Multi-Jurisdictional Practice of Law v. Unauthorized Practice of Law:

Where do Patent Practitioners Fall?

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Overview

On March 1, 2023, the American Bar Association (ABA) published Formal Opinion 504 to address ethical considerations related to the multi-jurisdictional practice of law.[1] In our modern, mobile, and post-pandemic world, lawyers are sometimes admitted to practice law or are authorized to practice law in multiple jurisdictions. Furthermore, it is common for transactional lawyers to represent clients who are not domiciled within their jurisdiction, especially in the practice of law related to intellectual property – namely patents, trademarks, and copyrights. Because each state is charged with regulating the practice of law within its bounds, an issue remains for those whose practice extends outside the bounds of their state or across state lines. When jurisdictions have differing ethical requirements, the lawyer must determine which jurisdiction's rules govern the lawyer's actions in the representation.

Guidance from the ABA Model Rules

Under ABA Model Rule of Professional Conduct 8.5(a), lawyers are subject to the disciplinary authority of the jurisdiction(s) in which they are licensed regardless of where their conduct occurred.[2] However, when a lawyer's practice crosses state lines, the choice of law provision provided by ABA Model Rule of Professional Conduct 8.5(b) controls and determines which jurisdiction's rules apply to the lawyer's conduct.[3] Additionally, Rule 8.5 addresses litigation matters and non-litigation matters differently. For litigation matters, Rule 8.5(b)(1) provides a bright line rule, stating that "for conduct in connection with a matter pending before a tribunal, the rules of the jurisdiction in which the tribunal sits" shall apply.[4] For "any other conduct," Rule 8.5(b)(2) explains that the ethics rules of the jurisdiction where the lawyer's

[1] ABA Comm. on Ethics & Pro. Resp., Formal Op. 504 (2023).
[2] MODEL RULES OF PRO. CONDUCT r. 8.5(a) (AM. BAR ASSOCIATION 2019).
[3] *Id.* at r. 8.5(b).
[4] *Id*. at r. 8.5(b)(1).

conduct occurred will govern unless the "predominant effect" of that conduct is in a different jurisdiction.[5] If so, then the "rules of that jurisdiction shall be applied to the conduct."[6]

Comment [4] to Rule 8.5 is instructive, explaining that the phrase "any other conduct" includes "all other conduct, including conduct in anticipation of a proceeding not yet pending before a tribunal."[7] Further, Rule 8.5(b)(2) provides a safe harbor for the "predominant effect" determination, providing that "[A] lawyer shall not be subject to discipline if the lawyer's conduct conforms to the rules of a jurisdiction in which the lawyer reasonably believes the predominant effect of the lawyer's conduct will occur."[8]

Patent Practitioners: Who are they and what do they do?

The question arises as to where patent practitioners[i] fall on this spectrum of conduct and ethical obligations.

Patent agents[ii] are one of the few classes of individuals who are legally authorized to provide legal services without being a member of any state bar. Patent agents, like other registered patent practitioners, are authorized to engage in the limited practice of patent law before the USPTO – a subset of law governed exclusively by federal law. Pursuant to federal regulations, a registered patent agent is authorized to "practice before the Office [USPTO] in patent matters."[9]

"This means that a patent agent may prepare and prosecute patent applications; advise clients on patent rights; participate in inter partes [sic] and other contested proceedings before the PTAB; and provide legal advice and services relating to patent matters before the USPTO.[10] "While these rights are broad, patent agents must be mindful of the limitations of their" registration to practice.[11] For example, a patent agent who provides legal services outside of the limited scope of what they are authorized to provide may be disciplined, including suffering the loss of their registration to practice, by engaging in the unauthorized practice of law in violation of the USPTO Rules of Professional Conduct.[12]

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[5] *Id*. at r. 8.5(b)(2).
[6] *Id*.
[7] *Id.* at r. 8.5 cmt. 4.
[8] *Supra* note 6.
[9] 37 C.F.R. § 11.5(b)(1).
[10] Michael E. McCabe, Jr., *OED Warns Patent Agents: Stay in Your Lane*, MCCABE ALI LLP IP ETHICS & INSIGHTS BLOG (May 1, 2020), https://ipethicslaw.com/oed-warns-patent-agents-stay-in-your-lane/.
[11] *Id*.
[12] *Id*.; *see also* 37 CFR § 11.505 (providing that "[a] practitioner shall not practice law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction, or assist another in doing so.").

