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Practicing Law Without Legal Training: The Expanded Authorization of Nonlawyers Under the AIA

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Note

PRACTICING LAW WITHOUT LEGAL TRAINING: THE EXPANDED AUTHORIZATION OF NON- LAWYERS UNDER THE AIA

*Colin Wright**

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INTRODUCTION

Consider a student who graduates in the top 20% of his class. He is an enterprising individual and, rather than working for a law firm, elects to start his own practice after passing the bar. After several months of counseling small clients on patent matters, he gets his first big break when an inventor who is a family friend has a patent challenged at the United States Patent and Trademark Office (USPTO). The recent graduate jumps at the opportunity and offers to represent the inventor in the corresponding trial at the USPTO. The inventor agrees and the young man begins filing motions and discovery requests in the case. He reviews the relevant production and counsels his client on how best to proceed. As the trial

* Northwestern University Pritzker School of Law, J.D., 2017

advances, he negotiates with the opposing party over possible terms of settlement. Near the conclusion of the trial, he argues the inventor's case before a panel of judges, who rule that the patent is invalid.

Perhaps surprisingly, our protagonist is not an attorney and has no formal legal training. He has only a bachelor's degree in chemistry. Nonetheless, because he has successfully passed the USPTO's entrance examination he is authorized by congress to engage in the practice of law in connection with any procedures that are conducted at the USPTO.¹

Traditionally, the overwhelming majority of practice before the USPTO has been confined to patent prosecution, which is the process of preparing a patent application and navigating the legal and administrative requirements to have the application issue as a patent.² Non-attorney patent practitioners have engaged in such procedures since the USPTO first formulated rules governing practice before the office in 1869.³ However, the Leahy-Smith America Invents Act (AIA) added three new trial proceedings to the list of activities that are carried out at the USPTO.⁴ Each of the new trials introduces a host of procedures that are unfamiliar to ordinary patent prosecution. In particular, unlike patent prosecution these trials: (i) are conducted using motion practice, (ii) allow for limited discovery including depositions, (iii) encourage oral argument in front of a panel of judges, and (iv) allow settlement resolution.⁵ Non-attorney patent practitioners are unaccustomed to these new procedures and lack any formal legal training to prepare them for such practices. Thus, the addition of the new trial procedures greatly expands the authorization to practice law that patent agents have historically enjoyed.

This note will explore the reasons why authorizing patent agents to conduct these trials is not justified and comes with unnecessary risks. Section I discusses the state of the practice of law by patent agents at the USPTO. The section begins with a demonstration that patent agents already

¹ Courts have consistently recognized that the work of registered practitioners at the USPTO, performed by both lawyers and non-lawyer practitioners qualifies as the practice of law. *See e.g.*, sources cited *infra* notes 13 and 14. Further, the Supreme Court has held that the Supremacy Clause allows Congress to authorize non-lawyers to engage in the practice of law within the borders of the states, regardless of the state's laws against the unauthorized practice of law. *See case cited infra* at note 32.

² Compare more than four hundred thousand new patent application filings each year (*see infra*, note 37) to fewer than three hundred new contested proceedings before the Board of Patent Appeals and Interferences (*see infra*, note 108).

³ *See infra*, Florida v. Sperry, 373 US 379, 388-389 (1963) at note 21.

⁴ Each of the new trials allows third parties to challenge the validity of a patent. These trials include Post Grant Review, *Inter Partes* Review, and a Transitional Program for Covered Business Method Patents. *See notes 62, 63 and 64 infra*.

⁵ *See infra*, notes 78, 79, 80 and 81.

engage in the practice of law in their historically common activities before the USPTO.⁶ This is followed by a brief history of how patent agents received their authority to practice law. The second half of section I then outlines the distinctions between traditional practice at the USPTO and practice under the new trial proceedings.

Section II sets forth the general concerns that arise when non-attorneys practice the law. Section III then explains why, in spite of these concerns, the USPTO has been justified in allowing patent agents to practice before the Office without being attorneys at law. As explained in Section IV, however, extending the authorization of patent agents to conduct the new trial proceedings raises new concerns, and is not justified for the same reasons as allowing patent agents to prosecute patents. Finally, Section V proposes a simple solution to avoid concerns over the expanded authorization of patent agents to practice the law under the new trial proceedings by limiting these proceedings to registered patent attorneys.

I. THE PRACTICE OF LAW AT THE USPTO

In order to obtain patent protection in the United States, an inventor must file a patent application with the USPTO.⁷ Preparing a patent application and navigating the proceedings before the USPTO requires an understanding of patent laws, knowledge of the rules governing the USPTO proceedings, and familiarity of the scientific and technical details of the invention.⁸

The proceedings are complex and often continue for several years.⁹ As of September of 2015, patent applications remain pending, on average, for just under thirty-six months before being granted or abandoned.¹⁰ Due to the complexity of the patent application process the USPTO “strongly suggest[s] that [applicants] use the services of a registered patent attorney

⁶ Many attorneys, particularly litigators, may view the work of patent agents as distinct from true “lawyering,” and will suspect that a patent agent would be barred from representing a client during a trial because such representation would constitute the unauthorized practice of law. However, as explained in Section II, the Supreme Court has already recognized that the work of patent agents is the practice of law, and is authorized by Congress. Thus, while the institution of the new trial proceedings open even more doors to patent agents to practice law, the debate over whether patent agents may practice law is already settled.

⁷ Bill Parks, *Patent Prosecution Gets More Complicated—and Expensive*, FED. LAW., 16, (May 2010).

⁸ General Information Concerning Patents, October 2014, <http://www.uspto.gov/patents-getting-started/general-information-concerning-patents#heading-9> [<https://perma.cc/289H-ZE2N>]

⁹ Bill Parks, *Patent Prosecution Gets More Complicated—and Expensive*, FED. LAW., 16, (May 2010).

