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

CAMERON A. WEIFFENBACH, PETITIONER-APPELLEE
v.
CHARLES C. LOGAN II, RESPONDENT-APPELLANT
Proceeding D91-11
January 19, 1993

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***1** NPCA

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Acting Commissioner of Patents and Trademarks

DECISION ON APPEAL

Charles C. Logan, II (Logan) appeals [FN1] from an initial decision [FN2] of an Administrative Law Judge (ALJ) in a practitioner disciplinary proceeding in the Patent and Trademark Office (PTO). The ALJ found that Logan violated the PTO Code of Professional Responsibility and imposed a five-year suspension from practice before PTO. On appeal, two issues are raised. The first issue is whether the five-year suspension is too severe a sanction. The second issue is whether Logan was improperly denied a hearing.

I.

Logan alleges that it was error to impose a five-year suspension under the facts of this case. Logan is a registered practitioner [FN3] who resides in La Mesa, California. He is an attorney, [FN4] but is not a member of the California Bar. [FN5]

The Director of the Office of Enrollment and Discipline (Director) filed a complaint [FN6] charging Logan with unprofessional conduct. A "first" answer [FN7] was timely filed with the ALJ. Ultimately, a "second" answer [FN8] was filed. Based on the allegations of the complaint which are admitted in Logan's second answer, the following facts are essentially uncontested.

A. Count 1

In Count 1 of the two-count complaint, the Director charged that by altering an Office action in a patent application, and engaging in conduct involving dishonesty, fraud, deceit or misrepresentation, Logan engaged in unethical conduct. Using essentially the Director's wording in the complaint, Count 1 alleges:

1. Prior to August 1989, Logan was attorney of record [FN9] in application Serial No. 07/129,536 naming Richard Bechtel and Don Needham as inventors (the Bechtel application). [FN10]

2. In connection with the Bechtel application, Logan received an Office action [FN11] dated November 3, 1988, stating that a response was due within three months, or on or before February 3, 1989. [FN12]

3. The Office action is correspondence which could have a significant effect on the Bechtel application and of which a responsible practitioner would believe under the circumstances the applicants [FN13] should be notified, yet Logan failed to inform the applicants of Logan's receipt of the Office action within three months of the date of the Office action. [FN14]

4. Needham came to Logan's office sometime in the Spring of 1989. At that time Logan told Needham that the examiner had rejected the claims in the Bechtel application. Logan showed Needham the patent references cited by the examiner, and indicated to Needham that Logan did not think the claimed invention was patentable over the references. [FN15]

5. Logan did not respond to the Office action dated November 3, 1988, and the Bechtel application became abandoned. [FN16]

***2** 6. Logan was notified of the abandonment of the Bechtel application by a Notice of Abandonment dated June 13, 1989. Logan received the Notice of Abandonment sometime in June 1989, and did not inform Needham. [FN17]

7. Sometime in the summer of 1989, Needham telephoned or came to Logan's office and asked for a copy of the Office action in the Bechtel application. [FN18]

8. Logan altered the Office action he had received by changing the mailing date on the cover page from "11/03/88" [FN19] to "7/7/89" [FN20] and eliminating the date on page 3 (hereinafter, the "altered Office action") in the following manner:

i) Logan made a photostatic copy of the original Office action in the Bechtel application, and whited out the mailing date on the cover sheet of the action and the date appearing on the last page of the Office action;

ii) Logan wrote in an incorrect mailing date, :"7/7/89," on the cover sheet of the Office action; and

iii) Logan then made a copy of the photostatic copy of the Office action with the alterations. [FN21]

9. Logan gaveNeedham the altered Office action. [FN22]

10. Logan altered the Office action because he did not want Needham to known when Logan received the Office action. [FN23]

11. On August 28, 1989, Needham filed a Power of Attorney in PTO to revoke Logan's authority to prosecute the Bechtel application, and to empower another registered practitioner (Frank D. Gilliam) to prosecute the Bechtel application. Gilliam filed or caused to be filed in the PTO a "response to the Official Office Action dated July 7, 1989," and the response was received in the PTO on August 28, 1989. [FN24]

12. The Director charged that the altered Office action which Logan gave to Needham misled Gilliam to believe that time for response

remained. [FN25] Logan admitted in his second answer that it was the photostatic copy of the Office action that was altered to show a mailing date of July 7, 1989, and it is presumed that this misled Gilliam to believe that time for response remained. [FN26] In view of the Director's definition in the complaint of "altered Office action" to mean the photostatic copy of the document which had been altered, [FN27] there is no material disagreement between the allegation charged by the Director and the matter admitted by Logan.

13. The Director charged that by altering the Office action and producing the altered Office action, and by giving to Needham the altered Office action, Logan participated in creating and preserving evidence which Logan knew to be false, and/or Logan engaged in conduct involving dishonesty, fraud, deceit or misrepresentation. [FN28] Logan admitted the allegation, noting however that the Office action referred to as being altered was a photostatic copy of the Office action. [FN29] Again, there is no material difference between the allegation charged by the Director and the matter admitted by Logan.

