had non-invented surface indicia on the drawings thereof, many were in abandoned condition and the attorney responsible for handling each case had been suspended from practice.” Bender also insists that his success in the *Daniels* litigation means, as a matter of law, no neglect can be found against him.

The final charge addressed by Bender relates to the claim that he delayed informing Ms. DuBose of PTO’s Final Rejection letter. To view Respondent’s letter to DuBose, dated May 11, 1995, as being submitted to the inventor only a few days before the required response date to PTO is misleading because the six month statutory response period had effectively been shortened to three months by PTO’s imposition of an extension fee for responses made during the last three months of this time period. Bender adds that his “slight delay” in communicating the Final Rejection to DuBose was tied, once again, to the *Daniels* litigation. The *Daniels*

²⁶Reflecting the amount of work he was undertaking, Respondent relates that “[d]uring 1994, Respondent disbursed to the PTO on behalf of AIC almost \$500,000. in filing fees, extension fees and other PTO fees incurred in connection with the more than 1,000 Gilden applications.” R. R.Br. at 4

²⁷As mentioned, the Court completely rejects Bender’s contention that PTO’s concerns are so narrowly confined. The notion that Respondent’s inaction in responding to a client inquiry is none of PTO’s affair because it did not involve Respondent’s view of a “proceeding before the Patent Office” is meritless on its face.

problem, as Bender has repeated throughout his defense, included much more than DuBose's application, impacting "more than 1,000 pending 'Gilden' design applications associated with AIC inventors," since that litigation addressed improper "new matter" Final Rejections. *Id.* at 53. Under these circumstances, Bender views his May 11th letter to DuBose as "diligent, responsible and reasonably necessary" to inform her and to alert her to AIC's refusal to pay him for his services so that she could avoid abandonment of her patent application by paying him directly "using her own funds." *Id.* at 53. In fact, in retrospect, Bender now asserts that there was no need to send DuBose a reply, even in May 1995, since all the Gilden applications were suspended in the next month, because he prevailed in the *Daniels* litigation and the timing of his response had no "deleterious impact" upon her patent rights. *Id.* at 54.

PTO responds that Bender's removal of the ski logo from Petchonka's application does not speak to the neglect issue. Rather this charge stems from Respondent's filing a continuation design application without first consulting with Petchonka. Aggravating this failure, Respondent failed to consult, despite his prior knowledge that attorney Gilden had filed many patent applications with unauthorized ornamentation. Thus, in Petchonka's case, on June 15, 1994, Bender filed a continuation design application that had the same unauthorized ornamentation. D.R. Br at 4. While Bender asserts that he "succeeded" for the client, by removing the ski logo and obtaining the design patent, PTO views those actions as a failure because Petchonka's invention had functional aspects.

The Court finds that Respondent's failure to consult, with, as one example, Petchonka constituted neglect of an entrusted legal matter.²⁸ Had Bender consulted with the client he would have learned of the inventor's patent intentions and that a utility patent was in order. A consultation at the outset of the relationship would have disclosed that the ski logo ornamentation was not the inventor's doing and that Petchonka's idea had functional, not merely design, aspects. Instead, the Court finds that in failing to so consult, Bender was primarily serving his own interests, ensuring his fees from AIC by pursuing the terms of the contract between the inventor and the invention submission companies, instead of answering to the higher

²⁸*State of Kansas v. Mayes*, 531 P.2d 102 (Kan. 1975) is apropos to Bender. Mayes was disbarred for a number of transgressions, including neglect of a entrusted legal matters and failure to consult with clients. The charges arose from complaints made by two inventors. Addressing one of the complaints, the court described the "most serious aspect" as the attorney's refusal to prepare a response to the PTO's action letter until he was paid certain an additional fee. The court, observing that the client had already paid Mayes over \$2,000., noted that failing to file a response would cause the patent application to be abandoned. In rejecting the attorney's position that he was a "contract worker" who performed tasks only when first paid for them, the court found that conduct constituted a neglect of entrusted legal matters, placing the client's rights in jeopardy, and that it was prejudicial to the administration of justice. *Id.* at **104. Mayes also tried to claim that the inventor was not his real client, but rather some other entity but the court noted, among several factors, that the individual was the sole inventor and the one owed the duty of fidelity and loyalty. *Id.*

calling of assessing and protecting his client's interests. There is no evidence to the contrary in this respect and accordingly the clear and convincing standard is unquestionably met.

Regarding whether Bender's delay in responding to the PTO's office action also constitutes neglect, the Court finds that Respondent's delay does reflect such neglect. While PTO argues that Bender's delay, beyond the three months allowed for a response, constituted a delay which resulted in the inventors' incurring additional filing expense, and Bender argues that the shortened response period runs afoul of the six month response allowed by statute, the Court finds that the measure of Respondent's neglect is not accurately measured by either the three month or six month response yardstick. Rather, the Court finds that Bender's neglect stems from his failure to forward the office action to the inventors promptly. Certainly, it was Bender's duty to forward this information to the inventors within, at the outside, a few weeks of receiving the requests. This failure also constituted neglect of an entrusted legal matter under Section 10.77(c). There is no evidentiary dispute that Bender failed to do this. Accordingly, the clear and convincing standard has been satisfied.

The Counts Other Than Those Involving Inventor/Applicants Petchonka and DuBose

Should the Counts other than those involving inventors Petchonka and DuBose be dismissed?

While maintaining that the Complaint is "incoherent and obfuscating," Respondent inconsistently asserts that "the essential background facts underlying eight of the nine AIC Counts virtually are identical" in that they all involve his taking over the prosecution of applications originally filed by Leon Gilden and the removal of unwanted surface indicia from drawings included with those applications. Respondent maintains that these charges are unnecessarily repeated in the Counts but, more importantly, asserts that PTO failed to offer any competent evidence at the hearing for eight of the ten Counts. On that assertion,²⁹ Bender deals with the Counts he views to remain standing: those reflected in Counts 3 and 10 for which PTO produced the live inventor witnesses of Mr. Petchonka and Ms. DuBose.

PTO, in response, notes that, except for a small number of contested documents, Bender stipulated to the admissibility of the its exhibits and that the government did the same, again with some limited exceptions, to Respondent's exhibits. Thus, PTO argues that the Court may look to these documents in determining whether the violations have been established. It also notes that the procedural rules do not require witness evidence to be adduced only through hearing

²⁹However, Respondent still offers defenses to the other Counts by contending: "...the same reasons given relative to the DuBose application apply equally to the Lucero, Billig, Brandstetter and Metter applications. As with the other cases, Bender points out that he never received any fees from those inventors (at least directly) and to his success in the *Daniels* case which he ties to his argument that mailing clients the letters "at about the midpoint of the 6 month statutory response period" caused no adverse impact on those clients. R RBr. at 22.

testimony. D.R.Br. at 24.

The Court concurs with PTO's position. Although this case involves more than documentary evidence of Bender's failures, it is clear that documentary evidence alone may establish violations. *United States v. Dien Duc Huynh*, 246 F.3d 734, *744 (5th Cir., March 30, 2001). *Fraser Construction* 215 F.3d 1344, (Fed. Cir. July 15, 1999). It has been observed that, often, administrative law cases are based on a documentary record. *Sierra Club v. Sigler*, 695 F.2d 957, *967 (5th Cir, Jan. 20, 1983). Thus it is concluded that documentary evidence alone can establish violations of the Disciplinary Rules and, when the facts constituting such violations are uncontroverted and supported by the Respondent's own documents and/or words, the clear and convincing standard also may be satisfied.

Findings and Discussion involving the remaining Counts

The Lucero Count

Count 1 pertains to inventor/applicant Pauline Lucero, whose idea was "Word Bingo." On June 18, 1991, she signed a contract with AIC in connection with her idea which included the filing of a *design patent* application. She paid AIC \$4,490 under this contract. GX1 -1, Bates 135 - 139. Originally, Lucero appointed Gilden as her attorney July 30, 1991. Bates 146. Gilden was suspended from practice before PTO as of February 9, 1994. Bates 148.