¹⁰ See Traditional Total Pendency, Including RCEs, U.S. Patent and Trademark Off. (Feb. 2016), <http://www.uspto.gov/corda/dashboards/patents/kpis/kpiWithRCE.kpixml> [perma.cc/LRV4-L66N].

or agent.”¹¹ Both of these types of patent practitioners, i.e., registered patent attorneys and registered patent agents, are authorized to conduct any proceeding that occurs before the USPTO¹² and provide advice in connection with those proceedings.¹³

This section will begin with an explanation of how the courts came to the conclusion that patent agents engage in the practice of law and why agents are authorized to do so in subsection A. Subsection B will then detail how patent agents became authorized to engage in this practice. Subsections C and D will then contrast traditional practices of patent agents at the USPTO and newly available practices under the three AIA trial proceedings.

A. Practicing Before the USPTO is Practicing Law

The Supreme Court has long recognized that the work of patent practitioners before the USPTO may be characterized as the practice of law. As early as 1892, the Court acknowledged that “[t]he specification and claims of a patent, particularly if the invention be at all complicated, constitute one of the most difficult legal instruments to draw with accuracy.”¹⁴ The Court reiterated this statement in *Sperry v Florida* in 1963¹⁵ and further recognized that work of a patent practitioner “inevitably requires the practitioner to consider and advise his clients as to the patentability of their inventions under the statutory criteria.”¹⁶ The Court further emphasized that practitioners must make arguments to the USPTO if the application is initially rejected,¹⁷ which is true in the vast majority of cases.¹⁸ The Court acknowledged that the State of Florida was justified in construing their state laws to determine that the conduct of a patent practitioner is the practice of law.¹⁹

More recently, the Southern District of New York, while refusing to extend attorney-client privilege to communications between patent agents

¹¹ Cathie Kirik, *Working with a Patent Practitioner*, 2 *Inventor’s Eye* 1 (Jan. 2011), <http://www.uspto.gov/inventors/independent/eye/201101/advicepractitioner.jsp> [https://perma.cc/9B6R-WJMK].

¹² MPEP § 402(II) (9th ed. Rev. 7, Nov. 2015).

¹³ *Sperry v. Florida*, 373 U.S. 379, 383 (1963).

¹⁴ *Topliff v. Topliff*, 145 U.S. 156, 171 (1892).

¹⁵ *Sperry*, 373 U.S. at 383.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Michael Carley et al., *What is the probability of receiving a U.S. Patent?*, 17 *Yale J.L. & Tech* 203, 207 (2015) (the authors found that between 1996 and 2005 86.4% of applications received at least a first non-final Office Action).

¹⁹ *Sperry*, 373 US at 383.

and their clients, nonetheless acknowledged that “patent agents engage in the practice of law with respect to patent activities before the U.S. Patent Office. . . .”²⁰ Thus, even courts unwilling to extend the rights of patent agents to those of attorneys, nonetheless recognize that the undertakings of patent agents constitute the practice of law.

B. History of Authority Given to Agents

Despite very early acknowledgement by the Supreme Court that the applications drafted by patent practitioners are complex legal documents, and despite widespread recognition that patent practitioners are practicing the law, the USPTO has never required patent practitioners to be admitted as attorneys in any state.²¹ Prior to 1869, there were no official rules governing the representation of inventors before the Patent Office.²² The Office first implemented rules that limited who could practice before the Office in 1869.²³ The Patent Office’s rules at that time allowed “any person of intelligence and good moral character may appear as the attorney in fact or agent of an applicant upon filing a power of attorney.”²⁴ In 1897, the Office approved of an amendment to Rule 17, which now governed those practicing before the Office.²⁵ Amended rule 17 required that the Office keep a register of attorneys that included “the names of all persons entitled to represent applicants before the Patent Office. . . .”²⁶ Under section (d) of this rule, any person who was not an attorney at law could still be listed on the register with the authentication of their character and qualifications from a state or territorial judge.²⁷

Initially, the USPTO’s broad rules governing practitioner qualifications had no explicit congressional authority.²⁸ In 1922, however, congress enacted Section 487 of the Revised Statutes stating that:

²⁰ In re Rivastigmine Patent Litig. (*MDL No. 1661*), 237 F.R.D. 69, 102 (S.D.N.Y. 2006).

²¹ *Sperry*, 373 US at 388.

²² *Id.*

²³ *Id.* at 388–89, citing Rules and Directions for Proceedings in the Patent Office § 127 (Aug. 1, 1869).

²⁴ *Id.* The Rules and Directions from 1867 § 31 mentions only that the applicant need not be present at the Office, and that “business can be done by correspondence or by attorney.” A subsequent set of Rules and Proceedings from July of 1870, at § 131 confirms the requirement identified in *Sperry* regarding intelligence and moral character.

²⁵ Amendment to the Rules of Practice, 80 Official Gazette Patent Office, Aug. 17, 1897 at 971.

²⁶ *Id.*

²⁷ *Id.*

²⁸ Nicholas Matich, *Patent Office Practice After the America Invents Act*, 23 FED. CIR. B.J. 225, 234 (2013).

The Commissioner of Patents . . . may prescribe rules and regulations governing the recognition of agents, attorneys, or other persons representing applicants before his office, and may require of such persons, agents, or attorneys . . . that they shall show that they are of good moral character and in good repute, are possessed of the necessary qualifications to enable them to render to applicants or other persons valuable service, and are likewise competent to advise and assist applicants or other persons in the presentation or prosecution of their applications or other business before the office.”²⁹

In enacting Section 487, congress not only gave the Patent Office the power to regulate practitioners as it saw fit, congress gave explicit authority for the Office to allow patent applicants to be represented by “agents, attorneys, or other persons.”³⁰ This statutory authority, now codified as 35 USC 2(b)(2)(D), remains largely unchanged.³¹

With its newfound congressional authority, the Patent Office soon amended the rules of practice in 1925 to require that practitioners “file proof to the satisfaction of the Commissioner that he is . . . possessed of the necessary legal and technical qualifications to enable him to render applicants for patents valuable service”³² However, the new rule was applicable to both any attorney at law and “[a]ny person not an attorney at law,”³³ implicitly acknowledging that the legal qualification would not be membership in a state bar. The current rules continue to provide that “[a]ny citizen of the United States who is not an attorney”³⁴ can be registered as a patent agent if they meet the USPTO’s other requirements.

