Commissioner of Patents and Trademarks
Patent and Trademark Office (P.T.O.)

In re PAT DOE
Decision on Petition for Review Under 37 CFR § 10.2(c)
February 18, 1993

Edward R. Kazenske

Director of Interdisciplinary Programs

MEMORANDUM AND ORDER

***1** Pat Doe [a pseudonym] (petitioner) seeks review of the decision of the Director of the Office of Enrollment and Discipline (OED) denying petitioner's application for registration to practice before the Patent and Trademark Office (PTO) in patent cases. The petition is denied.

Background

On * * *, petitioner was appointed to the patent examining corps of the PTO. As an examiner, petitioner received full signatory authority on * * *.

In * * *, petitioner's Supervisory Patent Examiner (SPE), Donald Basic [a pseudonym], issued to petitioner a written review (OED Ex. 1) criticizing his work with regard to five patent applications. In the review, the SPE stated, inter alia, that:

> These [office] actions are an insult to the patent profession. If mailed in the condition they are in they would bring disrepute to the Office. If ever mailed they become part of the public record and with it more ridicule could be heaped on the government worker.

Petitioner and his SPE discussed six office actions.

From * * *, to * * *, petitioner was on a detail work assignment (OED Ex. 8) in the Office of the * * *. For Fiscal Year * * *, petitioner received a yearly performance rating of marginal (OED Ex. 2). The rating was based on producing incomplete office actions with respect to twenty-four patent applications (see attachment to performance appraisal in OED Ex. 2).

In * * *, petitioner's SPE was away on leave for two weeks and Ralph Yale [a pseudonym] was acting SPE for petitioner's art unit (OED Ex. 4, ¶ 2). Ralph Yale and SPE Bill Stroke [a pseudonym] entered petitioner's office to look for some Patent Cooperation Treaty applications which required responses which were long overdue (OED Ex. 4, ¶ 3). While looking for the applications, Bill Stroke discovered several U.S. patent applications in a drawer under a towel (OED Ex. 4, ¶ 3). Petitioner apparently became aware of this discovery (OED Ex. 4, ¶ 4).

Later in * * *, petitioner gave a note (OED Ex. 6) to his SPE stating:

I need to have a meeting with you ASAP on Friday, * * *. Topic of discussion will be:

1) previous "mortgaged" applications not known by you;
2) my present work attitude;
3) my feelings about office separation.
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On [the following Tuesday] * * *, SPE Basic and petitioner met (OED Ex. 10). Petitioner stated (OED Ex. 10) to his SPE that there were about sixty patent applications in which he had received performance credit for, when in reality the work done with regard to the applications was incomplete. This practice is commonly referred to as "mortgaging."

Petitioner stated that he was able to misrepresent the completeness of the work by falsely submitting an application for counting and manipulating the Patent Application Location Monitoring (PALM) system (OED Ex. 7, ¶ 5). On the same day as the meeting with his SPE, * * *, petitioner submitted to his SPE a letter of resignation (in file) which would take effect on [the Saturday following the Tuesday meeting with Basic] * * *.

***2** Petitioner also met with his Group Director Sam Zenith [a pseudonym] on [Friday following the Tuesday meeting with Basic] * * * (OED order to show cause at 3, n. 6). Petitioner and Director Zenith discussed petitioner's mortgaging. With regard to the meeting, Director Zenith stated (OED Ex. 5, ¶ ¶ 4-7) that:

... I met with Mr. Doe, and immediately advised him of his Weingarten [i.e., Union] Rights. He waived representation and admitted the mortgaging of all the cases. He said that he needed to "get out of examining" and that he "is burned out."

My response was that I planned to take immediate adverse action and that the situation is so serious that the result could be his removal. He indicated that he was ashamed and felt bad about betraying his SPE and me.... For the record it is noted that at the time of this occurrence, Mr. Doe was unsatisfactory in his PAP element for productivity, and his rating of record for FY * * * was marginal.

On * * * [after resigning from the PTO], petitioner submitted to OED an application for registration to practice before the PTO. In the application, petitioner checked a box corresponding to the fact that he had been a patent examiner for more than four years. On that basis, he requested in the application a waiver, pursuant to 37 CFR § 10.7(b), of the requirement that an applicant for registration to practice before the PTO in patent cases take and pass the Patent Practitioner's examination.

On page two of the application, petitioner checked the NO box for question 10 which reads:

Have you ever resigned or quit a job when you were under investigation or inquiry for conduct which could have been considered as involving dishonesty, fraud, misrepresentation, deceit, or violation of Federal or State laws or regulations, or after receiving notice of possible disciplinary action for such conduct?