B. Count 2

In Count 2, the Director charged that by failing to timely pay the issue fee in a patent application and not exercising reasonable care to revive the application, Logan engaged in unethical conduct. Using essentially the Director's wording in the complaint, Count 2 alleges:

***3** 1. Logan was attorney of record in patent application Serial No. 07/088,566 naming Needham as inventor (the Needham application). [FN30]

2. Logan was notified in a Notice of Allowance and Issue Fee Due, [FN31] dated June 17, 1988, that payment of an issue fee [FN32] for the Needham application was due within three months, or on or before Monday, September 19, 1988. Logan received the Notice of Allowance and Issue Fee Due on June 22, 1988. [FN33]

3. Logan informed Needham of the receipt of the Notice of Allowance and Issue Fee Due. Logan sent to Needham a bill for an amount which included the issue fee, and Logan informed Needham that the issue fee had to be paid by September 17, 1988. [FN34]

4. On September 15, 1988, as Logan was preparing to leave his office for the day, Logan received from Needham a check in the amount of $325. Logan closed his office and went home. [FN35]

5. The next morning, Friday, September 16, 1988, Logan wrote a check for the issue fee, and took it to the U.S. Post Office in La Mesa, California, and mailed the issue fee and an Issue Fee Transmittal form to PTO. [FN36]

6. An issue fee is considered to be timely filed in the PTO if, in accordance with the provisions of 37 CFR § 1.8:

i) the fee (usually in the form of a check) is mailed in an envelope addressed to the Commissioner of Patents and Trademarks, Washington, D.C. 20231;

ii) the envelope containing the fee is deposited with the U.S. Postal Service with sufficient postage as first class mail prior to the expiration of the period for response (i.e., the period for payment of the fee); and

iii) a certificate is included stating the date of deposit of the fee in the U.S. Postal Service. [FN37]

7. Logan did not include with the issue fee deposited with the U.S. Postal Service on September 16, 1988, a certificate of mailing. [FN38]

8. The Director charged that the issue fee and Issue Fee Transmittal form were received in the PTO on Tuesday, September 20, 1988. [FN39] Logan admits that "it appears that the Issue Fee Transmittal form was received in the PTO on September 20, 1988." [FN40] There is no material dispute between the fact charged and the fact admitted.

9. Logan was notified of the abandonment of the Needham [FN41] application by a Notice of Abandonment dated "12/09/88." [FN42] Logan informed Needham of the abandonment of the Needham application sometime in the Spring of 1989. Logan did not attempt to revive the Needham application soon after he became aware of the abandonment of the application. [FN43] More particularly, shortly after receiving the Notice of Abandonment, Logan telephoned the PTO to see how the Needham application could be revived. Logan says that he was informed when a revival petition would have to be filed and at a later date Needham was informed of "this information." [FN44]

C. Mitigating circumstances

Logan does not dispute the facts. The undisputed facts demonstrate that Logan engaged in the unprofessional conduct charged by the Director. In fact, Logan "does not deny his misdoings." [FN45]

***4** Logan contends, however, that a five-year sanction is too severe. Logan further contends that no sanction which includes a suspension should be imposed.

Specifically, Logan argues that little or no weight has been given to his argument that he did not think the invention disclosed in the Bechtel application was patentable. [FN46] It will be assumed that Logan believed the invention disclosed and/or claimed in the Bechtel application was not patentable over the prior art cited by the examiner. Logan's belief did not alter the fact he was under an obligation to advise Needham of the Office action. Logan's belief provided no justification for preparing an altered Office action to give to Needham.

Logan argues that the ALJ most likely was not aware of the "product involved" in the Needham application. [FN47] The record will not support a finding that Logan submitted a sample of the "product involved" to the ALJ for consideration. [FN48] The ALJ could not have made an error on the basis of information not presented to him. Compare Keebler Co. v. Murray Bakery Products, 866 F.2d 1386, 9 U.S.P.Q.2d 1736 (Fed.Cir.1989) (since Keebler failed to tell PTO that it was interested in Murray's "intent," it could not use intent as a basis for showing "error"; prescience is not a required characteristic of PTO and PTO need not divine all possible afterthoughts of counsel that might be asserted for the first time on appeal); and Brotherhood of Locomotive Engineers v. Interstate Commerce Commission, 808 F.2d 1570, 1576 (D.C.Cir.1987) (it is well settled that a litigant must present a contention for a ruling at the administrative level before it will be considered by a reviewing court; it is not incumbent upon the court to consider whether the Commission abused discretion which it was never pressed to invoke). Moreover, the nature of the product sought to be patented by the filing of the Needham application is of little, if any,

importance to any issue in this proceeding.

Logan charges the ALJ with making a decision without observing Logan's "demeanor" [FN49] and alleges that he could not defend against Count 2 absent an oral hearing. [FN50] Logan's argument overlooks the fact that the ALJ decided the matter on allegations made by the Director in the complaint which stood admitted. Furthermore, the issue on appeal is not whether Logan engaged in unprofessional conduct. Rather, the issue is whether a five-year sanction is too severe.

At the hearing held on January 6, 1993, Logan offered mitigating circumstances. Logan's explanation of mitigating circumstances has been given full consideration.

Logan is 55 years old and has devoted 29 years to the patent system. [FN51]

Logan has an engineering degree from Rensselaer Polytechnical Institute. [FN52] He was employed by the Patent Office from 1963 to 1969. [FN53] After service in the Patent Office, Logan worked for the firm of Barlow and Barlow in Rhode Island. [FN54] From 1973 to 1976, he worked as a senior patent attorney for Rohr Industries in Chula Vista, California. [FN55]

***5** Logan is well-known in his community as a patent attorney and has done many things to project a positive image of his profession. [FN56] He provided many hours of community service in the form of coaching his daughters' athletic teams, attending events in which his daughters were involved, and acting as a chaperone at their dances. [FN57]

Logan gave valuable assistance to a fellow patent attorney suffering from "a drinking problem." [FN58] He regularly donates blood. [FN59] Logan has provided patent counseling, often at no charge, to minorities and foreign immigrants. [FN60]

Professionally, Logan has obtained patents for over 500 clients. [FN61] He was President of the San Diego Patent Law Association. [FN62] On Law Day in San Diego, Logan offered free patent advice. [FN63]