Bender wrote to Lucero on August 16, 1994, reminding her that she has an agreement with AIC to prepare and file a *design patent* application and informing her that Gilden had been suspended. He also relates that PTO sent Gilden an RFI dealing with discrepancies between the illustrations of her idea as filed compared to an earlier disclosure. As with so many of Bender's letters to the other inventors in this Complaint, Bender notes the problem of the added surface indicia. He also forwards Lucero a copy of the RFI, and notes that her application has been abandoned by the failure to respond to the RFI. On this occasion Bender also tells Lucero about the distinction between utility and design patents, noting *that PTO raised* the issue of her awareness of this distinction in the RFI. In his eight page letter to Lucero, Bender also casts doubt on the individuals who made statements which were critical of AIC, although he confesses to having "concerns" about the issue of unapproved surface ornamentation additions. Finally, Bender advises Lucero that he "quite willing and eager, subject to your agreement and informed consent, to assume responsibility for your original application in an effort to have it restored ..." and advises as to the documents she will need to sign in order for him to pursue her application. The first among those documents was for Lucero to grant Bender the Power of Attorney to represent her. Bates 149 - 156.

Lucero appointed Bender on August 30, 1994 and on September 8, 1994, Bender then transmitted that to PTO along with an amendment, responding to the RFI and corrections to the

original drawings, in which the only change was direction to delete the surface pattern from figure 1, a change which removed a fan-like display of bingo cards. Bates 167. Bender sought to have Lucero's application revived on the basis of unavoidable delay, attributable to the failings of prior counsel. PTO denied the petition on September 29, 1994, advising, however, that a terminal disclosure form would accomplish the objective. As with other inventors in this Complaint, Bender told Lucero that he had "**good news!**" and that by filing the Terminal Disclosure he enclosed, success in reviving her application would be at hand. As with other letters, Bender ends with the encouraging words that "[w]e are certainly making progress." Bates 172. On November 14, 1994 PTO granted the petition, reviving her application, albeit with a loss of 14 months from the 14 years afforded a design patent. Bender so informed Lucero on November 21, 1994, advising that the patentability of her design patent now would be determined.

However, on January 31, 1995 PTO determined that the amended application, deleting the surface design, constituted "new matter" and consequently the application was rejected. PTO's letter made it clear that a response was due within 3 months to avoid abandonment of the application. Yet, it was not until May 26, 1995 that Bender was prompted to send a letter to Lucero, explaining PTO's decision and his quarrel with it. Thus, without paying a \$185 extension fee for a late response, PTO would not consider any response to its official action denying the amended application. As with other nearly identical letters to inventors in the Complaint, Bender also informed Lucero that AIC had stopped paying him and, if she wanted to pursue patent protection for her invention, she would have to pay him directly the sum of \$435 or her application would become abandoned. As with several other applications, PTO's rejection of the amended application was suspended, pending the outcome of the *Daniels* litigation.

On September 18, 1998 Bender was mailed, by certified mail, a First Requirement for Information concerning several of the inventors named in the Counts. Bates 190. The twenty-one page RFI asked specific and detailed questions pertaining to Bender's representation of Lucero and other inventors. Bender's response was nonresponsive and evasive. As a few examples of this, the Court notes that in response to the specific question 2.c., asking when AIC offered and Bender accepted the offer to be engaged by AIC to represent Lucero, Bender replied with the nonresponsive answer that he began representation "since about 1993." Bates 212. When asked, in question 4. a. whether AIC's engagement of Bender to represent Lucero was limited to representing her for a design application, Bender referred PTO to Lucero's Power of Attorney to him, which answer was nonresponsive and evasive. When asked, in question 4.c., whether, before prosecuting the Lucero application, Bender communicated with Lucero regarding whether a utility patent should be filed, Bender merely referred PTO to his general response to question 4.a., a tactic employed for questions 4.b, and 4.e as well. When asked, in questions 4.f and 4.i, whether he explained to Lucero that his own financial interest and professional judgment could be affected by his relationship with AIC and after such explanation, received her consent to the arrangement, Bender was evasive and nonresponsive by asserting that the questions were based on a false premise, argumentative and indefinite. The Court finds that none of the questions suffered from the infirmities alleged by Bender and that he evaded his duty to answer

them.

Based on the record in this case, the Court finds that the following violations of the Disciplinary Rules, as alleged in Count 1, have been proven by clear and convincing evidence: Rule 10.23(b)(4) by virtue of Bender's engaging in dishonest, fraudulent, deceitful conduct and in misrepresentation; Rule 10.23(b)(5) by engaging in conduct prejudicial to the administration of justice; Rule 10.62(a) by Bender's acceptance of employment without first obtaining Lucero's consent after full disclosure, that the exercise of Bender's professional judgment could be affected by Bender's own business or financial interests; and Rule 10.68(a)(1), by Bender's acceptance of compensation from AIC for his legal services, without first obtaining Lucero's consent, after full disclosure and Rule 10.77(c) by neglecting a legal matter entrusted to him.

The Gallo Count

Count 2 involves inventor/applicant Michael Gallo, who in 1997 entered into an agreement with Phase 2 Inc., a business describing itself as providing "Comprehensive Patent, Research & Presentation Services." GX 2, Bates 484. Gallo's idea was a "golf posture training apparatus." This Count is distinct from all of the other counts in two notable respects. First, Phase 2 was the invention company involved and second, Gallo's application was for a utility patent. Following his August 7, 1997 introductory letter to Gallo, Bender's appearance in the matter begins with his August 12, 1997 Declaration and Power of Attorney and the August 14th "new application transmittal letter" he filed for Gallo, seeking a "Letters Patent."³⁰ Gallo's application was rejected for several reasons, including PTO's determination that others had already patented the idea. Bates 560 - 562. Having expended nearly \$5,000 after receiving an earlier favorable patent search report from another patent attorney, Gallo believed he had been misled into believing that his idea was original, until advised otherwise by PTO. As part of its investigation into Gallo's complaint, PTO sent Bender a First Request for Information on December 4, 1998, regarding Respondent's filing of a utility patent for Gallo.

Upon consideration of the record evidence, the Court concludes that the following violations of the PTO disciplinary rules have been proven by clear and convincing evidence: Rule 10.62(a) by Bender's failure to obtain Gallo's consent after full disclosure that the exercise of his professional judgment might be affected by his own business or financial interests; Rule 10.68(a)(1) by accepting compensation from Phase 2³¹ for his legal services without first

³⁰The term "letters patent" applies to design or utility patents. *Burger Train Systems v. Ballard*, 552 F.2d 1377, * 1379, April 4, 1977. It refers to an open document, under seal of government and granting one special rights regarding an invention. *Application of Bo Thuresson Af Ekenstam*, 45 C.C.P.A. 1022, *1025, 256 F.2d 321, **323.

³¹The Complaint contains a typographical error at section 2.10 (e) by referring to AIC. Obviously, as all the other sections within Count 2 refer to Phase 2, this was inadvertent.

obtaining consent from Gallo, after full disclosure.

The Billig Count

Count 4 pertains to inventor/applicant Beth Billig. PTO alleges that around July 5, 1994 Bender filed a continuation application regarding Billig's second design application (application number 29/012,107) and, as the second application became abandoned at that time, the continuation application received a new number: 29/025,487 which became her third application.³² On September 20, 1994, PTO sent Bender a Second Requirement for Information. PTO asserts that around September 29, 1994, Bender told Billig that someone else had filed her second application. It also asserts that, around September 29, 1994 Bender knew that attorney Gilden had filed Billig's first application and knew that Gilden had been suspended by the PTO for violations of the Disciplinary Rules. PTO asserts that, as Billig's attorney, Bender did not review with Billig all the information Gilden used when he filed the first Billig application (serial number 07/733,398) and that Bender did not perform his own patent search to assess the merit of Billig's second or third applications. Nor, PTO asserts, did Bender discuss with Billig whether she grasped that a design, as opposed to a utility application, had been filed for her idea.