(OED Ex. 11). The top of the page states:

BACKGROUND INFORMATION: Candor and truthfulness are significant elements of fitness relevant to practice before the United States

Patent and Trademark Office. You should, therefore, provide the Office of Enrollment and Discipline with all available information, however unfavorable, even if its relevance is in doubt, with regard to the questions asked below. For each question answered "YES", provide a detailed statement setting forth all relevant facts and dates along with verified copies of relevant documents.... Failure to disclose the requested information may result in denial of registration....

Based on the information provided by petitioner in his application, and on PTO records, OED requested (Paper No. 2 in file) petitioner to answer the following questions:

1. Why did you answer "No" to question 10?

2. Why did you not reveal in your application for registration the circumstances under which you resigned from the PTO?

3. With whom and when did you discuss the "mortgaged" applications problem? Provide a detailed summary of what was discussed.

***3** 4. Have you ever been previously counseled for "mortgaging" patent applications? If you have been counseled, when were you counseled and with whom? Provide a detailed summary of what was discussed when you were counseled.

Petitioner responded (Paper No. 3) to the questions by discussing the sequence of events which led to his resignation from the PTO (response at 1-2). In view of the events, petitioner stated, inter alia, that:

... I had not been notified that an inquiry or investigation was under way prior to my resignation. Therefore my answer to question 10, in my application for registration, is the appropriate answer.

... Since my resignation did not fall into a category listed on the application for registration, it was not deemed appropriate at that time for listing such information.

....

The discussion with Sam [Group Director] occurred after my resignation....

(Response at 3-4).

In view of the above, the Director of OED ordered (Paper No. 5) petitioner:

"to rebut the foregoing evidence and to show that he satisfies the requirements of good moral character and repute."

(Order at 5).

Petitioner responded (Paper No. 7) by arguing that:

A. The Applicant's work product was adversely affected by his overwhelming personal problems [divorce and financial], not dishonesty, (response at 2),

B. The Applicant did not answer Question 10 falsely or with an intent to mislead OED,

(response at 3-4), and

C. The Applicant is of good moral character,

(response at 4).

Petitioner also requested (response at 5) a hearing.

The Director entered a final decision (Paper No. 8) disapproving petitioner's application for registration on the ground that petitioner is not of good moral character and repute. In the decision, the Director found, inter alia, that:

Applicant [i.e., petitioner] mortgaged patent applications he was responsible for examining,
(decision at 5, line 6),

Applicant used the PALM system to create false records regarding the status of the mortgaged applications and entered transactions which altered the records about the applications to place them in a status which reported them as having Office actions completed and mailed,
(decision at 5, lines 6-10),

in * * *, when applicant wrote his note to Mr. Basic admitting he had mortgaged applications, he had to have known that an investigation or inquiry would be initiated by Mr. Basic,
(decision at 5, lines 16-18),

He also had to [have] known at the time he wrote the note that mortgaging of applications is, by its nature, conduct considered by the Office as involving dishonesty, misrepresentation and deceit,
(decision at 5, lines 18-21),

Applicant falsely took credit for Office actions in at least 54 patent applications,
(decision at 6, lines 1-2),

the actual examination of the [] applications was delayed,
(decision at 6, lines 2-3), and

***4** Applicant caused supervisory and management time to be diverted to retrieving mortgaged cases, identifying the problems on each application, correcting false PALM records and reassigning the cases,
(decision at 6, lines 5-7).

Based on the above, the Directorconcluded, inter alia, that:

[applicant] should have answered the question [i.e., 10] "Yes,"
(decision at 5, line 23),

Applicant knew or should have known that he was under an obligation to disclose the truth about his resignation from the Patent and Trademark Office in his application for registration,
(decision at 5, lines 30-32),

It is clear from applicant's conduct as an examiner that he has not demonstrated that he possesses the standard required of patent professionals as established by Kingsland v. Dorsey, [338 U.S. 318 (1949)],
(decision at 5, last three (3) lines),

Dishonesty, misrepresentation, and deceit are not resolved simply by applicant claiming that he caved-in to economic and/or personal pressures which applicant alleges now do not exist,
(decision at 6, lines 8-10),

a reasonable person [would] have doubts about applicant's honesty, integrity, trustworthiness, and reliability,
(decision at 6, lines 14-15),

applicant has not demonstrated to the satisfaction of the Director that he possesses the good moral character and repute required by 37 CFR 10.7(a),
(decision at 6, lines 24-25), and

Any subsequent application for registration by applicant must be accompanied by a showing containing objective evidence of complete rehabilitation,
(decision at 7, lines 2-4).

Petitioner seeks (Paper No. 9) review pursuant to 37 CFR § 10.2(c). In addition to stating reasons why he believes that the Director's decision lacks a factual basis (petition at 2-4), petitioner argues

(petition at 4-8) that:

(1) his work product was adversely affected by overwhelming personal problems, not by dishonesty,

(2) there was only one episode of mortgaging,

(3) he did not answer Question 10 falsely or with an intent to mislead OED,

(4) he was not aware that OED had launched an investigation, and

(5) he is of good moral character.