Patent attorneys[iii], like patent agents, face a similar issue. Patent attorneys are authorized to practice before the USPTO in patent-related matters; however, unlike patent agents, patent attorneys are also authorized to practice law in one or more states irrespective of or in conjunction with their registration. Here, the issues of multi-jurisdictional and unauthorized practice of law take shape in a different way. Instead of potentially rendering legal services outside the scope of the practitioner's registration with the USPTO, the patent attorney must also navigate multi-jurisdictional practice; the rules of professional conduct of their state bar admission(s); the USPTO Rules of Professional Conduct; and potentially, the rules of professional conduct in the jurisdiction where their client is domiciled or the jurisdiction where the practitioner's conduct has a predominant effect.

Congress has authorized the USPTO to promulgate regulations governing "the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office[.]"[13] If an attorney does not comply with regulations issued under § 2(b)(2)(D), or if he is "shown to be incompetent or disreputable, or guilty of gross misconduct," the USPTO may suspend or exclude the attorney from further practice before the USPTO.[14] "Under these statutes, the USPTO has the exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it."[15]

The Office of Enrollment and Discipline (OED) investigates allegations of the unauthorized practice of law before the USPTO. For example, Kley Achterhof, an attorney licensed to practice in Wyoming, was charged with violations of 37 C.F.R. § 11.505 and 37 C.F.R. § 1.116(a)(1).[16] In this case, Mr. Achterhof sat for the patent registration examination, but failed the examination. Nevertheless, he undertook to represent various clients in patent searches, drafting provisional patent applications, responding to office actions, and other matters that constitute the representation of individuals before the Patent Office.[17]

Mr. Achterhof's defense was that he only assisted *pro se* individuals with their patent needs.[18] He did not himself file any documents with the USPTO.[19] The only exception was in

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[13] 35 U.S.C. § 2(b)(2)(D).
[14] 35 U.S.C. § 32;*see Bender v. Dudas*, 490 F.3d 1361, 1365 (Fed. Cir. 2007); *see also Sheinbein v. Dudas*, 465 F.3d 493, 495 (Fed. Cir. 2006).
[15] *Kroll v. Finnerty*, 242 F.3d 1359, 1364 (Fed. Cir. 2001).
[16] *See In re Kley Achterhof*, Proceeding No. D2017-24 (November 18, 2019).
[17] *Id.*
[18] *Id.*
[19] *Id.*

trademark matters which do not require a separate registration. In a lengthy opinion, the Office of Enrollment and Discipline found that Mr. Achterhof had practiced before the Patent Office and that the USPTO had jurisdiction over his actions. He was issued a suspension for 18 months from both the practice of patent law and the practice of trademark law.[20]

Supreme Court Approach to Patent Agent Practice

Of interest is the Supreme Court case of *Sperry v. Florida*.[21] Here, the State of Florida sought to restrict the rights of nonlawyer practitioners (i.e., patent agents) by classifying the patent agent's actions before the USPTO as the unauthorized practice of law. While the Supreme Court ultimately reversed the lower court's decision, finding in favor of the patent agent, the Court did not undermine Florida's determination that the plaintiff's activities constituted the practice of law in Florida.[22] "Furthermore, it did not doubt that Florida has a substantial interest in regulating the practice of law within the state which, in the absence of contrary federal legislation, could be exercised to prevent this circumscribed form of patent practice by nonlawyers."[23] Instead, the Court based its decision on the following determinations: (1) all power as to patents has been delegated to Congress; (2) Congress has expressly authorized the Commissioner of Patents to permit practice before the Patent Office by nonlawyers; and (3) the Commissioner has explicitly exercised this delegated authority.[24] "The Court concluded that unless Congress had qualified its authorization, Florida was barred by the supremacy clause [Article VI, Paragraph 2 of U.S. Constitution] from imposing any additional requirements on persons who functioned within the scope of the federal license."[25]

Although decided before the enactment of the ABA Model Rules of Professional Conduct, the decision seems to encompass aspects of comment [18] to Rule 5.5 of the ABA Model Rules of Professional Conduct, which "recognizes that a U.S. or foreign lawyer may provide legal services in a jurisdiction in which the lawyer is not licensed when authorized to do so by federal or other

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[20] *Id.*
[21] *Sperry v. Florida*, 373 U.S. 379 (1963).
[22] *Unauthorized Practice of Law: Supreme Court Holds States Cannot Restrict Authorized Activities of Nonlawyer Patent Office Practitioner*, 1 DUKE L.J. 1964, 190-99 (1964) (emphasizing that Mr. Sperry was a patent agent and not a member of any state bar).
[23] *Id.*
[24] *Id*.
[25] *Id*.

law, which includes statute, court rule, executive regulation or judicial precedent."[26] While *Sperry* addresses the actions of a patent agent, comment [18] speaks directly to patent attorneys; therefore, when viewed together, a framework for all patent practitioners becomes apparent.