In addition, also around September 29, 1994, Bender told Billig that his instructions from AIC were to file a design application for her. Further, PTO asserts that from around September 29, 1994 to around May 11, 1995, Bender acted without Billig's authorization to file a third patent application and without her express abandonment in the second patent application. Last, Count 4 alleges that Bender did not answer questions or evaded answering questions contained in a RFI from OED.

Based on these charges, PTO asserts that Bender violated the following Disciplinary Rules:³³ Rule 10.23(b)(4), by engaging in conduct involving dishonesty, fraud, deceit or misrepresentation; Rule 10.23(b)(5), by engaging in conduct prejudicial to the administration of justice; Rule 10.23(c)(2)(i), by knowingly giving false or misleading information to a client; Rule 10.62(a), by accepting employment with Billig without first disclosing that his professional judgment could be impacted by his own interests and then obtaining her consent to his employment, after such full disclosure; Rule 10.68(a)(1) by taking compensation from AIC for services to Billig without first obtaining Billig's consent to the arrangement; and Rule 10.77(c),

³²For this application, a different surface indicia was added to her changing table. It depicted two cartoon-like drawings of infants' heads placed on top of wave-like drawing simulating a torso.

³³Count 4 also alleges that Bender violated Disciplinary Rules 10.23(b)(2) through circumventing Rules 10.112(a) and/or 10.112(c)(3), relating to failures concerning client funds and Rule 10.48 by sharing legal fees with a non-practitioner. The Court has determined that PTO has not proven those alleged violations.

by neglecting a legal matter entrusted to him.

On June 21, 1991 Billig applied for a Design Patent for her Baby Changing Table. Bates 717. Leon Gilden was listed as her attorney at that time. Bates 722. As with many of the other Counts, Billig's design consisted of several nondescript figures, showing various positions of a rectangular shape. The only prominent feature evident from the figures was a cartoon-like drawing of an animal, appearing on Figures 2 and 5 of her submission. Bates 723 -725. A Requirement for Information issued on December 11, 1992. It noted that the disclosure document emphasized the utility and functionality³⁴ of the invention whereas the application focused on ornamentality, prompting questions whether the inventor wanted a utility, instead of a design, patent. Bates 727. PTO found that the response to its request was non-responsive, which finding was then challenged by Gilden. Bates 747. This met with another denial from PTO, issued January 22, 1993. PTO issued a Decision on Petition under 37 CFR § 1.181, again denying an attempt to remove the Disclosure Document it requested for the patent application. Bates 765. Billig, in a handwritten response to the RFI dated October 2, 1994, disclosed that *now* she was aware of the difference between a design and a utility patent, and that she preferred a utility patent for the "functionability (use) of my invention." Bates 757. She also revealed that she did not create the surface indicia.

PTO mailed Gilden its Decision on Petition under 37 CFR 1.181 (a)(3) on July 16, 1993, which decision concluded that the application remained abandoned for failure to respond to the RFI of December 11, 1992. On September 29, 1994 Bender sent a ten page letter to Billig. His letter opens with a reminder to Billig that she has an agreement with AIC, under which AIC is required to engage a patent attorney "to prepare and file a design patent application on your behalf..." GX 4-3, Bates 796. He also informs Billig in the letter that Gilden has been suspended and that AIC now has asked that he (i.e. Bender) accept responsibility for representing her, "[s]o that your rights will be protected." *Id.* The letter, which has many identical elements to those Bender sent to many other of the inventors in these Counts, attempts to explain the difference between utility and design patents, and speaks to the PTO inquiry as to whether the design was entirely Billig's. Bender's letter does not take a neutral stance on the issue, raising questions about those who have made allegations regarding AIC's conduct. He also advises Billig that his "investigation of these matters is not complete." Bates 800. It also advises Billig as to the steps for her to revive her original application revived, and raises problems associated with her second application. The letter closes by requesting Billig to sign and return several documents, including a power of attorney, naming Bender, with regard to her original application, and two RFI's for her to complete. Bates 803 -804. Billig did appoint Bender on October 2, 1994, and shortly thereafter, on October 6, 1994, Bender submitted corrections to the drawings for Billig's baby changing table, removing the cartoon-like animal drawings from it and seeking to revive her abandoned application on the basis of unavoidable delay. Bates 809 -812, 823 -825.

³⁴Billig's description of her idea, noted that it folds out like an ironing board, and touted its space saving quality.

Billig, on October 2, 1994 informed PTO that she did not invent the surface ornamentation, nor had she instructed anyone to add such indicia. In response to whether she intended “to apply for a design patent (covering the ornamental appearance) rather than a utility patent (covering the function),” Billig responded: “I did not know which patent to do, it was chosen for me.” She also informed that when she signed her declaration of inventorship, she did not know the difference between a design and a utility patent. Bates 822.

On November 10, 1994 PTO informed Bender that his October 1994 petition to revive was dismissed, but it advised that a terminal disclaimer would achieve the goal. Bender advised Billig of this development with his November 25th letter that “**I have good news!**” that his petition would be granted as he had filed the terminal disclaimer for her. Bender advised her that the down side to this arrangement would be a shortening of the period of her patent to 12 years 4 months, instead of the full 14 years. He also enthused to Billig: “We are certainly making progress.”³⁵ Bates 832. Such a terminal disclaimer was mailed by Bender to PTO on November 25, 1994. Bates 831. PTO accepted the terminal disclaimer and mailed notice of this to Bender on December 21, 1994. However, on February 14, 1995, PTO informed Bender the claim was rejected. The rejection explained that the amendment was rejected on the grounds that “new matter” had been introduced with no support for the change from the original application. In addition, PTO noted that Billig, in answering the Request for Information, was unclear whether her intentions were for a design or a utility patent. Bates 838. It concluded however, as she had executed a declaration that she understood the contents of her design application, PTO would proceed to decide the application, although it advised that she had the option of not responding to the office’s rejection, if in fact she did not truly want a design patent. *Id.*

Following the February 14th rejection, Bender wrote to Billig *on May 11, 1995* to tell her of the rejection, that he disagreed with the basis for it, and *to tell her that the time for the response to the rejection, with a due date of May 14, 1995, had now passed.* He also advised that by paying additional extension fees, a response could still be made within the next three months. To pay the smallest extension fee, Bender advised Billig she would have to come up with \$55 in time to meet the one month extension fee. He also gave Billig the bad news that if she wanted him to proceed with her case, she would have to pay him an additional \$250, as AIC had stopped paying him. Along with this news, Bender noted to Billig: “I am have (sic) an ‘arms length’ relationship to American Inventors Corporation **as an independent contractor...**” Bates 840. (emphasis added).

Subsequently, on July 21, 1998, the application expiration dates were suspended and after the *Daniels* decision, the February 1995 PTO office action was vacated and the drawings deleting the surface pattern were approved. However, Billig’s situation had not improved because, with the cartoon-like surface indicia gone, her *design* application effectively had no design, as in its new state it had no longer had ornamentality. Bates 849 -852. Bender informed Billig of the news in

³⁵What Bender did not tell Billig was the nature of the “progress” would be a useless design patent, not the utility patent she needed.

a letter dated July 27, 1998. While he acknowledged that Billig indicated in her response to the RFI that she wanted a utility patent, he still advised that “if you now want a design patent” she could pay his \$350 fee and he would pursue that effort for her. Bates 1269.