The persistence of non-attorneys practicing law at the USPTO did not go unchallenged, and in 1963, the Supreme Court was forced to weigh-in on the issue when the State of Florida demanded that a patent agent, Alexander Sperry, discontinue his patent prosecution practice, alleging that his actions were the unauthorized practice of law within the state of Florida.³⁵ The court did not dispute Florida’s determination that Sperry was practicing law,³⁶ but ruled that because the USPTO had congressional

²⁹ Pub. L. No. 67-147, ch. 57, 42 Stat. 389 § 487 (1922) (codified at 35 U.S.C. § 2(b)(2)(D)).

³⁰ *Id.*

³¹ 35 U.S.C. § 2(b)(2)(D) states that the USPTO may establish regulations which “may govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office, and may require them . . . to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office.”

³² Rules of Practice in the United States Patent Office, § 17 (1925).

³³ *Id.*

³⁴ 37 C.F.R. § 11.6(b) (2015).

³⁵ Sperry, 373 US at 387

³⁶ *See id.* at 387.

authority to govern its practitioners, in view of the Supremacy Clause, the state of Florida could not enjoin those practitioners from their practice.³⁷

Rather than yielding to states' concerns over their ability to regulate the practice of law within their states after *Sperry*, congress furthered the authority of the USPTO to regulate practitioners only two years later upon passing the Administrative Procedures Act (APA).³⁸ While the APA required all other administrative agencies to allow individuals who were members of the bar of the highest court in any state to represent persons before the respective agency, the USPTO was explicitly exempt from this provision.³⁹ Although the APA did nothing to expand the practice of law at the USPTO by non-attorneys, the exemption of the USPTO from the requirements placed on other agencies so soon after *Sperry* made clear that USPTO had expansive congressional authority to regulate its practitioners as it deemed necessary. No substantive changes have been made in the years since *Sperry* to either the congressional authority granted to the USPTO for regulating its agents⁴⁰ or to the USPTO's rule governing the requirements for non-attorneys.⁴¹

C. Traditional Proceedings at the USPTO

Patent applicants have filed over four hundred thousand new patent applications during *each* of the past three years.⁴² This means that "patent prosecution," which is the process by which an applicant obtains patent protection by satisfying the legal requirements to have the application granted,⁴³ makes up the overwhelming majority of work conducted at the USPTO. To begin the process, the applicant and her representative draft and file a patent application including both a description of the invented technology and one or more "claims" that define the scope of patent protection that the applicant seeks.⁴⁴ Once received by the USPTO, the applications are routed to one of a core of over eight thousand patent examiners.⁴⁵ The Examiner reviews the application and, in the vast majority

³⁷ *Id.* at 385.

³⁸ S Rep No. 755-89, at 3 (1965), now codified as 5 U.S.C. § 500(e).

³⁹ *Id.*

⁴⁰ 35 U.S.C. § 2(b)(2)(D) (2015).

⁴¹ 37 C.F.R. § 11.6 (2015).

⁴² Data Visualization Center: Your window to the USPTO. Patents Dashboard, USPTO (February 2016), <http://www.uspto.gov/dashboards/patents/main.dashxml>.

⁴³ Ella Goodman, et al., BUSINESS LAW DESKBOOK, 50 N.J. Prac., § 14:9 (2014-2015 ed.).

⁴⁴ Jaron Brunner, *Patent Prosecution As Dispute Resolution: A Negotiation Between Applicant and Examiner*, 2014 J. DISP. RESOL. 7, 11 (2014).

⁴⁵ Data Visualization Center: Your window to the USPTO. Patents Dashboard, USPTO (February 2016), <http://www.uspto.gov/corda/dashboards/patents/main.dashxml?CTNAVID=1005>.

of cases, rejects the application.⁴⁶ The application can be rejected for any of a variety of reasons, with three common substantive rejections relating to an alleged deficiency in the claims for (i) failing to be patentable over the existing technology, i.e., “prior art,”⁴⁷ (ii) failing to adequately teach the public how to make or use the invention recited in the claims,⁴⁸ and/or (iii) failing to recite patent eligible subject matter.⁴⁹ To overcome the rejection, the applicant and her representative can either redefine the scope of protection she is pursuing by amending her claims so that they meet the legal requirements, or they can argue that the requirements have already been met.⁵⁰ The process continues as a negotiation between the applicant who is interested in obtaining the broadest possible scope of protection and the patent examiner who is interested in preventing an allowance of any claims that do not meet the legal requirements.⁵¹ The patent prosecution process finishes when the applicant and the USPTO come to an agreement on allowable subject matter that can be patented, or when the applicant abandons the application.

In addition to standard patent prosecution, the USPTO has historically conducted a few other proceedings: *ex parte* reexaminations, *inter partes* re-examinations, and interferences. Each of these proceedings differ from traditional patent prosecution in that they may involve a third party in addition to the patent owner and the USPTO.⁵²

An *ex parte* reexamination is initiated by any person who submits a request for the patent office to reevaluate the granting of a patent based on certain prior art patents or printed publications.⁵³ The USPTO reviews the request and, if the reexamination is justified because there is a substantial new question of patentability, it initiates the proceeding with the patent

⁴⁶ Jaron Brunner, *Patent Prosecution As Dispute Resolution: A Negotiation Between Applicant and Examiner*, 2014 J. Disp. Resol. 7, 21 n.91 (2014) (stating that about 85% of applications are initially rejected).

⁴⁷ 35 U.S.C. § 102(a) requires that the invention recited in the claims be “novel[]” over the prior art, i.e., a single piece of prior art cannot have anticipated the invention, and 35 U.S.C § 103 requires that the invention be unobvious in view of a combination of the prior art.

⁴⁸ 35 U.S.C. § 112(a) requires that the description set forth in the application describe the claimed invention sufficiently that a person of ordinary skill in the art can make and use the invention.

⁴⁹ 35 U.S.C. § 101 requires that the claimed invention be directed to a process, machine, manufacture or composition of matter, and is not a law of nature, natural phenomenon or abstract idea.