To the extent that Logan's failure to use a certificate of mailing caused problems in connection with the Needham application, he has corrected office procedures to now use certificates of mailing. [FN64]

Logan has shown remorse for his unethical behavior. [FN65]

Logan testified that he is attempting to make Needham whole through full restitution [FN66] in the form of "[f]ull payment of all fees that he had paid to me for the different patent applications." [FN67]

D. The Director's Rebuttal Exhibit

Based on his testimony as a whole at the hearing on January 6, 1993, it would be fair to say that Logan was trying to give the impression that the events involving the Bechtel and Needham applications were the only "blemishes" on his record. Logan's testimony was consistent with a

position expressed in his memorandum on appeal: [FN68]

> Respondent's past 22 years as a patent attorney have been dedicated to providing individual inventors with quality service at a reasonable price. With the exception of the isolated incidents relating to the inventor, Mr. Needham, Respondent has been successful in upholding that goal and has always had the client's best interest as his guide.

To complete the record, the Director placed in evidence, without objection, a document [FN69] which establishes--despite the appearance Logan sought to create--that Logan engaged in similar conduct in 1986.

The Rebuttal Exhibit consists of (1) a FINAL ORDER in Weiffenbach v. Logan, Disciplinary Proceeding No. DP 86-2, approved by then Deputy Commissioner Donald W. Peterson on November 28, 1986, and (2) an ORDER vacating the FINAL ORDER entered by former Commissioner Donald J. Quigg on September 6, 1989. The Peterson Final Order entered a private reprimand of Logan for altering the mailing date of an Office action in connection with an application of one Hugh R. Curry (Count I); withholding information from Curry (Count II); and failing to deliver property to Curry (Count III). Logan "freely and voluntarily admits that facts [recited] in Count I, Count II, and Count III are true." The Final Order was signed by Logan. [FN70] As noted, the reprimand was to be private. However, because PTO may not have complied with its part of the bargain to keep the Final Order confidential, former Commissioner Quigg felt it appropriate to vacate the Order--thus eliminating a "prior" insofar as Logan is concerned. [FN71] As noted at the hearing on January 6, 1993, however, Director's Rebuttal Exhibit 1 is an admission that Logan's alteration of the Needham application Office action is not the first time Logan has altered an Office action given to a client. [FN72] The exhibit is also evidence of a promise on the part of Logan to comply with all applicable disciplinary rules. [FN73] Elimination of the "prior," however, does not preclude use of the exhibit to contradict the definite impression Logan was attempting to give through his testimony at the hearing on January 6, 1993.

E. The appropriate sanction in this case

***6** The considerations which enter into imposition of any particular sanction are set out in 37 CFR § 10.154(b). The ALJ does not appear to have addressed the specific criteria set out in § 10.154(b). Nevertheless, on the basis of a consideration of the entire disciplinary file and Logan's testimony at the hearing on January 6, 1993, the various factors set out in § 10.154 can be evaluated and balanced.

The public interest dictates that practitioners not engage in the kind of conduct alleged in the complaint in this case. 37 CFR § 10.154(b)(1). Inventors, such as Needham and Bechtel, should not lose patent rights on the basis of unprofessional conduct by a practitioner. To his credit, Logan says he has attempted to partially mitigate any loss by offering to refund all fees paid by Needham (it is presumed also any fees paid by Bechtel).

The violations charged in the complaint in this proceeding are reasonably serious. 37 CFR § 10.154(b)(2). They involve altering documents and withholding of material information known by the

practitioner and unknown to the client.

The violations charged need to be deterred in the future, both by Logan and others. 37 CFR § 10.154(b)(3).

There is a need to preserve the integrity of the legal profession. 37 CFR § 10.154(b)(4). Logan claims to be, and is, a well-respected member of the patent community, having served as President of the San Diego Patent Law Association. If a former President of the bar association is not sanctioned in a meaningful way, the public (including other members of the bar association) are not likely to believe the PTO is serious in carrying out a program to maintain high ethics among those it registers.

There are extenuating circumstances, which in reality are mitigating circumstances in this case. 37 CFR § 10.154(b)(5). They are discussed at some length above. Any mitigating circumstances must be balanced with the fact that Logan knowingly did what he did with the Bechtel and Needham applications and that he had admitted doing similar acts on a previous occasion.

Upon consideration of all factors, a five-year suspension is not inappropriate. However, there are sufficient mitigating circumstances, including a showing of remorse, which justify suspending execution of all but the first six months of the five-year suspension. However, Logan will be required to demonstrate that he has made the restitution he says he wants to make to Needham--whether or not Needham provides Logan with a "release." [FN74]

II.

Logan alleges error because no hearing was held by the ALJ. The statute provides that a respondent in a practitioner disciplinary case be accorded an "opportunity for a hearing." 35 U.S.C. § 32.

A. Factual background

***7** The Director of the Office of Enrollment and Discipline (Director) filed a complaint [FN75] charging Logan with unprofessional conduct. A "first" answer [FN76] was timely filed with the ALJ. No request was made for a hearing in the first answer.

Upon receipt of the first answer, the ALJ entered an order [FN77] noting that neither the Director nor Logan had asked for discovery or a hearing. The ALJ also set times for submitting proposed findings and conclusions.

Inasmuch as the Director had not received Logan's first answer by the time the ALJ entered his order and the Director believed the first answer was not procedurally sufficient, the Director moved for entry of an order (1) vacating the ALJ's order of October 18, 1991, and (2) requiring Logan to file a proper answer.

The ALJ determined that a conference call involving himself, counsel for the Director, and Logan to discuss the Director's motion would be appropriate. The conference call took place on November 6, 1991. [FN78] During the conference call, the ALJ suggested to Logan that he may wish to retain counsel. Following the conference call, the ALJ entered an order [FN79] requiring Logan to file another answer and again suggested that Logan may wish to retain counsel.