Based on the record in this case, the Court finds that the following violations of the Disciplinary Rules, as alleged in Count 4, have been proven by clear and convincing evidence: Rule 10.23(b)(4) by virtue of Bender’s engaging in dishonest, fraudulent, deceitful conduct and in misrepresentation; Rule 10.23(b)(5) by engaging in conduct prejudicial to the administration of justice; Rule 10.23(c)(2)(i) by knowingly giving false or misleading information to Billig in connection with business before PTO; Rule 10.62(a) by Bender’s acceptance of employment without first obtaining Billig’s consent after full disclosure, that the exercise of Bender’s professional judgment could be affected by Bender’s own business or financial interests; and Rule 10.68(a)(1), by Bender’s acceptance of compensation from AIC for his legal services, without first obtaining Billig’s consent, after full disclosure and Rule 10.77(c) by neglecting a legal matter entrusted to him.

The Brandstetter Count

The PTO documents relating to inventor/applicant Albert Brandstetter are reflected in GX 5. This exhibit, which was admitted into evidence, is tabbed and subdivided into GX5-1 through GX5-4, spanning Bates 1113 through 1221. Brandstetter, who informs that he was 84 years old in 1994, relates in an August 1994 letter to PTO that he is a retired mechanical engineer who invented a universal coupling which was adaptable for autos, airplanes and instruments. He states that he disclosed his idea to AIC in August 1991 and signed a representation agreement with them in October of that year, paying AIC a ‘marketing fee’ of \$6490. Bates 1113. On September 16, 1994 Bender wrote to Brandstetter, reminding him that he had an agreement with AIC to engage a patent attorney to file a *design* patent application. Bender relates in his letter that Gilden, Brandstetter’s original attorney, has been suspended from practice. He then relates that PTO, had questions about discrepancies between his invention’s drawings in his disclosure document and those in his patent application. Bender notes that a decorative surface pattern appears in his application but that no such pattern is in his disclosure document. He also relates that Gilden’s failure to respond to the RFI caused the application to be abandoned. Bender’s letter then goes on to explain the difference between a design and a utility patent. He also informs Brandstetter that “Last January, [i.e. January 1994] American Inventors Corporation asked [Respondent] to file a Petition [to PTO] seeking, among other requests, to have your abandoned application revived...” Bates 1119. Bender added that he was “quite willing and eager, *subject to your agreement and informed consent*, to assume responsibility for your original application in an effort to have it restored by filing ... a Revival Petition ...” *Id.* (emphasis added).

Brandstetter replied to Bender on September 22, 1994 advising him: “I want to assure you I never was interested in a ‘Design Patent.’ I questioned AIC when the indicia ornamentation

appeared on the patent drawings, to no avail.” Bates 1122. At the time of this letter, Brandstetter related in it that Bender had his “complete confidence and respect.” *Id.* Bender’s next response to Brandstetter, dated November 25, 1994, makes no mention of the inventor expression that he did not want a design patent. Instead, Bender informs him that he has “**good news**” and that he will be able to revive his patent application. Bates 1126. (emphasis in Bender’s letter). In a letter dated January 2, 1995, Bender enclosed “a Utility application ... for [his] **Constant Speed Universal Joint** as originally illustrated in your prior design application.” In May 1995, Bender informed Brandstetter that his application had been rejected as “new matter” and that, as AIC had stopped paying him, Brandstetter would have to pay \$435 for Bender to prepare and file a response to PTO’s rejection. The alternatives, as Bender made clear, were either to pay his fee or let his application become abandoned.

It is obvious from Brandstetter’s original disclosure of invention form, sent to AIC on August 4, 1991, that hiks invention was clearly not a subject for a design patent. His constant speed universal joint describing, in detailed drawings and in words, how the invention functioned, and even a novice attorney would recognize that the idea was intended for a utility patent . Bates 1160 through 1164. Yet his application was for a design patent and provides that Brandstetter claimed only “[t]he ornamental design for a **constant speed universal joint** as shown and described. Bates 1148 (emphasis in application). The drawings submitted to PTO tell nothing about the device’s function and were unaccompanied by any written description of its workings. However, a conspicuous ornamental design does appear on most of the drawings submitted to PTO, designs which do not appear anywhere on Brandstetter’s original disclosure. Thus it is not surprising that on September 2, 1993 PTO denied a petition seeking review of the examiner’s requirement for information, because it determined that “the inventor considered the design to be dictated primarily by functional rather than ornamental considerations[and that] if a design is primarily functional rather than primarily ornamental, it is unpatentable....” Bates 1192 -1194. Thereafter, on September 21, 1994, Brandstetter appointed Bender as his attorney and eight days later Bender filed a “corrections to the drawings” of Brandstetter’s invention, deleting the surface ornamentation. Bates 1197, 1198 - 1200.

PTO mailed Bender an office action, concerning Brandstetter’s application, on January 27, 1995, which required response by April 27, 1995. Bates 1131. Despite the due date, Bender did not inform Brandstetter of the action until May 26, 1995. Bates 1133. Thus, Bender’s notice, let alone the inventor’s response, was delivered at a time after the response was due.

On the basis of the documents within GX 5, as described above, with the pertinent information in those documents unrefuted, the Court finds that it has been established by clear and convincing evidence that Respondent Bender violated the following Disciplinary Rules of Professsional Conduct: 37 C.F.R. Rules 10.23(b)(4); 10.23(b)(5); 10.23(c)(2)(i), 10.62(a); 10.68(a)(1); and 10.77(c), as charged in Count 5.

The Marvin Count

Count 6 involves inventor/applicant Donald Marvin, whose idea was a “recycler.” GX 6 contains the exhibits admitted for this Count. As depicted in the drawings submitted with his design patent application, essentially Marvin’s recycler was an unremarkable hinged box with three evenly sized compartments inside.³⁶ Bates 908. Distinguishing his idea were random placed octagon designs containing the familiar recycling “arrows,” running clockwise within them. Not surprisingly, on July 2, 1993 the claim was rejected because the design was not new, even with the ornamental octagon shapes on it. Bates 918. On September 2, 1993 Bender appears in the case, replacing Marvin’s first patent attorney, Leon Gilden, and filing a notice of appeal to the rejection. Bates 921. On November 2, 1993 Bender submitted his brief on the appeal, noting “the ornamental features of the design consisting of the ornamental indicia ... give... an aesthetically pleasing overall appearance.” Bates 926. In arguing that the rejection was wrong, Bender urged that the bin, with its slanted lid, interior partitions, and “ornamental surface pattern of decorative motifs composing ‘curved arrows in a hexagon,’” while an admitted storage container like the references cited by the examiner in rejecting the application, still presented a new “combination of ornamental features...”³⁷ Bates 927.

A PTO Requirement for Information (“RFI”), dated December 21, 1993, followed Bender’s brief, and required a response within the three month shortened statutory period. The RFI noted that the design application was originally filed on February 15, 1991 by patent attorney Leon Gilden and that it contained the decorative ornamentation or surface indicia (i.e. the octagon) on the recycler. It also states that, based on affidavits it had received, individuals working for Gilden, and others, added the decorative ornamentation to the drawing, and that the inventor, Marvin, had not made these additions. Further, the RFI relates that AIC had a practice of concealing the difference between a design and a utility patent from its inventor/clients. Seven specific questions were then posed to Bender. Bates 939 -940. Neither GX 6 nor the entire record,³⁸ reflect any answer from Bender to this RFI.

The next response from Bender is a May 31, 1994 letter to Marvin. On this record, it is apparently the first communication from Bender to this inventor. In it Bender introduces himself,

³⁶Without attempting to pass on the design or utility nature of Marvin’s idea, the Court notes that it had functional aspects to it, as reflected in the “product features” describing a single lid to cover all compartments and adjustable compartment sizes. *See* Bates 985.

³⁷As the quotation reveals, Bender’s argument relied in part on the ornamental octagon, mistakenly described in his brief as a ‘hexagon.’ As the design was an eight-sided polygon, it is an octagon. Bender also referred to other differences, such as the configuration of the interior partitions. Bates 928.