⁵⁰ BUSINESS LAW DESKBOOK, 50 N.J. Prac., § 14:9 (2014-2015 ed.).

⁵¹ Jaron Brunner, *Patent Prosecution As Dispute Resolution: A Negotiation Between Applicant and Examiner*, 2014 J. DISP. RESOL. 7, 11–12 (2014)

⁵² An *ex parte* reexamination may be filed by anyone, including the patent owner, in which case there would be no third party, *see*, MPEP § 2212 (9th ed. Rev. 7, Nov. 2015).

⁵³ MPEP § 2212 (9th ed. Rev. 7, Nov. 2015).

owner.⁵⁴ The proceeding itself is conducted entirely between the patent owner and the USPTO, and thus closely resembles ordinary patent prosecution.

In contrast to *ex parte* reexamination, an *inter partes* reexamination proceeding allowed the third party who filed the request to participate throughout the proceeding.⁵⁵ Specifically, the third party could respond after each submission made by the patent owner to the USPTO.⁵⁶ However, the third party's activity was limited to written responses related only to issues raised by the examiner or by the patent owner's response to those issues.⁵⁷

The third multi-party proceeding conducted by the USPTO was the interference. An interference was instituted to address a situation in which two separate inventors each asserted conception of the same invention. Prior to passage of the AIA, the law, within certain limitations, awarded the patent to the inventor who was the first to invent the claimed subject matter. If two inventors each filed for a patent on the same invention within the same time frame,⁵⁸ an interference was used to determine which inventor was awarded the patent.⁵⁹ Interference practice is a motion-based practice⁶⁰ that includes depositions,⁶¹ oral arguments,⁶² and allows for termination of the proceeding through settlement agreements.⁶³ The interference proceeding is overseen by a panel of administrative patent judges.⁶⁴

D. New Trial Proceedings Introduced in the AIA

The AIA authorized the USPTO to conduct three new trial procedures that test the validity of issued patents. The trials include Post Grant Review (PGR),⁶⁵ Inter Partes Review (IPR)⁶⁶ and Transitional Program for Covered

⁵⁴ MPEP § 2240 (9th ed. Rev. 7, Nov. 2015).

⁵⁵ 5 MOY'S WALKER ON PATENTS § 16:124 (4th ed.) (2001).

⁵⁶ MPEP § 2654 (9th ed. Rev. 7, Nov. 2015) (citing 35 U.S.C. § 314 as it stood prior to the enactment of the AIA).

⁵⁷ MPEP § 2654 (9th ed. Rev. 7, Nov. 2015) (citing 35 U.S.C. § 314 as it stood prior to the enactment of the AIA).

⁵⁸ 35 U.S.C. § 102 (2015) (the Patent Act bars an inventor from obtaining a patent if the invention was described in a publication that was printed more than one year prior to the filing of the corresponding application, among other reasons).

⁵⁹ MPEP § 2301 (9th ed. Rev. 7, Nov. 2015).

⁶⁰ 37 C.F.R. § 41.121 (2016).

⁶¹ 37 C.F.R. § 41.157 (2016).

⁶² 37 C.F.R. § 41.124 (2016).

⁶³ 37 C.F.R. § 41.205 (2016).

⁶⁴ MPEP § 2301 (9th ed. Rev. 7, Nov. 2015).

⁶⁵ 35 U.S.C. § 321 (2017).

Business Method Patents (CBM)⁶⁷. Of these three procedures, use of the PGR has been held back due to a restriction that makes it available only for challenging patents filed under the new first-to-file regime beginning on March 16, 2013.⁶⁸ With application pendency averaging three years,⁶⁹ few patents have even been eligible for challenge using the PGR and only a handful of PGR petitions have been filed.⁷⁰ In practice, the PGR allows any third party to challenge the patent based on any of the statutory requirements for patentability, including novelty and nonobviousness based on the prior art, enablement of the claims by the specification, and patent eligible subject matter.⁷¹ However, the proceeding must be instituted within the first 9 months after issuance of the patent.⁷² Unlike the PGR, the IPR had no restrictions on the priority date of the challenged patent, and has been the most popular of these procedures thus far. Like the PGR, the IPR is open to any third party wishing to challenge a patent,⁷³ and in fiscal year 2015 over 1700 IPRs were instituted.⁷⁴ Although the IPR has looser timing provisions, the procedure only allows the third party to challenge the validity of the granted patent based on novelty or obviousness in view of printed publications and patents that qualify as prior art.⁷⁵ The third procedure, the CBM, employs the same standards and procedures as the PGR⁷⁶ but is not limited to applications filed under the first-to-file regime and applies only to business method patents related to financial instruments

⁶⁶ 35 U.S.C. § 311 (2017).

⁶⁷ 37 C.F.R. § 42 (2014). This section was not codified as part of Title 35 of the US code.

⁶⁸ 37 C.F.R. § 42.201 (2015).

⁶⁹ Traditional Total Pendency, Including RCEs, U.S. Patent and Trademark Off. (Feb. 2016) (see row on traditional total pendency), <https://www.uspto.gov/corda/dashboards/patents/kpis/kpiWithRCE.kpixmap>.

⁷⁰ See Patent Trial and Appeal Bd. Stat., U.S. Patent and Trademark Off. (last updated Sept. 30, 2015), <http://www.uspto.gov/sites/default/files/documents/2015-09-30%20PTAB.pdf>, finding that thirteen PGR petitions have been filed through fiscal year 2015.

⁷¹ 35 USC 321(b).

⁷² 37 C.F.R. § 42.202 (2015).

⁷³ Any third party may file a petition for an IPR so long as the petitioner has not been served with a complaint alleging patent infringement more than one year prior to the filing and so long as the petition has not challenged the patent in a civil action. See, 37 C.F.R. § 42.101 (2015).