Logan's "second" answer [FN80] was timely filed. In the last paragraph of his second answer, Logan states:

> Respondent requests that a period for Discovery be set and he further requests an oral hearing.

In response to Logan's second answer, the Director submitted to the ALJ document styled DIRECTOR'S FIRST STATUS REPORT. In the status report, counsel for the Director notes (1) that he had a telephone conversation with Logan; (2) that Logan felt some discovery would be appropriate; (3) that Logan had "indicated ... that he would like to use the hearing to state his views of the case"; and (4) that Logan had "indicated at this time that he does not intend to call any other witnesses." [FN81]

Responding to the Director's first status report, the ALJ entered an order [FN82] which directed Logan (1) "to submit specific questions or requests for discovery" and (2) "show cause why an evidentiary hearing is appropriate for the adjudication of this proceeding."

In response to the ALJ's order, Logan submitted two papers. The first paper consisted of ten interrogatories. [FN83] The second paper responded to the ALJ's "show cause" order regarding the need for an evidentiary hearing: [FN84]

> Respondent has previously requested an oral hearing and at this time Respondent does not know if an evidentiary hearing would be required. Respondent believes that due to the gravity of the charges against him he should have available to him the option to have an evidentiary hearing.

The Director responded to Logan's request for oral hearing as follows: [FN85]

> [r]espondent has offered nothing in his request for evidentiary hearing as to why such a hearing is necessary in this case. The Director submits that it would be appropriate at this time to set a time for submission of proposed findings and conclusions, pursuant to 37 CFR § 10.153.

***8** The ALJ then entered an order [FN86] providing in part as follows:

> Respondent has requested an oral hearing which is opposed by Agency Counsel [meaning counsel for the Director] on the grounds that there are no material facts in issue. In the Order of December 3, 1991, Respondent was solicited to show cause why an evidentiary hearing is appropriate for the adjudication of this proceeding. His response filed on December 19, 1991, makes no such showing. The law does not require a hearing when it can serve no purpose.

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Where, as here, there are no material facts at issue, there is simply no purpose to holding an evidentiary hearing. Oral hearings and other trial procedures are useful primarily for resolving questions of fact [citation omitted]. In addition to written submissions, further telephone conferences may be arranged and Respondent may reassert the request for an oral hearing with an appropriate showing of a justifiable basis.

The ALJ set times for submitting proposed findings and conclusions.

Logan timely submitted proposed findings and conclusions. [FN87] In submitting his proposed findings and conclusions, Logan did not renew his request for a hearing. The Director also submitted proposed finding and conclusions. [FN88] In responding [FN89] to the Director's proposed findings and conclusions, again Logan did not renew a request for a hearing. Logan did "not deny his misdoings," but maintained that "the charges [do not] warrant suspension or exclusion from practice before the Patent Office." [FN90]

The record was closed for initial decision. [FN91] The ALJ then entered his initial decision. [FN92]

B. Discussion

1. Logan waived any right to a hearing

In his Order entered December 20, 1991, the ALJ denied a request for a hearing, but indicated:

In addition to written submissions, further telephone conferences may be arranged and Respondent may reassert the request for an oral hearing with an appropriate showing of a justifiable basis.

Logan thereafter never made a renewed request for a hearing until after the ALJ entered the initial decision. If Logan felt at the time he filed his Proposed Findings and Conclusions and his Response to Director's Proposed Findings and Conclusions that a hearing was still necessary he did not say so in either paper. At that point, the ALJ was justified in concluding that Logan no longer wanted a hearing. By failing to take advantage of the ALJ's invitation to file a renewed request for a hearing, Logan waived any right to contest lack of hearing as a basis for error.

2. The ALJ did not err in denying a hearing

Assuming Logan did not waive a right to a hearing, it is concluded that the ALJ did not commit reversible error in denying a hearing in this particular case.

The ALJ indicated: [FN93]

Requests for hearings are not lightly rejected. However, ... even when the statute mandates a hearing, when there is no question of fact, neither due process, the statute, nor the APA [Administrative Procedure

Act] requires that the agency hold a meaningless hearing. United States v. Cheramie Bo- Truc No. 5, Inc., 538 F.2d 698 (5th Cir.1976).

***9** The ALJ cited a decision of the Fifth Circuit. The appellate decisional law applicable to PTO disciplinary proceedings is the decisional law of the Court of Appeals for the Federal Circuit. Judicial review of final PTO disciplinary decisions occurs in the U.S. District Court for the District of Columbia. 35 U.S.C. § 32. Appeals from the district court are to the Federal Circuit. [FN94] In ruling on non-patent matters in "patent" appeals from a district court, the Federal Circuit will apply the law of the regional circuit in which the district court is situated. Atari, Inc. v. JS & A Group, Inc., 747 F.2d 1422, 223 USPQ 1074 (Fed.Cir.1984) (in banc). In a PTO disciplinary case, the "district court" is always the U.S. District Court for the District of Columbia. Hence, in deciding non-patent matters in PTO disciplinary cases, the Federal Circuit will apply the law of the D.C.Circuit.

The D.C.Circuit has addressed the question of when a hearing may properly be denied:

> The case law in this Circuit is clear that an agency is not required to conduct an evidentiary hearing when it can serve absolutely no purpose. In such a circumstance, denial of a hearing may be proper even though adjudicatory proceedings are provided for by statute. The agency, however, carries a heavy burden of justification. Where Congress has plainly given interested parties the right to a full hearing, the agency must show that the parties could gain nothing thereby, because they disputed none of the material facts upon which the agency's decision could rest.