Opinion

I.

Section 31 of 35 U.S.C. states in pertinent part that:

> The Commissioner ... may require [agents, attorneys, or other persons representing applicants or other parties before the Patent and Trademark Office], before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation....

(Emphasis added). In accordance with the above requirement, the Commissioner of Patents and Trademarks promulgated 37 CFR § 10.7 which states that:

> (a) No individual will be registered to practice before the Office [PTO]unless he or she shall:
>
> ***5** ....
>
> (2) Establish to the satisfaction of the Director [of OED] that he or she is:
>
> (i) Of good moral character and repute.

Satisfactory proof of good moral character and repute must be submitted to the Director. 37 CFR § 10.7(b).

As stated by the Supreme Court in Kingsland v. Dorsey, 338 U.S. 318 (1949):

> By reason of the nature of an application for patent, the relationship of attorneys to the Patent Office requires the highest degree of candor and good faith. In its relation to applicants, the Office ... must rely upon their integrity and deal with them in a spirit of trust and confidence.... It was the Commissioner, not the courts, that Congress made primarily responsible for protecting the public from the evil consequences that might result if practitioners should betray their high trust.

Id. at 319-20 (emphasis added). It is also noted that:

> the primary responsibility for protection of the public from unqualified practitioners before the Patent [and Trademark] Office rests in the Commissioner of Patents [and Trademarks].

Gager v. Ladd, 212 F.Supp. 671, 673, 136 USPQ 627, 628 (D.D.C.1963), (quoting with approval Cupples v. Marzall, 101 F.Supp. 579, 583, 92 USPQ 169, 172 (D.D.C.1952), aff'd, 204 F.2d 58, 97 USPQ 1 (D.C.Cir.1953)).

II.

With regard to petitioner's arguments (1) and (2), supra at 6, it is

noted that beginning in * * *, petitioner's SPE noticed (OED Ex. 1) six incomplete office actions which had been produced by petitioner. Petitioner met with his SPE to discuss the matter. At that time, petitioner was told that he was not permitted to take credit for incomplete office actions. By the time of petitioner's performance appraisal for Fiscal Year * * *, his SPE discovered (OED Ex. 2) another eighteen incomplete office actions. Petitioner continued mortgaging cases and manipulating the PALM system to receive credit for cases that he had not completed in spite of being warned that such conduct was improper (OED Ex. 1).

After returning from a detail work assignment in * * *, petitioner again claimed credit for incomplete office actions and manipulated the PALM system in order to receive improper credit. In * * *, petitioner notified (OED Ex. 6) his SPE of "previous 'mortgaged' applications not known by [the SPE]." The total number of mortgaged applications turned out to be approximately sixty (OED Ex. 10). The improper conduct continued over six months until he resigned from the PTO in * * *.

While petitioner may have had marital and financial problems, such problems do not excuse the intentional mortgaging of more than sixty patent applications and manipulation of the PALM system in order to receive credit. Petitioner's conduct which included submitting false reports and taking credit for many cases he did not complete reflects adversely on his ability to represent clients in a professionally responsible manner. Petitioner's conduct in processing his petition for registration makes clear his lack of good moral character and repute. See Kingsland, 338 U.S. at 319-20 ("the Commissioner [is] primarily responsible for protecting the public from the evil consequences that might result if practitioners should betray their high trust"); Gager, 212 F.Supp. at 673, 136 USPQ at 628. If similar situations arise in the future, there is no objective evidence that petitioner will act with good moral character and repute.

***6** With regard to petitioner's argument (3), supra at 6, it is first noted that question 10 reads in part:

> Have you ever resigned or quit a job when you were under ... inquiry for conduct which could have been considered as involving dishonesty, fraud, misrepresentation, deceit, ...?

(Emphasis added). Petitioner left the note (OED Ex. 6) for his SPE stating:

> I need to have a meeting with you ASAP on Friday, * * *. Topic of discussion will be:
>
> 1) previous "mortgaged" applications not known by you;
> 2) my present work attitude;
> 3) my feelings about office separation.
>
> Pat

It is difficult to understand how an examiner would not think there would be an inquiry after he reported that he claimed credit for work he did not complete. Because the status of those mortgaged cases would be unknown, it is inconceivable that an SPE would not have begun an inquiry. Petitioner's SPE contacted petitioner in order to have a meeting with regard to the mortgaging (OED Ex. 10). When the SPE scheduled the meeting, he began an inquiry about petitioner's mortgaging conduct.

During the meeting, petitioner stated (OED Ex. 10) that there were

about sixty cases which he had received performance credit for, but which had not been completed. Thus, the SPE's inquiry with regard to the mortgaging conduct continued throughout the meeting and after.