³⁸ To emphasize the obvious, none of Bender’s exhibits reflect that he ever responded to the RFI for Marvin.

tells Marvin that Gilden has been suspended from practice, and states that Marvin has “recently” designated Bender as his attorney. The letter goes on to explain “certain elements of patent law” to Marvin, including the difference between a design and a utility patent. Bender’s letter then proceeds to address the PTO inquiry, telling Marvin that “[n]ot long ago the Patent Office sent to your attorney a “Requirement for Information”³⁹ Bates 953. Bender also takes a defensive stand, casting doubt on the inquiry, telling Marvin that, despite questions about the believability of witnesses regarding whether others contributed to Marvin’s design, the Patent Office has been willing to listen to those witnesses. Bender tells Marvin that his “investigation of these matters is not complete,” that he has enclosed the RFI and (without discussing the matter with Marvin) that he has included an amended application removing the surface pattern. Bates 955.⁴⁰ Thereafter, Bender, on August 10, 1994, some two months after Marvin signed his statement, on June 15, 1994, regarding the RFI questions, sent along Marvin’s response to PTO along with a preliminary amendment with corrected drawings removing the octagon shaped surface designs. Bates 965 - 982.

On this record, Bender’s last letter to Marvin is dated June 15, 1995. Like the letters he sent to other inventors named in the Complaint, Bender tells Marvin that there has been a PTO official action on his patent application, and that a response is due by August 12, 1995 or the application will be deemed abandoned. On this occasion Bender also tells Marvin in the letter that AIC has not been paying him and if Marvin doesn’t decide “to pay this fee [\$250.] to [Bender] directly out of your own pocket,” then the application will become abandoned. Bates 991 - 994.

Based on the record in this case, the Court finds that the following violations of the Disciplinary Rules, as alleged in Count 6, have been proven by clear and convincing evidence: Rule 10.23(b)(4) by virtue of Bender’s engaging in dishonest, fraudulent, deceitful conduct and in misrepresentation; Rule 10.23(b)(5) by engaging in conduct prejudicial to the administration of justice; Rule 10.62(a) by Bender’s acceptance of employment without first obtaining Marvin’s consent after full disclosure, that the exercise of Bender’s professional judgment could be affected by Bender’s own business or financial interests; and Rule 10.68(a)(1), by Bender’s acceptance of compensation from AIC for his legal services, without first obtaining Marvin’s

³⁹In a way which is revealing about Bender, his letter to Marvin, by referring to the inquiry being sent to “your attorney” obscures that the RFI was in fact sent to Bender. It also misleads Marvin by describing the PTO’s inquiry as sent “not long ago,” thereby clouding the fact that over five months had elapsed since the inquiry was made to Bender.

⁴⁰Again, the Court considers Bender’s letter to be instructive about Bender. To suggest that he was ‘investigating’ the matter yet decided to go ahead and supply Marvin with an amended application sans the surface pattern was disingenuous as was the boldness he displayed by telling Marvin that, while PTO has questioned *Marvin’s* truthfulness, Bender and AIC still believed in his (i.e. *Marvin’s*) truthfulness and integrity. In the Court’s view, this letter, by itself, is sufficient cause for Bender to be excluded from practicing before PTO.

consent, after full disclosure.

The Hunt Count

GX -7 represents the PTO records involving inventor/applicant Vicki Hunt, whose idea was a “hanging organizer.” From the figures depicting the organizer, it obviously has various distinct compartments and includes a location for pen or pencil, but one cannot glean from the figures much more than that. Bates 242 - 244. However, Hunt’s July 1994 submission of her idea, which she described as an “organizing unit” to AIC makes it abundantly clear that her invention was functional, not ornamental. Bates 324. Her concept also described the idea as a “clutter buster” to organize cards, calendars, photos etc. on refrigerators. Bates 325. She forwarded photos of a prototype and the drawing she submitted revealed various sized pockets, a magnetic area, a writing pad area and a location for inserting photos. In a letter which accompanied the drawings, she explained that its purpose was to “eliminate refrigerator clutter.” Bates 315 -322. AIC mailed Hunt her patent application for her to sign on January 24, 1995. While the enclosure explains the protection one obtains with a design patent, it contains no reference or comparison to the protection afforded by a utility patent and the cover letter makes no reference to the type of application that would be filed for Hunt, describing it only as her “patent application.” Bates 229 -230. The enclosure, which lists Bender as her patent attorney, instructs that Hunt may pose questions to her attorney “**in writing.**” Bates 234. The cover letter also states that the enclosure includes “**instructions provided by the patent attorney/patent agent handling your application.**” Bates 229. As mentioned, that enclosure lists Bender as Hunt’s attorney. Bender sent Hunt’s “DESIGN APPLICATION TRANSMITTAL LETTER” to PTO on March 8, 1995. PTO issued a notice of allowability for Hunt’s application on August 2, 1995, advising that the writing instrument, depicted by broken lines on the application figure, was “no part of the claimed design.” Bates 255. On September 1, 1995, Bender sent Hunt a letter congratulating her on the allowance of her application and instructing her to send him a check for \$210 to cover the PTO fee and advising Hunt that as AIC had gone out of business, he required her to send \$100 to him for his processing of that fee or he would not continue to represent her. Bates 261, 263.

Hunt then wrote to PTO, explaining that she had tried to contact Bender but that his secretary, who was short and rude with her, fielded the call and advised that Bender could not give any legal advice and if Hunt did not want the application dropped, she would have to send the fees by the deadline. Bates 266. Hunt also conveyed that, having already spent \$5,929 for her patent, her primary concern was obtaining her patent. PTO then informed Hunt, in a letter dated January 29, 1996, that her application had become abandoned, and advised her of the steps she could take to revive her application. Bates 269.

The impact of AIC’s heartless operation is related in Hunt’s September 13, 1995 letter. In it she explains how she was taken in by their sales pitch and, coupled with her thoughts that her late father had an idea which he never pursued for a patent, she borrowed \$5,490 from retirement funds to “pursue my dream.” Bates 271b. (Among the amounts Hunt paid in connection with

her quest for a patent, at the time she entered into the representation agreement with AIC in October 1994, she paid AIC \$5,490 to prepare and file a design application. Bates 1471. Subsequently, in January, she paid AIC \$150 to process her application.) She also stated that AIC never discussed the type of patent they would seek, and that she did not understand the differences between the types of patents. In terms of Bender, she informed: "I have never directly received any communication from the so called patent lawyer that American Inventors assigned ... [but she knew] his nameS. Michael Bender" Bates 271c. Hunt stated that the only communication she received from Bender was his September 1, 1995 letter.

Subsequently, on March 11, 1997, Bender was sent a FIRST REQUIREMENT FOR INFORMATION ("RFI") regarding his representation of Hunt. This RFI included interrogatories and a request for production of documents. Bates 273 -281. The lengthy RFI, citing 37 CFR §§ 10.131(b) and 10.23(c)(16), reminded Bender of his duty to cooperate with the PTO investigation. Bender's response, dated April 9, 1997, littered with his 'don't recalls' and objections that the questions were indefinite, is fairly described as nonresponsive and evasive. Bender, affirmatively defending his actions regarding Hunt, submitted a single record of a phone call placed to Hunt on October 26, 1995. Bates 291. As related by Bender, the call was placed to "encourage Ms. Hunt to pay the Issue Fee..." Bates 289.

A SECOND REQUIREMENT FOR INFORMATION was issued by PTO to Bender on June 16, 1998 which included new interrogatories for him. Bender replied on October 16, 1998. While he continued his theme of responding that questions were "not understandable," "overly broad," "irrelevant," he did admit to understanding "generally that AIC and all of its customers entered into an agreement under which a customer (e.g. Ms. Hunt) desired AIC, ...to select an independent registered patent attorney to prepare, file and prosecute her design patent application in the Patent Office. I do not recall ever seeing a copy of that agreement." Bates 302. Bender added that he could not recall "having any direct knowledge of Ms. Hunt's agreement with AIC." *Id.* Bender also defends his action, asserting that AIC engaged in the "mere transmission" of papers between Hunt and him and that Hunt authorized this. Bates 303. Ironically, Bender criticized PTO's inquiring whether he provided Hunt with Part B, informing that "I do not approve of providing Part B to a client. It is intimidating and confusing for a layperson." Bates 305. In terms of any potential for conflict of interest, Bender bluntly asserted he "had no prior retainer agreement with Ms. Hunt. It was Ms. Hunt's obligation and risk, arising out of her contract with AIC, to assure that AIC fulfilled its obligations to her including the payment of fees for legal services." Bates 309.