Independent Bankers Ass'n of Georgia v. Board of Governors of the Federal Reserve System, 516 F.2d 1206, 1220 (D.C.Cir.1975). See also note 57 of its opinion, where the D.C.Circuit further discusses the basis on which a hearing might be denied. There mentioned is Anti-Defamation League of B'Nai B'rith, Pacific Southwest Regional Office v. Federal Communications Commission, 403 F.2d 169, 171 (D.C.Cir.1968), cert. denied, 394 U.S. 930 (1969):

> Our examination of the record satisfies us that the Commission acted within its authority in denying an evidentiary hearing as to the undisputed facts which formed the basis of Appellant's claims. The disposition of Appellant's claims turned not on determination of facts but inferences to be drawn from facts already known and the legal conclusions to be derived from those facts.

After discussing Anti-Defamation, the D.C.Circuit in Independent Bankers goes on to say, again in note 57:

> These cases, then, made clear that denial of a statutorily mandated hearing is justified only in exceptional circumstances. A petition need not make detailed factual allegations in order to meet the requirement that he raise "issues of material fact." He need only show that an "inquiry in depth" is appropriate. [FN95]

***10** There was some apparent confusion in this case during proceedings before the ALJ as to exactly what Logan wanted in the way of a hearing. In his first answer, Logan did not ask for a hearing. In his second answer, Logan asked for an "oral" hearing. He later told counsel for the Director "that he would like to use the hearing to state his views of the case" and "indicated at this time that he does not intend to call any other witnesses." [FN96] Logan's statement to counsel for the

Director is some indication that Logan wanted to "testify" at an evidentiary-type hearing before the ALJ about the case. However, in a second paper responding to the ALJ's "show cause" order regarding the need for an evidentiary hearing, Logan indicated: [FN97]

> Respondent has previously requested an oral hearing and at this time Respondent does not know if an evidentiary hearing would be required. Respondent believes that due to the gravity of the charges against him he should have available to him the option to have an evidentiary hearing.

Logan does not say when he should be allowed to exercise the "option" and never renewed his request for an evidentiary hearing after the ALJ gave him an opportunity to do so. [FN98]

Logan's case is somewhat similar to Anti-Defamation. There is no dispute on the facts (as opposed to inferences and legal conclusions to be drawn from the facts) alleged in the complaint. No fact alleged by Logan in his papers before the ALJ seems to have been contested by the ALJ or the Director, albeit some of those facts have been found to be entitled to little or no weight. [FN99] On the basis of Anti-Defamation, it appears that the ALJ's denial of an "evidentiary" hearing is not reversible error.

There is a difference between an "oral" hearing and an "evidentiary" hearing. An evidentiary hearing is a trial-type hearing in which evidence is presented to the ALJ in the form of testimony or documents. Testimony may be cross- examined. Objections to the receipt of evidence may be made and ruled upon. An "oral" hearing is one in which a party makes oral argument based on a record which has been created. An ALJ has discretion to permit an "oral" hearing at, or after, the time a record is closed. Indeed, the ALJ may sua sponte request the parties to appear and present oral argument and answer questions which may assist the ALJ in making an initial decision. However, the need for an "oral" hearing is a matter within the discretion of the ALJ and is not governed by the principles of Independent Bankers. Logan has made no showing that the ALJ abused discretion in not holding an "oral" hearing in this case.

3. Any error by the ALJ in denying a hearing is cured by the hearing held on January 6, 1993

Ordinarily, an appeal to the Commissioner from an initial decision of an ALJ is on the record made before the ALJ. [FN100] However, in an appropriate case, the Commissioner has authority to waive requirements of the rules which are not requirements of a statute and to conduct an evidentiary hearing. [FN101] Whether a rule is waived is a matter within the discretion of the Commissioner. See, e.g., Mobil Oil Corp. v. Dann, 448 F.Supp. 487, 489 n. 3, 198 USPQ 347, 349 n. 3 (D.D.C.1978). In view of the "heavy burden of justification" and the need for "exceptional circumstances," [FN102] the question of whether Logan was entitled to a hearing could be considered a "close case" by any reviewing court. To eliminate any doubt on the "hearing" issue, discretion was exercised to have a hearing before the Commissioner notwithstanding the normal practice of considering an appeal solely on the record developed before the ALJ. A decision to grant Logan a hearing "to present such oral argument and other evidence as Logan or

counsel [FN103] deems appropriate" [FN104] seemed at the time an effective way to handle this particular appeal since Logan had previously indicated to the ALJ that he wanted to explain the case from his point of view and would not be calling any other witnesses. Accordingly, it was decided to grant Logan's request that he be given (even if not required by law) "an evidentiary hearing that would allow Respondent to present his own arguments and evidence orally." [FN105] A hearing would give Logan an "opportunity for an evidentiary hearing in order to ensure that the respondent has had every opportunity to present any information which he believes to be material to the issues that are before the office in this matter." [FN106]

***11** In accordance with the decision to waive the rule limiting appeals from an ALJ to the record, an Interlocutory Order was entered on November 30, 1992, scheduling a hearing for December 14, 1992, to permit Logan to "to present such oral argument and other evidence as Logan or counsel deems appropriate." [FN107] On December 2, 1992, Logan requested a postponement to obtain counsel. [FN108] Logan's request was granted and the hearing was rescheduled for January 6, 1993. [FN109] On January 6, 1993, Logan appeared at the hearing without counsel. At the hearing, Logan indicated that he had retained counsel, but that counsel would represent him in all proceedings subsequent to the hearing. [FN110] At the beginning of the hearing, Logan was advised that the hearing was his opportunity to present whatever evidence and oral argument he felt was appropriate. [FN111] Logan then made an oral presentation and submitted documents. Logan's oral statement is deemed to be his "testimony." There was brief cross-examination by counsel for the Director. At the conclusion of the hearing, Logan and the Director were given until close of business on January 13, 1993, to present any other material deemed appropriate. [FN112] The Director filed a post-hearing paper. [FN113] No paper or material was filed by Logan. The testimony, and all other papers in the file, have been considered in rendering a decision on the nature of the sanction to be imposed in this case. In view of the January 6, 1993, hearing, Logan's contention on appeal that he has been denied due process because he has been denied a hearing affords no basis for reversing the decision of the ALJ or for remanding the matter to the ALJ for holding yet another hearing.