⁷⁴ Patent Trial and Appeal Board Statistics (9/30/2015) <http://www.uspto.gov/sites/default/files/documents/2015-09-30%20PTAB.pdf>

⁷⁵ Andrei Iancu, Ben Haber and Elizabeth Iglesias, *Inter Partes Review is the New Normal: What has been Lost? What has been Gained?* 40 AIPLA Q.J. 539, 544 (2012).

⁷⁶ Leahy-Smith America Invents Act § 18(a)(1).

where the patent has already been asserted against another in a law suit.⁷⁷ The restrictions on the CBM has kept filings low.⁷⁸

The proceedings of the new trials are all conducted similarly. Each trial proceeding is carried out using motion practice.⁷⁹ The parties may conduct limited discovery including the taking of depositions,⁸⁰ they may argue their case in front of the administrative law judges overseeing the trial during an oral hearing,⁸¹ and they may resolve the dispute through settlement.⁸² In creating these trial proceedings, the AIA has opened significant new doors to allowing patent agents to practice the law in ways that are outside the scope of patent prosecution. During the course of ordinary patent prosecution, patent agents do not draft motions, take depositions, or negotiate settlements.

PGR proceedings have also opened the door to allowing patent agents to draft invalidity opinions relating to deficiencies of a patent under sections 101 and 112 of the patent statutes. Previously, a patent agent could render an opinion related to the validity of a patent only with respect to invalidating prior art under sections 102 or 103.⁸³ If a patent agent's client is contemplating the filing of a reexamination of a patent, an opinion on the validity of the patent is seen as reasonably necessary and incidental to the preparation of the reexamination.⁸⁴ In view of the congressional and USPTO authorization for the patent agent to conduct the reexamination proceeding, he is likewise authorized to conduct a corresponding invalidity opinion.⁸⁵ PGRs allow a third party to now challenge a patent based on any of the statutory requirements for patentability.⁸⁶ A finding of invalidity based on any of those grounds would thus be incidental and necessary to the practice of conducting a PGR, similar to how a finding of invalidity based on prior art was incidental and necessary to the filing of a reexamination. Thus, the new statutory grounds that can be challenged within proceedings at the USPTO broaden the range of reasons that a patent agent may find a patent invalid.

⁷⁷ 37 C.F.R. § 42.302 (2015).

⁷⁸ As of September 2015, CBMs have constituted less than 10% of the trial procedures filed at the USPTO.

⁷⁹ 37 C.F.R. 42.20 (2015), *see also*, 35 U.S.C. 316 and 326.

⁸⁰ 37 C.F.R. 42.51 (2015) and 35 USC 316(a)(5), 35 USC 326(a)(5).

⁸¹ 37 C.F.R. 42.70 (2015) and 35 USC 316(a)(10), 35 USC 326(a)(10).

⁸² 37 C.F.R. 42.74 (2015) and 35 USC 317 and 327, (but the proceeding will not be terminated if the USPTO has already decided the merits of the proceeding).

⁸³ 1334 Off. Gaz. Pat. Office, 166, September 9, 2008.

⁸⁴ 1334 Off. Gaz. Pat. Office, 166, September 9, 2008.

⁸⁵ 1334 Off. Gaz. Pat. Office, 166, September 9, 2008.

⁸⁶ 35 U.S.C. 321(b).

II. GENERAL CONCERNS ABOUT THE PRACTICE OF LAW BY NON-ATTORNEYS

The position taken in this note is that the expansion of the practice of law by non-attorney patent agents through the new trial procedures set forth in the AIA is problematic and unnecessary. To support this contention, it is first necessary to establish why the practice of law by non-attorneys itself is problematic. Most of the literature contemplating the concerns of non-attorneys practicing law is related to the unauthorized practice of law. As established in Section I, patent agents are in fact authorized to practice law. Nonetheless, much of the reasoning presented in the historical discussion about the unauthorized practice of law is relevant to an analysis of the practice of patent agents.

The need for restricting the practice of law to licensed attorneys was recognized at least as early as the 13th century. In 1292, “King Edward [I] directed his justices to provide for every county a sufficient number of attorneys and apprentices from among the best, the most lawful and the most teachable, so that king and people might be well served.”⁸⁷ Charles Wolfram explains that there are four modern justifications used by lawyers for restricting the practice of law to licensed attorneys: “protecting clients against harmful incompetence; protecting the legal system against the consequences of incompetence or lack of integrity by non-lawyers; providing the necessary framework for regulating lawyers; and, although rarely admitted, enhancing the economic position of lawyers.”⁸⁸ Of course, courts have routinely asserted that laws regulating the unauthorized practice of law are not intended to protect the monopoly that attorneys have to practice the law,⁸⁹ insisting that these laws are instead intended to safeguard people’s rights so that they are not put at risk by following the counsel and legal advice of unlicensed individuals.⁹⁰ Taking the courts at their word, the benefit of having licensed attorneys can be boiled down to three categories: ensuring that the attorneys have adequate ability to represent their clients, that they have good moral character, and that they are supervised by a responsible party.⁹¹

Generally, state bar associations have adequate capability to supervise their attorneys and ensure that their members have demonstrated sufficient

⁸⁷ Sir Frederick Pollock, 1 *THE HISTORY OF ENGLISH LAW BEFORE THE TIME OF EDWARD I*, 194-95 (1898).

⁸⁸ Charles Wolfram, *MODERN LEGAL ETHICS*, 829 (1986).

⁸⁹ *W. Virginia State Bar v. Earley*, 144 W. Va. 504, 527-29 (1959); *Gardner v. Conway*, 234 Minn. 468, 477-79 (1951); *Auerbacher v. Wood*, 142 N.J.Eq. 484.

⁹⁰ *State v. Kirk*, 276 N.W. 380, 383 (1937).