Based on the record in this case, the Court finds that the following violations of the Disciplinary Rules, as alleged in Count 7, have been proven by clear and convincing evidence: Rule 10.23(b)(5), by engaging in conduct prejudicial to the administration of justice; Rule 10.62(a), by Bender's acceptance of employment without first obtaining Hunt's consent after full disclosure, that the exercise of Bender's professional judgment could be affected by Bender's own business or financial interests; and Rule 10.68(a)(1), by Bender's acceptance of compensation from AIC for his legal services, without first obtaining Hunt's consent, after full

disclosure.

The Metter Count

Count 8 involves inventor/applicant Eugene Metter.⁴¹ His idea was a “frost free plant box.” Bates 50. On May 5, 1994 Bender mailed a Request for Filing a Continuation application to PTO on Metter’s behalf. Bates 52. The application was described as a continuation of Metter’s March 22, 1991 application, which was abandoned, shows that Bender was aware there was a previous application. Bates 53, 54. The record shows that at the time of Bender’s May 5, 1994 letter he had not reviewed with Metter all the information used in the previous application and that Bender did not perform his own patent search upon becoming Metter’s attorney for his patent application. A “Frost Free Plant Box” by its very description obviously involves utility features. Conversely, the description also makes it clear that the invention has nothing to do with ornamentation. As with the other victims of the AIC scheme, Metter had a design application filed for his utility-based idea and, again as with the other instances, surface ornamentation had been added and, subsequently, attempts were made to remove the surface indicia. Bates 058 -70.

PTO sent Bender its ‘Final Rejection’ on the Metter application on December 27, 1994, requiring a response by March 21, 1995. Bates 61 - 64. It was not until April 27, 1995, more than a month after the response was due, that Bender wrote to the Metters⁴² telling them there had been a final rejection of their application because the amendment removed surface ornamentation from the drawings for their *claimed design*. Bates 71. At that time Bender advised that AIC had declined to pay him for the appeal and that, unless Metter paid \$640 to him directly, the patent application may be abandoned. Bates 72 -74. Thus, Bender made it clear that he would not be doing any more work for the Metters unless he was paid by them. His charge included the two-month extension fee of \$185 for which Bender made no mention that this charge occurred because of his delay in forwarding the final rejection to the Metters.

Metter wrote to PTO about his problems with the result that Bender received another “FIRST REQUIREMENT FOR INFORMATION” about his design patent application and also about another inventor, Richard Lee, whose application and attendant problems is the subject of Count 9. Bender employed the same approach as in the RFI regarding applicant Hunt, asserting that most of the questions were indefinite. Bates 99 - 106. This prompted a second round of PTO questions, and it is fair to characterize Bender’s response as a continuation of an approach of an aggressive counter-attack to the questions posed. Bender did acknowledge recalling generally

⁴¹Actually the patent was sought by Eugene and Roberta Metter. For ease of reference, the Complaint and PTO communications refer only to the first named inventor, Eugene Metter.

⁴²The April 27, 1995 letter, on this record, represents Bender’s first direct contact with Meter. Certainly, Bender has not produced any letter or telephone records, indicating earlier direct contact.

that all AIC customers entered into a “so-called” representation agreement. but not recalling specifically seeing or knowing about the Representation Agreement of Metter. Bates 128.

Based on the uncontradicted evidence, the Court finds that Bender did not review with Metter all of the information used when Metter’s application was originally filed by attorney Gilden; that Bender did not perform his own patent search to determine if Metter’s application had merit; that Bender never discussed with Metter whether he understood that a design application was being pursued instead of a utility patent; that Bender was mailed a final rejection regarding Metter’s application on December 27, 1994 and that a response was required by March 21, 1995 but that Bender did not inform Metter of this until over a month after the response was due; and that Bender did not answer and evaded questions posed by PTO regarding his involvement with Metter’s application. Consequently, the Court finds that the clear and convincing evidence demonstrates that Bender engaged in conduct involving dishonesty, fraud, deceit or misrepresentation, in violation of Rule 10.23(b)(4); engaged in conduct prejudicial to the administration of justice, in violation of Rule 10.23(b)(5), accepted compensation from AIC for legal services without the consent of his client after first making full disclosure, in violation of Rule 10.68(a)(1), and that Bender, in violation of Rule 10.77(c), neglected a legal matter entrusted to him.

The Lee Count

Count 9 involves inventor/applicant Richard Lee. His idea, the Broadhead Adaptable Fishpoint, a device intended for bowfishing large fish, was asserted to be distinct because it permitted an archer the ability to interchange broadheads. Bates 1504. During April 1991 Lee entered into a representation agreement with AIC regarding his idea, agreeing to pay a service fee of \$8,490 to that corporation. Bates 042. On April 23, 1991 AIC forwarded, at Lee’s request, photocopies of patents which were relevant to the subject of his invention. Bates 1578 -1603. Count 9 alleges that Bender did not perform his own patent search after Lee appointed him as his attorney; that Bender did not answer or evaded questions posed to him in a RFI from OED and, consequently, violated Disciplinary Rule 10.23(b)(5) by engaging in conduct prejudicial to the administration of justice; that Bender knew that Lee had provided funds to AIC for legal fees associated with his patent application but that as Bender did not know how much money had been provided to AIC or where such funds were, he violated Disciplinary Rule 10.23(b)(2) by circumventing Rule 10.112(c)(3) through the actions of AIC.

On March 24, 1992 PTO mailed attorney Gilden an official action rejecting aspects of the Lee claim. Thereafter a response, filed October 28, 1991, was apparently submitted by Bender.⁴³ On November 15, 1994 PTO mailed to Bender a notice of allowance and fee due concerning Lee’s design application. Bates 1702. Bender wrote to Lee on January 9, 1995 and again on February

⁴³The eleven page response, stamped “copy,” lists Bender’s name and address, but this “copy” version is unsigned and undated.

15, 1995. In the January letter he informed Lee that “the design illustrated in the drawings of [his] application” have been considered patentable by PTO, but then adds that an issue concerning added surface ornamentation has arisen and, as Lee did not create them, an amended drawing deleting those designs has been sent for his review and signature. The February 1995 from Bender informs Lee that he is preparing a petition to revive his abandoned utility patent application. Bates 1699. The first signed record that Lee appointed Bender as his attorney is dated February 25, 1995.⁴⁴ Bates 004. On February 28th, Bender filed a petition to revive Lee’s *design* patent application, asserting that abandonment of the application occurred due to unavoidable delay. Bender acknowledges in his petition that Lee’s application became abandoned on June 24, 1992. Bender then states that he contacted Lee around October 17, 1994 in connection with a September 6, 1994 PTO Requirement for Information involving another Lee design application, filed May 9, 1994. Post the RFI, Bender states he became aware, during a discussion with Lee, that his prior attorney, Gilden, never informed him of the PTO’s March 24, 1992 official action. Bates 005.