As guidance for future cases, it is the policy of the PTO in disciplinary cases that any doubt as to whether a respondent in a disciplinary case is entitled to an "evidentiary" hearing should be resolved in favor of offering an opportunity for the hearing. The granting of a request for an "oral" hearing (i.e., oral argument on an established record) remains a matter of discretion.

Receiving a sanction in a disciplinary case is very significant to the individual receiving the sanction. The PTO wants individuals who become involved in PTO disciplinary cases to have a reasonable and fair opportunity to present their side of the case. Moreover, public confidence in PTO disciplinary cases is maximized when the PTO accommodates requests for hearings in "close" cases.

4. Logan's motion for an evidentiary hearing before an ALJ

At the hearing on January 6, 1993, Logan requested an evidentiary

hearing before an ALJ in San Diego, California. [FN114] The request is denied.

Logan first contends that due process requires that this proceeding "be taken back to the stage" where the ALJ "improperly" denied a hearing. Assuming that the ALJ's denial of a hearing was a denial of due process, remanding to the ALJ would be one way to cure any due process defect. Another way to cure any due process defect is holding an evidentiary hearing before the Commissioner.

***12** Logan seeks an evidentiary hearing in San Diego, California, because both Bechtel and Needham are said to reside in San Diego. According to Logan, both he and his newly appointed counsel have a right to examine both Bechtel and Needham. Logan's argument is not persuasive. First, at no time during proceedings before the ALJ did Logan ask for an evidentiary hearing for the purpose of calling Bechtel and/or Needham. Logan's request for their testimony at this time is an afterthought. Second, the testimony of Bechtel and Needham is not necessary and would not be authorized even if the proceeding was remanded to the ALJ. Logan admits all the material facts relating to how he handled the Bechtel and Needham applications. The Director has not contested the accuracy of any statement made by Logan as to what Bechtel and/or Needham would say. [FN115] Indeed, the Director stipulates that any Bechtel and/or Needham testimony would corroborate Logan's version of the facts. [FN116] Logan's version of the facts, even if fully accepted, justifies imposition of the sanction imposed by this order.

Order

Upon consideration of the entire record, and pursuant to 35 U.S.C. § 32 and 37 CFR Part 10, it is

ORDERED that Charles C. Logan, II, of La Mesa, California, whose registration number is 25,253, is hereby suspended, effective February 19, 1993, from practice before the Patent and Trademark Office for a period of five (5) years, and it is

FURTHER ORDERED that execution of all but the first six (6) months of the five-year suspension is suspended, provided:

(1) that within twenty (20) days of the date of this order Logan files appropriate evidence which shows to the satisfaction of the Director of Enrollment and Discipline that Logan has made full payment of all fees paid by Needham and Bechtel in connection with the Bechtel and Needham applications; and

(2) that Logan complies with all requirements of the Patent and Trademark Office Code of Professional Responsibility (37 CFR § 10.20 et seq.); and

(3) that during the six month period of actual suspension, Logan complies with the conditions applicable to practitioners suspended from practice before the PTO (37CFR § 10.158), and it is

FURTHER ORDERED that this order shall be deemed to have been "recorded" (i.e., entered), as that term is used in 35 U.S.C. § 32, on January 19, 1993, and it is

FURTHER ORDERED that this order shall be published.

Appeal rights

Logan is advised that he is entitled to seek judicial review under 35 U.S.C. § 32 in the United States District Court for the District of Columbia. See Local Rule 213 of the U.S. District Court for the District of Columbia for the time within which judicial review must be sought and the basis upon which judicial review is conducted.

FN1. 37 CFR § 10.155(a).

FN2. Initial Decision, entered April 22, 1992.

FN3. 37 CFR § 10.1(f) and (r).

FN4. 37 CFR § 10.1(c).

FN5. Transcript of the Hearing of January 6, 1993, page 29, line 1 et seq. (Tr. 29:1).

FN6. Complaint filed with the ALJ on September 11, 1991; see 37 CFR § 10.134.

FN7. Answer filed October 28, 1991; see 37 CFR § 10.136.

FN8. Answer received by facsimile on November 25, 1991; a "paper" copy of the second answer, signed by Logan, was received by the ALJ on December 3, 1991. There is no dispute concerning the timeliness of the second answer.

FN9. 37 CFR § 1.34(b).

FN10. Complaint ¶ 1.1; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 2.

FN11. 35 U.S.C. § 132; 37 CFR § 1.106.

FN12. Complaint ¶ 1.2; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 3. The Office action was received by Logan approximately on November 8, 1988. Tr. 20:3; Tr. 27:4.

FN13. Bechtel and Needham.

FN14. Complaint ¶ 1.3; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 4.

FN15. Complaint ¶ 1.4; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 5.See also Tr. 22:15. At some unspecified time prior to the meeting in the Spring of 1989, Logan had given Needham copies of the prior art cited by the examiner. Tr. 30:5. At that unspecified time, however, Logan does not contend that he also gave Needham a copy of the Office action or advised Needham of a need to reply to the Office action.