⁹¹ *Gardner v. Conway*, 234 Minn. 468, 477-79 (1951).

moral character. In most states, the highest court of the state adopts ethics codes and procedural rules governing the conduct of lawyers.⁹² This court also typically establishes standards for licensing attorney, and will set up entities to investigate ethical misconduct and impose sanctions accordingly.⁹³ With respect to moral character, every state requires an investigation into the character and fitness of its applicants as a prerequisite for admission.⁹⁴

States control the competence of their attorneys mainly through an educational requirement. Every state requires some kind of legal education to engage in the authorized practice of law. To be admitted to the bar, the vast majority of states require a Juris Doctor from a law school accredited by the American Bar Association (ABA) for anyone who is not already a practicing attorney in another jurisdiction.⁹⁵ For states that do not require new attorneys to have a JD from an ABA accredited school, legal study or apprenticeship is still required.⁹⁶ To keep attorneys competent in legal practice, 90% of states now also require continuing legal education of its members.⁹⁷

III. JUSTIFICATIONS FOR NON-ATTORNEY PATENT PRACTITIONERS

Given the various reasons that the legal community believes it is important to prevent non-attorneys from practicing the law, the USPTO's reasoning for allowing practice inevitable arises. There are three main reasons that the USPTO allows non-attorneys to be registered to practice within its jurisdiction: tradition, applicability of skills, and cost savings.

The justification to allow patent agents based on tradition is mostly centered around the power of inertia to prevent the USPTO from changing

⁹² Lisa Lerman & Philip Schrag, *ETHICAL PROBLEMS IN THE PRACTICE OF LAW*, 25 (3d ed. 2013).

⁹³ *Id.*

⁹⁴ Leslie C. Levin, *The Folly of Expecting Evil: Reconsidering the Bar's Character and Fitness Requirement*, 2014 B.Y.U. L. REV. 775, 783 (2014).

⁹⁵ Comprehensive Guide to Bar Admission Requirements, 2015 National Conference of Bar Examiners and American Bar Association Section of Legal Education and Admissions to the Bar, http://www.americanbar.org/content/dam/aba/publications/misc/legal_education/2015_comprehensive_guide_to_bar_admission_requirements.authcheckdam.pdf [<https://perma.cc/3FEB-NJ3H>].

⁹⁶ Four states allow individuals to take the bar and practice law after an apprenticeship program and without a law degree. In California, a person who has studied with a lawyer or judge for 18 hours per week for four years may qualify for the bar examination. *See*, CAL. CODE § 4.29 (West, 2015). Vermont allows those who have studied law under the supervision of an attorney for four years to sit for the bar. *See*, Rules of Admission to the Bar of the Vt. Sup. Ct. § 7 (West, 2015). Virginia allows individuals to sit for the bar examination after only three years of study with a Virginia attorney. *See*, VA. CODE ANN. § 54.1-3926 (West, 2015). In Washington, a person may sit for the bar after completing a law clerk program with a tutor that provides four years of legal study. *See*, WASH. REV. CODE § 6 (West 2014).

⁹⁷ MCLE Requirements, American Bar Association, https://www.americanbar.org/cle/mandatory_cle.html [<https://perma.cc/HBS6-7HK5>].

its standard. As explained in *Sperry*, the USPTO has always included non-attorneys among their practitioners. “From the outset, a substantial number of those appearing in this capacity were engineers or chemists familiar with the technical subjects to which the patent application related. ‘Many of them were not members of the bar. It probably never occurred to anybody that they should be.’”⁹⁸ With an established group of patent agents representing clients at the patent office, a sudden change in the prerequisites to practice before the office may have been difficult. Indeed, during congressional hearings in 1921, the commissioner of the Patent Office stated that “[s]ome of our best practitioners are not members of the bar. They are the older line of attorneys. There are some very fine ones who have been practicing before the Patent Office 30 or 40 years who are not members of the bar, but they are honest men, and there are some practitioners who are members of the bar who are not honest men. So it is a very difficult thing to reach.”⁹⁹ This same line of thinking also prevented the Office from prohibiting practitioners who had long held themselves out as “patent attorneys” from using this designation. At the time, the Commissioner explained that “[the patent office] does not believe that it is quite fair to the man who has been practicing before the Patent Office as a patent attorney, and who is registered as such and has been so for a generation, to suddenly say ‘Hereafter you shall call yourself a patent agent and not a patent attorney.’”¹⁰⁰ Given the Office’s hesitation to even require that non-attorney practitioners discontinue holding themselves out as patent attorneys, it is unsurprising that they would be reluctant to entirely remove their authority to practice law before the USPTO.

Further, in 1925 the USPTO instituted a technical knowledge requirement,¹⁰¹ and there was concern that a requirement of both technical knowledge and bar admission would be too prohibitive. The USPTO was concerned that a dual requirement would limit the availability of practitioners to represent inventors. Indeed, the historical perspective of the USPTO has been that technical knowledge is more important for conducting patent prosecution than legal knowledge. “The essence of the Patent Office position is that a legal education does not qualify a person to perform the technical and specialized work involved in the preparation of patent applications and their claims and specifications. Accordingly, an

⁹⁸ *Sperry v. Fla.*, 373 U.S. 379, 389 (1962) (citing Letter from Edward S. Rogers, Hearings before House Committee on Patents on H.R. 5527, 70th Cong., 1st Sess. 84 (1928))

⁹⁹ United States Patent Office: Hearing on H.R. 210 Before the H. Comm. On Patents, 67th Cong. 16 (1921).

¹⁰⁰ Prevention of Fraud in Practice Before Patent Office: Hearing on H.R. 5527 Before the H. Comm. on Patents, 70th Cong. 14 (1928) [hereinafter Hearings].

¹⁰¹ Hearings, *supra* note 100, at 88 (Letter from Edward S. Rogers).

examination procedure has been established and an engineering degree or substantial equivalent is normally needed for eligibility to take the examination.”¹⁰² Further, the USPTO has always been concerned that the availability of persons with both technical and legal knowledge is limited. “It has been suggested many times that the privilege of practicing before the Office should be granted only after examination similar to examinations held for admission to the bar. It is believed that this requirement would be two [sic] severe, as many persons not specially trained in the law and without any particular educational advantages may by careful study of the practice and of the useful arts learn adequately to prosecute applications. Fundamentally knowledge of the invention is more important than knowledge of the rules and is often possessed by men of a type of mind which does not acquire legal knowledge readily.”¹⁰³

The third justification for allowing non-attorneys to be registered to practice before the USPTO is that patent agents provide less costly representation for applicants.¹⁰⁴ Without having to recuperate the cost of a legal education, and in order to be competitive with patent attorneys, agents typically charge less for their representation.