Also filed by Bender on February 28, 1995 is a “Terminal Disclaimer” and an amendment in response to PTO’s official action of March 24, 1992. Bates 1730 - 1741. The petition was granted on April 20, 1995 and Lee was granted a utility patent for his bowfishing arrow on May 25, 1995, upon payment of the fees due. On November 2, 1995 PTO, sent notice to Bender, noting that Lee’s application, No. 07 / 783,528, which had been issued a patent number, was being processed as an abandoned application, because the check for \$605 payable to PTO was returned as unpaid. Bates 023 - 024, GX 9 -3. A letter from Bender dated November 9, 1995 informs Lee that a fee totaling \$680 is due for Bender to cover the official issue and official petition fees, with another \$215 due later for Bender’s fee for preparing the petition and the outstanding drawing correction fee. Bates 1743. On November 21, 1995 Bender sent a check for \$680 to PTO to pay for the issue fee and the petition fee, along with a petition requesting acceptance. Bates 028. Thereafter, on March 8, 1996, PTO issued a decision on Bender’s petition, denying it as inadequate to establish unavoidable delay. Bender then submitted, on April 29, 1996, a request for reconsideration of his petition, and on August 20, 1996, PTO granted the petition. Bates 049. Bender, by letter to Lee dated November 8, 1996, sent the original certificate for Lee’s utility patent. Bates 1775.

Based on the record in this case, the Court finds that the following violation of the Disciplinary Rules, as alleged in Count 9, has been proven by clear and convincing evidence: Rule 10.23(b)(5), by engaging in conduct prejudicial to the administration of justice, by not

⁴⁴Several documents in this exhibit are undated and unsigned copies of apparent filings. Despite the infirmities, one can glean that a design patent application was created for Lee’s Bowfishing device, that the device had several ornamental surface patterns on it and that Bender’s name and address appeared on that application. Bates 1653 -1666. Thereafter, another design application for the same device was filed, and on this occasion the surface ornamentation was circled for removal. As with the earlier application, Bender’s printed name and address is listed on the papers identified as “Declaration and Power of Attorney.” Bates 1672 -1673.

answering and evading questions in the RFI.

Determination of the appropriate Sanction

37 C.F.R. § 10.154 provides that the decision of the administrative law judge shall include an order of suspension or exclusion from practice, an order of reprimand, or an order dismissing the complaint. Clearly the rules anticipate that, in a given situation, suspension or exclusion is a potential option where a single Disciplinary Rule is violated. 37 C.F.R. § 10.130. The Rules also provide that the Court's initial decision explain the reason for any suspension or exclusion, which decision as to the penalty imposed should include consideration of the public interest, the seriousness of the disciplinary rule violated, the deterrent effects deemed necessary, the integrity of the legal profession and any extenuating circumstances presented. 37 C.F.R. § 10.154.

PTO argues that, upon consideration of the seriousness of the violations involved, the absence of extenuating circumstances, the public interest, the importance of deterrence to others who may be tempted to transgress the rules, and the integrity of the legal profession, Bender should be excluded from practice before the USPTO. D.R.Br. at 13. It maintains that Respondent has not been charged, as depicted by Bender, with associating with an invention submission company. Rather, the Complaint charges him with failure to properly consult and advise his clients as to their intentions and best interests in their patent aspirations, neglect of his clients' legal matters, sharing fees with the invention submission companies, and failure to fully disclose the potential problems of his association with such companies before he accepted employment and compensation from those companies.

By missing PTO response periods, failing to discuss with the clients which type of patent would best suit their needs, and not proceeding with utility patents when it was clear that was in their best interests or their expressed wishes, Bender demonstrated serious neglect. *Id.* at 14. Bender's interest in continuing to receive the large sums of money biweekly from the invention company interfered with his duty to fully disclose the arrangement to his clients. The need for deterrence against Bender personally continues, as he announced at the hearing his intention to continue to represent such invention submission companies. Nor did Bender, as he maintains, "cure" the clients' applications by merely removing the surface indicia. Adequate representation would have included advising the clients that a utility patent was the best form of intellectual property protection where the inventions involved functional aspects. By merely pursuing design applications, in accordance with the terms of the contracts between the inventors and the invention submission companies, Bender ensured he would be paid by those companies, but he simultaneously failed to look after the best interests of his clients. Aggravating his failure, Bender took advantage of clients, such as Petchonka, who were unsophisticated about patent matters. Further, he has shown no remorse for his failures. PTO notes that, even at the hearing, Bender was unwilling to acknowledge that these clients needed utility patents. Instead he continues to view his actions as helpful for the inventors, because he acted to remove the unauthorized addition of surface indicia from their inventions. *Id.* at 18.

In addition, PTO distinguishes *Jackiewicz v. Mossinghoff*, relied upon by Respondent in urging that no sanction should be applied, beyond at most, a reprimand. PTO maintains that the Court of Appeals did not uphold the suspension because only a single violation, the submission of a misleading response to a PTO request for information, was involved and because genuine mitigating factors together with no aggravating factors were present. In contrast, Bender's violations were of a vastly different order with, among many consequences, actions that have dishonored the intellectual property profession. PTO also argues that Bender's assertion that suspension or exclusion has been reserved only for instances of intentional misconduct is without statutory or regulatory authority and, citing a long list of disciplinary cases, at odds with the fact that PTO has brought numerous disciplinary actions beyond those involving intentional misconduct. *Id.* at 23.

In his defense, Respondent cites cases⁴⁵ in support of his position that imposition of a suspension or disbarment has been a rare occurrence, limited to instances of "intentional misconduct such as where a fraud is committed *in the PTO* or a practitioner's duty of candor owed *to the PTO* has been violated." *Id.* at 17. At this juncture, it is sufficient to note that Bender points to *Kingsland v. Dorsey*, 338 U.S. 318 (1949) for support of his argument that these actions are limited to those involving the relationship of attorneys to the Patent Office, and to *Jaskiewicz v. Mossinghoff*, 822 F.2d 1053 (Fed.Cir. 1987), as an example where the reviewing court found the conduct involved did not constitute intentional misconduct and consequently that the sanction of suspension from practice was not warranted. Bender also notes that in *Klein v. Peterson*, 866 F.2d 412 (Fed.Cir 1989), a suspension for backdating a number of certificates of mailing, was upheld, based upon the entire record, while in *Lipman v. Dickinson*, 174 F.3d 1363 (Fed. Cir. 1999), despite finding misconduct by knowingly giving false information to PTO, the administrative law judge, recommended only a public reprimand, a recommendation that was adopted by the Commissioner of Patents. Bender suggests that these cases demonstrate that suspension or exclusion is reserved for those instances where intentional misconduct in the conduct of proceedings before PTO has been established under the clear and convincing standard. *Id.* at 21.

At bottom, and in consideration of the defenses he has put forward, Bender maintains that at most "a reprimand" might be ordered, although in his estimation that would be "too harsh" a penalty on the record presented. In fact, Bender sees his actions in a noble light, as that of an attorney who was willing to take on the caseload of an excluded attorney, and who not only competently handled the applications, but also cured defects in them. *Id.* at 55 - 60. Respondent maintains that PTO's motivation for bringing the Complaint is simply to discipline those attorneys "who accept client referrals from invention companies."

⁴⁵While the Court has considered the cases cited by Respondent and PTO, an exhaustive recounting of them and their import is not included in this decision, except where the Court has reason to make an observation about them.

Contrary to Bender's assertions, *Jaskiewicz v. Mossinghoff*, 822 F.2d 1053 (Fed.Cir. June 19, 1987), 3 U.S.P.Q. 2d 1294, is not instructive to the appropriate sanction to be applied in this case. The facts in *Jaskiewicz*, (wherein only one of three Counts, upon application of the clear and convincing standard, was upheld), are so factually distinct that it is of no value here. Finding for the one Count where the violation was demonstrated, that the offense of intentionally misleading PTO was "grave," the Federal Circuit nevertheless remanded to PTO for reconsideration of the two-year suspension. However, that Court was in no manner suggesting that the suspension or disbarment were never appropriate, but only that the single demonstrated violation, "in light of all the circumstances of th[at] case" warranted reconsideration. *Id.* at *1061. Bender's violations are of an entirely different order and number and accordingly *Jackiewicz* does not assist the sanction analysis.