FN16. Complaint ¶ 1.5; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 6.See also 35 U.S.C. § 133.

FN17. Complaint ¶ 1.6; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 7.

FN18. Complaint ¶ 1.7; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 8.See also Tr. 24:6.

FN19. November 3, 1988.

FN20. July 7, 1989.

FN21. Complaint ¶ 1.8; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 9.

FN22. Complaint ¶ 1.9; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 10. Logan admits that he "improperly provided Mr. Needham with an altered Xeroxed (sic--photostatic) copy of the office action." Tr. 24:8.

FN23. Complaint ¶ 1.10; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 11.

FN24. Complaint ¶ 1.11; Second Answer, p. 1, ¶ 1; Initial Decision, Finding 12.

FN25. Complaint, ¶ 1.12.

FN26. Second answer, page 1, ¶ 2.

FN27. Complaint, ¶ 1.8.

FN28. Complaint, ¶ 1.13.

FN29. Second answer, page 1, ¶ 3.

FN30. Complaint ¶ 2.1; Second Answer, p. 2, ¶ 1; Initial Decision, Finding 17.

FN31. 35 U.S.C. § 151.

FN32. 37 CFR § 1.18(a).

FN33. Complaint ¶ 2.2; Second Answer, p. 2, ¶ 1; Initial Decision, Finding 18. At the hearing on January 6, 1993, Logan testified that he received the Notice of Allowance and Issue Fee Due approximately June 21, 1988. See Tr. 16:8. It is immaterial whether the correct date of receipt is the 21st or the 22nd of June.

FN34. Complaint ¶ 2.3; Second Answer, p. 2, ¶ 1; Initial Decision, Finding 19. See also Tr. 16:11.

FN35. Complaint ¶ 2.4; Second Answer, p. 2, ¶ 1; Initial Decision, Finding 20. See also Tr. 17:14. Logan testified that he left "for a previous commitment," not home. The difference is not material.

FN36. Complaint ¶ 2.5; Second Answer, p. 2, ¶ 1; Initial Decision, Finding 21. See also Tr. 17:19.

FN37. Complaint ¶ 2.6; Second Answer, p. 2, ¶ 1; Initial Decision, Finding 22.

FN38. Complaint ¶ 2.7; Second Answer, p. 2, ¶ 1 (as further explained the first paragraph on page 1 of the Director's First Status Report filed with the ALJ on November 29, 1991); Initial Decision, Finding 23. At the time he mailed it, Logan believed that the fee would be timely received by PTO. Tr. 18:6.

FN39. Complaint ¶ 2.8; Initial Decision, Finding 24.

FN40. Second answer, page 2, ¶ 2.

FN41. In ¶ 2.9, the charges refer to the Bechtel application when it was intended to refer to the Needham application. See OED Exhibit 10 referred to in the charges which relates to the Needham, not the Bechtel application. Based on Logan's second answer to the charges, it is apparent that Logan knew that paragraph 2.9 of the charges was referring to the Needham application.

FN42. According to his testimony at the hearing held January 6, 1993, Logan received the Notice of Abandonment on December 12, 1988. Tr. 27:12.

FN43. Complaint ¶ 2.9; Initial Decision, Finding 25. In the Second Answer, p. 2, ¶ 3, Logan neither admits nor denies the allegations in ¶ 2.9 of the complaint. Hence, they stand admitted. 37 CFR § 10.136(d). In any event, on page 3, ¶ 4 of his Proposed Findings and Conclusions, Logan essentially admits the correctness of the allegations in ¶ 2.9 of the complaint.

FN44. Second answer, page 2, ¶ 3. See also Tr. 18:13.

FN45. Response to Director's Proposed Findings and Conclusions, page 4.

FN46. Appeal of Initial Decision, page 4.

FN47. Appeal of Initial Decision, page 4.

FN48. A sample of the Needham invention (a rebar clamp) was received in evidence at the hearing held on January 6, 1993. Tr. 20:8.

FN49. Appeal of Initial Decision, page 5.

FN50. Appeal of Initial Decision, page 6.

FN51. Tr. 28:21.

FN52. Tr. 11:11-12.

FN53. Tr. 11:13.

FN54. Tr. 11:22.

FN55. Tr. 12:7.

FN56. Tr. 12:12 and 25:4.

FN57. Tr. 12:14.

FN58. Tr. 13:19.

FN59. Tr. 14:12.

FN60. Tr. 15:2.

FN61. Tr. 15:11.

FN62. Tr. 14:18.

FN63. Tr. 14:19.

FN64. Tr. 19:10.

FN65. Tr. 25:15. See Director's Post-Hearing Submission, page 4, last paragraph, where the Director states that he "believes that respondent showed genuine remorse and contrition at the hearing for his actions underlying this proceeding." See also Tr. 36:6.

FN66. Tr. 28:10. There is no evidence that Logan attempted to make restitution prior to entry of the ALJ's initial decision. However, since a hearing was held before the Commissioner in this matter, Logan's restitution efforts will be given full credence in making a decision in this case. Ordinarily, an appeal is on the record made before the ALJ, so that restitutions after an initial decision by an ALJ would not normally be entitled to consideration.

FN67. Tr. 35:14.

FN68. Appeal of Initial Decision, filed in PTO on May 26, 1992.

FN69. Director's Rebuttal Exhibit No. 1. Tr. 37:12.

FN70. Tr. 42:9. Logan does not doubt the authenticity of Director's Rebuttal Exhibit 1. Tr. 42:8.

FN71. Tr. 39:21.

FN72. Tr. 40:3.

FN73. Tr. 40:9; "Respondent shall comply with all Disciplinary Rules applicable to attorneys and patent agents practicing before the Patent and Trademark Office." Final Order, page 5, ¶ 4.