Petitioner knew or should have known, at the time of filing his application for registration, that his mortgaging of patent applications and manipulation of the PALM system "could have been considered as involving dishonesty, fraud, misrepresentation, [or] deceit" within the meaning of question 10. The SPE and Group Director without question considered (OED Exs. 5, 7 and 10) the approximately sixty mortgaged applications and manipulation of the PALM system as involving dishonesty, fraud, misrepresentation and deceit.

It is not disputed that petitioner resigned on the same day of the above- mentioned meeting with his SPE effective four days later (see letter of resignation in file). Thus, his resignation occurred "when" he was "under inquiry for conduct," "which could have been considered [and was considered] as involving dishonesty, fraud, misrepresentation [and] deceit." Therefore, petitioner should have answered YES to question 10. The Director did not err in so concluding. It is noted that a YES answer to question 10 would have required, in accordance with the top of page two of the application for registration (see page 3 of this decision, lines 11-13), a detailed statement setting forth all the relevant facts along with verified copies of relevant documents.

In addition to the above reason, petitioner should have provided facts about mortgaging for the following reason. As noted above, the BACKGROUND INFORMATION section at the top of page two (OED Ex. 11) of the application for registration begins:

> BACKGROUND INFORMATION: Candor and truthfulness are significant elements of fitness relevant to practice before the United States Patent and Trademark Office. You should, therefore, provide the Office of Enrollment and Discipline with all available information, however unfavorable, even if its relevance is in doubt, with regard to the questions asked below.

***7** (Emphasis added).

The above statement does not merely apply to questions which were answered YES. The second sentence of the statement requires that all available information be provided, even if its relevance is in doubt, "with regard to the questions [i.e., all of them] asked below." In contrast, the immediately following, i.e., third, sentence of the BACKGROUND INFORMATION section reads:

> For each question answered "YES", provide a detailed statement setting forth all relevant facts and dates along with verified copies of relevant documents.

(OED Ex. 11, emphasis added). This sentence applies to "each question answered YES."

Unlike the third sentence, the second sentence (lines 26-28 of the previous page) applies to all the questions asked, even if the relevance of available information is in doubt, and does not merely apply to each question answered YES. The distinction between the specific applicability of the two sentences is further illuminated by the fact that different requests are made within each sentence, i.e., the second sentence requires the submission of "all available

information," whereas the third sentence requires the submission of "a detailed statement" and "verified copies of relevant documents." Accordingly, the first two sentences of the BACKGROUND INFORMATION section result in another reason why petitioner should have provided all available information with regard to his mortgaging of patent applications and manipulation of the PALM system.

Contrary to petitioner's fourth argument, supra at 6, OED did not "launch [ ] an investigation." Petitioner admitted to the mortgaging. He resigned. He applied for registration to practice before the PTO. OED found out that petitioner mortgaged more than sixty patent applications and manipulated the PALM system, and that these acts were committed and admitted to prior to his resignation. As shown above, petitioner should have provided all available information and relevant facts surrounding his resignation which was subsequent to his mortgaging and manipulation of the PALM system. Petitioner's argument (4) is not persuasive.

With regard to petitioner's argument (5), supra at 6, it is noted that petitioner's mortgaging of patent applications is evidence that he lacks the requisite good moral character and repute in order to become registered. Petitioner speaks of having:

> a reputation for honesty, integrity, trustworthiness, candor and good faith with clients, employers, the Patent and Trademark Office, the community and the patent profession.

However, no objective evidence of such has been submitted. There have been no submissions even in light of the Director's statement that petitioner:

> must produce evidence of positive acts since his resignation that demonstrate that he has become fit to practice before the Office .... [petitioner must submit] a showing containing objective evidence of complete rehabilitation.

(OED final decision at 6-7, emphasis added). Petitioner's fifth argument is not persuasive because it is not supported by objective evidence of record.

III.

***8** As above section II demonstrates, petitioner mortgaged patent applications and he should have set forth, to OED when he applied for registration, the facts relevant to the mortgaging.

Because petitioner mortgaged patent applications and also did not set forth the relevant mortgaging facts in his application for registration, the Director was correct in not being satisfied, within the meaning of 37 CFR § 10.7(a)(2)(i), that petitioner is not of good moral character and repute. Therefore, the denial of petitioner's application for registration was proper.

Certain periods of petitioner's employment as a patent examiner involved the mortgaging of patent applications and submitting work that was clearly unsatisfactory. Accordingly, should he establish at a future date that he is of good moral character and repute, the issue of whether the Patent Practitioner's examination will be waived for him

will be addressed at that time. See 37 CFR § 10.7(b) ("The taking of an examination may be waived....").

ORDER

Upon consideration of the petition to the Commissioner, it is ORDERED that the petition is denied.

27 U.S.P.Q.2d 1934

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