The case of *Kroll v. Finnerty* is also instructive. In this case, a patent practitioner in New York sought to avoid disciplinary proceedings brought against him by a local grievance committee.[27] Michael Kroll was a member of the bar of the State of New York and was also registered to practice as a patent attorney before the USPTO. In response to disciplinary proceedings brought against him, Mr. Kroll filed suit in the U.S. District Court for the Eastern District of New York, seeking a declaratory judgment that federal patent law preempts the Grievance Committee's subject matter jurisdiction to consider the ethical grievances.[28] Specifically, Mr. Kroll asserted that 35 U.S.C. § 2(b)(2)(D) and 35 U.S.C. § 32, which grant the USPTO the authority to regulate the practice of patent law, preempt the authority of the Grievance Committee to discipline him for conduct arising out of his patent prosecution practice.[29] The U.S. Court of Appeals for the Second Circuit found the arguments to be without merit, essentially finding that Mr. Kroll subjected himself to the jurisdiction of the New York bar when he became licensed in that state.[30]

ABA Formal Opinion Approach to Multi-Jurisdictional Practice

While ABA Formal Opinion 504 relies heavily on the teachings from the Model Rules of Professional Conduct, namely Rule 8.5, to outline the rules governing the multi-jurisdictional practice of law by licensed attorneys, the ABA additionally puts forth examples to elucidate the specifics of Rule 8.5 and how it might apply in discrete circumstances.

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[26] MODEL RULES OF PRO. CONDUCT r. 5.5 cmt. 18 (AM. BAR ASSOCIATION 2019). Interestingly, individuals who work for a government agency are not permitted to provide patent services to clients outside of that agency, even if they are otherwise a registered patent practitioner. See, *e.g.,* § 10.23(c)(20) of the Manual of Patent Examining Procedures (MPEP) stating that "[A]n officer or employee of the United States . . . other than in the proper discharge of his official duties" may not "act[ ] as agent or attorney for anyone before any department [or] agency . . . in connection with any covered matter in which the United States is a party or has a direct and substantial interest[.]" (quoting 18 U.S.C. § 205(a)(2). In one instance, an attorney from Rhode Island, who was licensed in Massachusetts, engaged in the practice of patent law for 16 years, supplementing his income as an engineer for the United States Navy; . *See In re Matter of Kevin P. Correll*, Proceeding No. D2018-12 (October 03, 2019). Mr. Correll was suspended from practice before the USPTO for a period of five years.

[27] *Supra* note 15.

[28] *Id.*

[29] *Id.*

[30] *Id.*

Model Rule 8.5's bright line rule for litigation matters needs little explanation, but the "predominant effect" test, provided for in Model Rule 8.5(b)(2), is not as straightforward.[31] In an attempt to remedy this potential ambiguity, the ABA, in Formal Opinion 504, puts forth examples related to fee agreements, law firm ownership, reporting professional misconduct, confidentiality duties of attorneys to their clients, and screening by lawyers who leave one firm to join another.[32] Additionally, Formal Opinion 504 states the following factors to assess where the "predominant effect" occurs, including:

1) The client's location, residence, and/or principal place of business;
2) Where a transaction occurs;
3) Which jurisdiction's substantive law applies to the transaction;
4) The location of the lawyer's principal office;
5) Where the lawyer is admitted;
6) The location of the opposing party; and
7) The jurisdiction with the greatest interest in the lawyer's conduct.[33]

For example, when a lawyer, who works at an office in his home jurisdiction and represents a client domiciled in the same jurisdiction, determines that suit must be filed in another state, the ABA provides that the fee arrangement agreement between the lawyer and client should be drafted according to the rules of professional conduct of the lawyer and client's home jurisdiction rather than the state within which the litigation is set to commence.[34]

Another example presented in ABA Formal Opinion 504, which is acutely relevant to patent practitioners, relates to law firm ownership. When the lawyer's home jurisdiction permits nonlawyer partners in a law firm and the lawyer seeks to appear before a tribunal in another jurisdiction which does not permit nonlawyer partners in law firms via *pro hac vice* admission, Formal Opinion 504 explains that the "predominant effect" of the lawyer's conduct (i.e., establishing a firm structure and practicing law in that jurisdiction) in his home jurisdiction controls, and as such, the lawyer's conduct is governed by the home state's ethics rules instead of another state's ethics rules despite the *pro hac vice* admission.[35]

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[31] *Supra* note 3.
[32] *Supra* note 1.
[33] *Id.*
[34] *Id.*
[35] *Id.*

In sum, ABA Formal Opinion 504 gives practical advice to attorneys practicing across state lines, underpinned by discrete examples and a list of factors to consider in determining the "predominant effect" of the lawyer's conduct. Furthermore, the ABA Model Rules, while not binding on the states, provides a framework and authoritative guidance for the enactment of specific multi-jurisdictional practice ethics rules, especially for states that have not considered such an issue to date.