FN74. Tr. 28:17.

FN75. Complaint filed with the ALJ on September 11, 1991; see 37 CFR § 10.134.

FN76. Answer filed October 28, 1991; see 37 CFR § 10.136.

FN77. Order entered October 18, 1991.

FN78. A tape of the conference call appears in the record.

FN79. Order of November 8, 1991.

FN80. Answer received by the ALJ on November 25, 1991, by facsimile; a "paper" copy of the second answer, signed by Logan, was received by the ALJ on December 3, 1991. There is no dispute concerning the timeliness of the second answer.

FN81. Logan did not contest before the ALJ the correctness of any of the statements made by counsel for the Director.

FN82. Order entered December 3, 1991.

FN83. Respondent's First Set of Interrogatories 1-10, received by the ALJ on December 19, 1991.

FN84. Request for Evidentiary Hearing, received by the ALJ on December 19, 1991.

FN85. Director's Response to Respondent's Request for Evidentiary Hearing, received by the ALJ on December 19, 1991. The Director simultaneously answered to Logan's interrogatories.

FN86. Order entered December 20, 1991.

FN87. Proposed findings and conclusions, received by the ALJ on January 27, 1992.

FN88. Director's proposed finding and conclusions, received by the ALJ on January 21, 1992.

FN89. Response to Director's proposed findings and conclusions, received by the ALJ on February 12, 1992.

FN90. Id. at 4.

FN91. Order entered February 10, 1992.

FN92. Initial Decision, entered April 22, 1992.

FN93. Initial Decision, page 2 n. 1.

FN94. Jaskiewicz v. Mossinghoff, 802 F.2d 532, 231 USPQ 477 (D.C.Cir.1986); Wyden v. Commissioner of Patents and Trademarks, 807 F.2d 934, 231 USPQ 918 (Fed.Cir. 1986) (in banc); Athridge v. Quigg, 852 F.2d 621, 7 U.S.P.Q.2d 1577 (D.C.Cir. 1988); Franchi v. Manbeck, 947 F.2d 631, 20 U.S.P.Q.2d 1635 (2d Cir. 1991); Franchi v. Manbeck, 972 F.2d 1283, 23 U.S.P.Q.2d 1847 (Fed.Cir. 1992).

FN95. Denial of a statutorily mandated hearing, on its face, may seem a contradiction. If Congress provides that an individual is entitled to a hearing, how can one be denied? The answer lies in another statute. An agency can provide "for the exclusion ofirrelevant, immaterial, or unduly repetitious evidence" when a hearing is held. 5 U.S.C. § 556(d), second sentence. In an appropriate case, i.e., where all material facts alleged in charges are admitted and fully supported by unquestionably authentic "documents," it is possible that all testimony which might be offered at a hearing would be "irrelevant, immaterial, or unduly repetitious evidence." Under those limited circumstances, no hearing would be needed, because no evidence could be submitted. As the D.C. Circuit notes, however, the cases where no hearing is needed are "exceptional circumstances."

FN96. Logan did not contest before the ALJ the correctness of any of the statements made by counsel for the Director.

FN97. Request for Evidentiary Hearing, received by the ALJ on December 19, 1991.

FN98. Neither a respondent nor the Director can hold the ALJ "hostage." The ALJ controls proceedings--not the parties. 37 CFR § 10.139(c). See also and compare Rosemount, Inc. v. Beckman Instruments, Inc., 727 F.2d 1540, 1549, 221 USPQ 1, 10 (Fed.Cir.1984) (the conduct of a trial is not solely a matter of balancing conveniences of the parties); Railroad Dynamics, Inc. v. A. Stucki Co., 727 F.2d 1056, 1515, 220 USPQ 929, 938 (Fed.Cir.1984) (courts have broad authority in controlling the conduct of trials).

FN99. For example, it matters little that Logan believed the claims in the Needham application were not patentable; Logan was still under an obligation to provide Needham with the Office action (in unaltered form). Furthermore, it matters little that Logan may have been slightly agitated with Needham for his having appeared at the 11th hour to pay the issue fee; Logan was still under an obligation to promptly advise, and not conceal from, Needham the fact that the issue fee had not been timely paid.

FN100. 37 CFR § 10.155(b).

FN101. 37 CFR § 10.170(a).

FN102. Independent Bankers, 516 F.2d at 1220.

FN103. "Counsel" means counsel for Logan. Logan has appointed counsel to represent him in all proceedings subsequent to the hearing held on January 6, 1993. See Appointment of Washington, D.C. Counsel to Represent Respondent, submitted at the hearing on January 6, 1993, and Tr. 8:7.

FN104. Interlocutory Order entered December 3, 1992, page 2.

FN105. Appeal of Initial Decision, page 4.

FN106. Tr. 3:14.

FN107. Interlocutory Order entered December 3, 1992, page 2.

FN108. Request to Delay Hearing until Legal Representation Obtained, filed by facsimile on December 2, 1992.

FN109. Interlocutory Order entered December 3, 1992.

FN110. Tr. 5:2; Tr. 8:7; supra n. 103.

FN111. Tr. 3:14; Tr. 6:18.

FN112. Tr. 44:16.

FN113. Director's Post-Hearing Submission filed January 8, 1993.

FN114. Request for Evidentiary Hearing before an Administrative Law Judge; Tr. 10:11.

FN115. Logan did not indicate in his Request what Bechtel and/or Needham would be asked. Logan has not explained the reason why testimony by Bechtel and/or Needham is needed for an inquiry in depth to be made of the events surrounding this case.

FN116. Director's Post-Hearing Submission, received January 8, 1993, page 4.

27 U.S.P.Q.2d 1870

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