IV. PROBLEMS WITH ALLOWING AGENTS TO CONDUCT AIA TRIALS

While the above three justifications make a meritorious case with respect to allowing agents to conduct patent prosecution, they become much less compelling when considered with respect to the new patent trials instituted by the AIA. Further, there are important reasons why prohibiting patent agents from conduct these trials is warranted.

A. Justifications for Authorizing Non-Attorneys to Prosecute Patents do not Apply to AIA Trials

First, ignoring the merits of tradition as a basis for justifying the authorization of non-attorneys to practice before the USPTO, this argument does not apply, on its face, to allowing non-attorneys to conduct the new trial procedures. There have been patent agents conducting patent prosecution before the USPTO for decades, and removing their authority to engage in such practice would indeed place considerable hardship on those individuals.¹⁰⁵ However, that reasoning does not apply for the AIA’s trial

¹⁰² H.R. Rep. No. 1141 (1965), as reprinted in 1965 U.S.C.C.A.N 4170, 1965 WL 4629.

¹⁰³ Dep’t of The Interior, U.S. Patent Off., Report of the Commissioner of Patents to Congress for the Year 1915, H.R. Doc. No. 64-660, at XIV (1915)

¹⁰⁴ Corey Blake, *Ghost of the Past: Does the USPTO’s Scientific and Technical Background Requirement Still Make Sense*, 82 TEX. L. REV. 735, 758 (2004).

¹⁰⁵ *Hearings*, supra note 100, at 14.

procedures for the simple reason that they are new. None of the agents registered to practice before the USPTO could possibly have built their careers on conducting these trials, because the trails did not exist.

Second, concerns regarding the availability of persons with sufficient knowledge to competently represent the entities at the USPTO is not particularly applicable to AIA trials. As set forth above, there are over four hundred thousand patent applications filed each year.¹⁰⁶ Undoubtedly, a large body of patent practitioners is needed to prosecute all of these applications. Given that the USPTO feels it is important for patent practitioners to have a technical education in order to prosecute those patents, there may be a legitimate need to expand the pool of practitioners beyond attorneys in order to meet demand for patent prosecution. However, that same logic does not apply to the new AIA trial procedures. The number of petitions filed requesting trials has been slowly rising since the procedures were instituted in 2012, but they are not in the same order of magnitude as patent applications. In fiscal year 2015, the number of petitions filed rose to 1,897, up from 1,489 in fiscal year 2014.¹⁰⁷ At the same time, the Office of Enrollment and Discipline currently lists 32,802 active patent attorneys on its register.¹⁰⁸ Presumably, this number of attorneys can sufficiently meet the need for conducting AIA trials. In fact, thus far, patent attorneys have met the demand for conducting AIA trials, as no patent agents have yet to file any petitions or conduct any trial proceedings.

Further, even if there were a shortage of patent attorneys available to conduct the new AIA trials, it is dubious to assume that individuals with a technical background would be more fit to conduct the trials than an attorney at law. Unlike patent prosecution, technology is not at the core of the trial proceedings. Instead, the trial proceedings are focused on traditional adversarial proceedings. Indeed, some have argued that the technical education requirement for registration at the USPTO is misplaced with respect to the AIA trial procedures.¹⁰⁹ Nicholas Matich points out that the new AIA trials are closer to court proceedings than they are to patent prosecution, yet experienced litigators are prohibited from representing parties in the trials while patent agents with no legal training are fully authorized to conduct the necessary discovery, oral hearing, and potential

¹⁰⁶ U.S. Patent and Trademark Off., *supra* note 42.

¹⁰⁷ U.S. Patent and Trademark Off., Patent Trial and Appeal Bd. Stat. (last updated 9/30/2015) <http://www.uspto.gov/sites/default/files/documents/2015-09-30%20PTAB.pdf>.

¹⁰⁸ U.S. Patent and Trademark Off., Persons Recognized to Practice in Patent Matters. <https://oedci.uspto.gov/OEDCI/>.

¹⁰⁹ Nicholas Matich, *Patent Office Practice After the America Invents Act*, 23 FED. CIR. B.J. 225, 228 (2013).

settlement negotiations related to the proceedings.¹¹⁰ Without the presumed necessity of a technical background to carry out patent prosecution, the justification for extending authorization to conduct the AIA trials beyond attorneys falls apart.

The potential to reduce costs for parties by allowing patent agents to represent them in AIA trials is also not particularly convincing. There are two likely scenarios where an AIA trial proceeding might be instituted. In one, a party that owns a valuable patent has the patent challenged by a competitor. In this scenario, neither the patent owner nor the competitor has a compelling reason to focus primarily on value in choosing their counsel. The patent owner has property that is presumably worth protecting using sophisticated counsel. Likewise, the patent challenger has elected to undertake the proceeding, and our rules should not be structured based on a policy that the competitive challenger should be allowed to challenge the patent at a lower cost. The second scenario occurs when an alleged infringer is sued by a patent owner, and the defendant institutes an AIA trial as part of his defense. In this case, both parties will have attorneys overseeing the infringement litigation. It is hard to envision a situation where it would be less expensive to have a patent agent that is separate from the litigation counsel represent either party in the AIA trial. The inefficiencies involved in coordinating the litigation and AIA trial strategy, and the duplication of efforts would very likely counteract any savings resulting from using the patent agent. If the USPTO was truly concerned with providing less expensive representation within its jurisdiction, it would allow a party's counsel in a patent infringement litigation to represent her in a corresponding AIA trial.