State Approaches to Multi-Jurisdictional Practice

Because the practice of law is governed by each state and not the federal government, there tends to be at least some variance among the states in what constitutes multi-jurisdictional practice, the ethical rules that apply to attorneys, and how each state enforces their rules against a violating attorney.

For example, some states permit licensed out-of-state attorneys to "waive-in" to their jurisdiction without taking the bar exam subject to certain requirements. Additionally, other states permit temporary practice in the foreign jurisdiction for discrete matters or in limited circumstances by lawyers licensed and residing in another state. Other states, in an attempt to monopolize or strictly control the practice of law within their jurisdictions, do not provide such flexibility and/or impose highly restrictive rules to prevent such multi-jurisdictional practice.

For instance, as of October 2022, 27 states have adopted Model Rule 8.5 in full and 9 states have adopted substantially all of Model Rule 8.5.[36] However, of interest, Kansas and Nevada, which have not adopted Model Rule 8.5, provide that a lawyer who is admitted to practice in the state's jurisdiction is subject to the disciplinary authority of the state although engaged in practice elsewhere.[37] Furthermore, states like North Carolina, provide that "[P]ersons not licensed to practice law in this jurisdiction, but eligible to practice elsewhere who actually engage in this jurisdiction in the practice of law, are subject to the disciplinary authority of this jurisdiction."[38]

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[36] CPR Policy Implementation Committee, *Variation of the ABA Model Rules of Professional Conduct – Rule 8.5: Disciplinary Authority; Choice of Law*, AM. BAR ASS'N, Oct. 2022, https://www.americanbar.org/content/dam/aba/administrative/professional_responsibility/mrpc-8-5.pdf.
[37] *Id.*
[38] *Id.*

As can be seen from these examples, each state subjects their licensed attorneys to substantially different ethical rules, and extend such ethical rules, in some instances, to non-licensed practitioners and licensed out-of-state attorneys.

In addition to these various ethical rules regarding multi-jurisdictional practice of law, Colorado, and four other states, have issued a form of limited licenses for non-attorney legal professionals.[39] In an attempt to make legal representation more accessible to people, primarily those of lower-income or those involved in discrete matters like domestic relations, states have begun to consider allowing non-attorneys to practice limited aspects of the law. Although this vastly remains a minority approach, it has seen growing acceptance among the states and puts forth additional issues for the regulation of the practice of law, multi-jurisdictional practice, and the possibility for states to extend these considerations to other forms of legal paraprofessionals, like patent agents.

Conclusion

In sum, patent practitioners are put in a peculiar place when compared to their lawyer peers. A patent agent's practice is limited exclusively by federal law and regulation, while a patent attorney's practice is limited in part by federal law and regulation in addition to one or more state jurisdictions within the United States. Based on these considerations, patent agents should use the USPTO Rules of Professional Conduct as their guiding star, while patent attorneys need to employ a more comprehensive, holistic approach to ethics, ensuring compliance primarily with the USPTO Rules of Professional Conduct and the patent attorney's state jurisdictional rules. In the event that the patent attorney represents a client who is not domiciled in a jurisdiction within which the patent attorney is admitted to practice law, compliance with the patent attorney's state bar is required, and it would be unlikely for a court to find that the predominant effect of the patent attorney's conduct occurred outside the state in which the patent attorney practices, drafts the patent application, and prosecutes the application on behalf of the client.

[i] A patent practitioner is an individual who has passed the USPTO's Registration Examination and met the qualifications to represent patent applications before the USPTO.

[39] Colo. R. Civ. P. 207.

[ii] A patent agent is a subset of patent practitioners who passed the USPTO's Registration Examination, met the qualifications to represent patent applications before the USPTO, but who is not authorized to practice law in a jurisdiction of the United States.

[iii] A patent attorney is a subset of patent practitioners who passed the USPTO's Registration Examination, met the qualifications to represent patent applications before the USPTO, and who is authorized to practice law in one or more jurisdictions of the United States.