Respondent's assertion that PTO's motivation for this disciplinary action stems from an animus towards those attorneys who associate with invention submission companies is without any merit. Preliminarily, the *theoretical* motivation for PTO's action is not material to this proceeding, which concerns only whether the Respondent engaged in misconduct under the PTO rules and, if so, the appropriate sanction to be applied. However, even assuming that PTO's motivation can be a basis for dismissing a disciplinary action, the facts cited by Bender do not support his claim. Certainly Respondent's pointing to the opening remarks of PTO counsel in which he declared that the evidence would show a relationship between invention submission companies and the Respondent and how that relationship violated the rules, shows only that the invention submission companies were an important part of the story. Respondent's quoting from the PTO's opening remarks also distorts their true context that, as a consequence of that relationship, Bender could not effectively represent his inventor clients and, as a result of that failure to properly represent his clients, he violated the professional responsibility rules. *See* Tr. at 30-31.

Nor does Respondent's quoting from the remarks of a PTO Deputy Commissioner support this claim. The quoted remarks, from testimony before a Senate subcommittee in 1994, do speak to actions PTO had taken in removing individuals from practice who were working with such companies, but they make it clear that PTO's concern was that those attorneys "basically ... are not properly representing their client's interests ... [t]hey are working more for the invention development firm..." R's Br. at 14.

The Court's Rationale for Excluding Bender from Practice Before the PTO.

As noted by the court *In the Matter of Addams*, 579 A.2d 190 (DC Ct of Appeals, Aug. 6, 1990), a disciplinary proceeding, it is foundational to our justice system that "clients ... must be able to rely without question on the integrity of attorneys." *Id.* *192. Thus, the Court noted that the "principal reason for discipline is to preserve the confidence of the public in the integrity and trustworthiness of lawyers..." *Id.* *193.

Certainly Bender's violations are of a different and much more serious order than those addressed in *Klein v. Peterson*, 866 F.2d 412 (Fed. Cir. 1989), a case cited by Bender, where the Respondent, in four counts, was found to have committed misconduct by backdating eleven certificates of mailing, misconduct which constituted neglect of legal matters entrusted to him. As a consequence the attorney was suspended from practice for two years and placed under probation for five years after that.. As the federal circuit observed: "The patent system depends more heavily than is usual in other practices upon the integrity of its practitioners." *Id.* at * 416.

Regrettably, the Respondent has remained oblivious to the more fundamental failures involved here. The claims involved in the Counts go to the most basic and fundamental duties owed by the patent attorney to the client. Bender failed to inquire, discuss, and educate each of the inventors in order to determine the best form of protection needed for their inventions. Instead, he answered to the terms of the contract which the inventors had entered into with the invention submission company, pursuing design patents when it was obvious that they needed utility patents. Contrary to Bender's assumption, the contract between the invention companies and the unsophisticated inventors, did not operate as a firewall, insulating him from the duties owed to his clients. Thus, it escapes Respondent's awareness that his "file-wrapper continuation applications" are not a substitute for his duty to properly consult and advise each client. Absent that duty to consult and advise, Bender insistence that the inventors "ratified" his action by returning the requirements for information he had forwarded to them, is beside the point.

In addition to being untimely, Bender's claim that his mass mailing to the inventors cured any issue of utility patent advice, is without merit. His own letter undoes this claim. Although the letter mentions the possibility of a utility patent, Bender told his clients:

However, I cannot and do not give any assurance that such a utility patent will [be granted]. **The fact that you have already filed a design application *could* mean that your original patent attorney conducted a patentability search of your invention and concluded *on the basis of the prior art* no reasonable basis exists for obtaining a utility patent.**

R.R Br. at 13 (italics added, bold print in R's Brief). Thus, Respondent's own letter demonstrates that *he* failed to consult, understand what his clients were seeking, evaluate which patent protection would be in the client's best interests or to conduct his own patent search. It is disturbing that the Respondent insists that PTO's claim must fail because, in the DuBose case for example, there is no expert evidence in this record that DuBose had invented a "functioning pill crushing mechanism ... susceptible of being protected by a utility patent," (*Id.* at 13-14) because this assessment was among the most fundamental duties he owed to his clients.⁴⁶

⁴⁶Similarly, the Court completely rejects Bender's claim that DuBose had wanted a design patent all along and then changed her mind. Once beyond the parsing of words, it is clear and the Court finds that DuBose, like Petchonka, did not appreciate the difference between a utility

The pattern of Bender's failures regarding his clients was no different for Lucero's application. (See Count 1). As with the other applicant/inventors, Bender ostensibly sees no shortcomings with his efforts. Respondent ridicules PTO's suggestion that he failed to adequately prosecute Lucero's application by not inserting words for letters on her word bingo, because the drawings included dotted lines which had the effect of not limiting her invention. He adds that any attempt to add an amendment, substituting words for letters, would have caused her application to be rejected as a "new matter" addition.⁴⁷ Responding to the claim that he ignored Lucero's desire for a utility patent, Bender notes that he sent her a letter which was "virtually identical" to the one he sent to Billig, DuBose, and Petchonka, and in which he gave "sound advice" on "what to do if you want to seek a utility patent." R RBr. at 19.

Here again, Bender demonstrates that he has remained oblivious to this most fundamental obligation owed to his clients. It was not for them to figure out if they wanted a utility patent; it was Bender's obligation to consult, listen, communicate and ultimately advise them what was in their best interests. By failing to do this, it was Bender who was continuing to compound the original unfairness wrought by the invention submission companies. And while Bender protests that there is no credible evidence that his actions were a direct result of AIC's specific instructions that he only prosecute a design patent, the AIC contract itself provided that it would "engage a Patent Attorney/Patent Agent to prepare and file *design* patent applications..." R's Ex 40, page 71, paragraph 1A. Bender well understood that AIC, not the inventors, were the source of his income and that, by the terms of the contract, AIC retained him only to do its bidding; namely to prepare and file design patent applications.

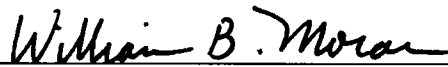
The Court, having fully considered each of the factors under 37 C.F.R. § 10.154, concludes that both the nature and the number of Bender's violations fully warrant his exclusion from practice. Indeed, even if the Court had considered, as Bender advocated, only the Petchonka and DuBose Counts, the Court still would have reached the conclusion that exclusion would be the only appropriate sanction, given the seriousness of the violations, the public's interest in the upholding confidence in patent attorneys, and the parallel concern of the upholding the integrity of the legal profession. This conclusion only is reinforced when those considerations are factored with the important and necessary deterrent effects and Bender's complete lack of recognition of his failings.

patent and a design patent and that Bender failed to timely provide this fundamental advice. Indeed, no rationale person, inventing a pill crusher or earphones within earmuffs, would want to hold a patent over the mere surface indicia of apothecary cups or a musical note skiing, without protecting the functional ideas underlying their inventions. That invention submission companies would cruelly mislead the unsophisticated to obtain a useless patent is no excuse for the patent attorney to heel to the terms of their unwise contract.

⁴⁷Although a collateral observation, it seems odd that Bender would declare the change would be rejected as "new matter" when he initially argued that dotted line format would protect against the claim of new matter.

ORDER

For the reasons expressed in this Initial Decision, and upon consideration of the entire record, it is hereby ORDERED that the Respondent, S. Michael Bender, is excluded from the practice of law before the United States Patent and Trademark Office.

A handwritten signature in black ink, reading "William B. Moran", is positioned above a horizontal line.

William B. Moran
United States Administrative Law Judge

Dated: February 11, 2002

In the Matter of S. Michael Bender, Respondent
Proceeding No. D00-01

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Initial Decision**, dated February 11, 2002 was sent this day in the following manner to the addressees listed below:


Maria Whiting-Beale
Legal Staff Assistant

Dated: February 11, 2002

Certified Mail Return Receipt and facsimile to:

U.S. Patent and Trademark Office, OED
Harry I. Moatz
Director of Enrollment & Discipline
Sydney O. Johnson, Jr., Esquire
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