B. Significant Reasons to Prohibit Patent Agents from Conducting AIA Trials

Not only is the justification for allowing patent agents to represent parties in the AIA trials significantly diminished compared to allowing them to prosecute applications, there are also sound reasons to prohibit them from doing so. First, patent agents do not have to demonstrate that they possess the skills necessary to conduct these trials, and thus their competence in the proceedings is entirely unproven. Moreover, communications with patent agents are unlikely to be protected by attorney-client privilege, and therefore a party using a patent agent to

¹¹⁰ Nicholas Matich, *Patent Office Practice After the America Invents Act*, 23 FED. CIR. B.J. 225, 239–40 (2013).

represent himself is vulnerable to discovery of his communications with his representative.¹¹¹

The only substantive requirements to be a patent agent is a technical background and passage of the USPTO registration examination.¹¹² Neither of these requirements provide any education or training in the various procedures that are now available to patent agents through the AIA trials. The examination is entirely related to patent laws, generally, and the procedural aspects of practicing before the USPTO. However, the examination does not provide any insight into whether an agent is prepared to take a deposition, make oral arguments or negotiate a settlement. In fact, the federal rules do not require competency in the conduct of trials. In an apparent oversight, Rule 11.7 has not been revised and simply sets forth that no individual will be registered unless he or she has “(2) Established to the satisfaction of the OED Director that he or she: . . . (iii) Is competent to advise and assist patent applicants in the presentation and prosecution of their applications before the Office.”¹¹³ Thus, under current rules, patent agents need only be competent to prosecute applications, not to conduct the AIA trials.

Upon formulating the rules for the trial proceedings, the USPTO considered whether attorneys who are not registered to practice before the USPTO should be permitted to conduct the AIA trials.¹¹⁴ The Office determined that allowing unregistered attorneys at law to represent parties in the trials may be burdensome on the Office, “particularly if the selected practitioner does not have the requisite skill.”¹¹⁵ Interestingly, however, the Commissioner did not consider whether registered patent agents might lack the requisite skill to conduct these trials.

An argument can be made that the activities involved in the AIA trial procedures are no different than those that were carried out in an interference. And that contention would be correct; interference proceedings also involved discovery, oral hearings and the possibility for settlement.¹¹⁶ However, an interference required the unlikely coincidence of two patent applicants conceiving of the same invention at substantially the

¹¹¹ See cases cited *infra* note 120.

¹¹² United States Patent and Trademark Office: Office of Enrollment and Discipline, General Requirements Bulletin for Admission to the Examination for Registration to Practice in Patent Cases before the United States Patent and Trademark Office, 2-10, (2015).

¹¹³ 37 C.F.R. § 11.7 (2010).

¹¹⁴ Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48612, 48661 (Aug. 14, 2012) (to be codified as 37 C.F.R. pt. 1, 42, 90).

¹¹⁵ *Id.*

¹¹⁶ See *supra* notes 61–63.

same time. As a result, a party could not seek out an interference; it could only suggest that one was appropriate to the USPTO if the circumstances fit the requirements. Accordingly, fewer than 100 interferences were filed each year.¹¹⁷ Thus, even if patent agents were similarly unsuited to conduct interference proceedings, the opportunity for patent agents to conduct them was perhaps too low to warrant addressing the problem.¹¹⁸

In addition to lacking adequate preparation to conduct the new AIA trials proceedings, patent agents may also be unable to offer a significant cornerstone of the benefits of using an attorney as counsel—privileged communications. While some courts have found communications between a patent agent and her clients to be privileged,¹¹⁹ many have denied privilege.¹²⁰ Despite some inconsistency between the courts, one District went so far as to say that “[t]he federal courts have refused to extend the attorney-client privilege to encompass American patent agents.”¹²¹

While denial of privilege in the preparation of patent applications may be undesirable, the problem is certainly exacerbated if privilege is denied for communications between the practitioner and client in preparation for an AIA trial. None of the communications regarding the discovery, depositions or even negotiations, would be privileged, leading to an unreasonable disadvantage for the, likely unwitting, client.

V. ADDRESSING THE PROBLEM

Under the current rules, the USPTO cannot confidently assert that its registered practitioners are competent to represent clients in the newly enacted trial procedures. To address that deficiency, this note proposes that the USPTO simply modify the patent practice rules so as to limit practice in AIA trials to patent attorneys, at the exclusion of patent agents. The Office of Enrollment and Discipline (OED) already keeps separate registers for patent attorneys and patent agents. Accordingly, confining practice in the AIA trials to patent attorneys would require only that the practitioner’s registration number be cross-referenced with the OED’s register of patent attorneys.

¹¹⁷ See, Process Production Reports on Interferences from 1998 through 2013 <http://www.uspto.gov/patents-application-process/appealing-patent-decisions/statistics/ptabbpai-statistics-archive-page#heading-3>.

¹¹⁸ *Id.*

¹¹⁹ *In re Ampicillin Antitrust Litig.*, 81 F.R.D. 377, 393 (D.C. Cir. 1973).

¹²⁰ *Rayette-Faberge, Inc. v. John Oster Mfg. Co.*, 47 F.R.D. 524, 526 (E.D. Wis. 1969); *Agfa Corp. v. Creo Prod., Inc.*, 2002 WL 1787534, at *2, (D. Mass. Aug. 1, 2002); *Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146, 1169 (D.S.C. 1975).

¹²¹ *Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146, 1169 (D.S.C. 1975).

An alternative solution is for the USPTO to incorporate practice skills that are necessary for conducting trials into the registration examination. However, even with such a modification of the examination, there are more than 10,000 active patent agents who are already admitted.¹²² Thus, because the USPTO has no continuing legal education requirement, any patent agent that is already registered could represent a client in the trials without ever receiving any education or training related to the skills necessary to conduct such a trial.

CONCLUSION

The new trials instituted by the AIA allow patent agents to pursue proceedings involving the taking of depositions, drafting of motions and negotiating settlements. These activities were only previously available to patent agents in an extremely limited capacity through proceedings that occurred at the coincidence of two inventors filing applications on the same invention within a certain time frame. The new trials can be instituted by anyone. As explained there is no need for patent agents to be authorized to represent parties in these procedures and they are ill-equipped to do so. To prevent the typical harms that can arise when non-attorneys engage in the practice of law, the USPTO should limit practice in the trials to patent attorneys.

¹²² Persons Recognized to Practice in Patent Matters. <https://oedci.uspto.gov/OEDCI/>.