

**UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE DIRECTOR OF THE UNITED STATE
PATENT AND TRADEMARK OFFICE**

In the Matter of)
)
Ivar M. Kaardal)
)
Respondent)
_____)

Proceeding No.: D03-08

FINAL ORDER

On May 30, 2003, Harry I. Moatz, Director of Enrollment and Discipline (OED Director), filed a complaint against Ivar M. Kaardal (Respondent), registration number 29, 812. The complaint presented the following factual allegations and charges:

FACTUAL ALLEGATIONS

1. Respondent engaged in a business relationship with Invention Submission Corporation and/or Western Invention Submission Corporation (collectively, ISC). ISC provides inventors with patent and marketing related services.
2. According to the their agreement, Respondent was engaged to sign a Preliminary Patentability Search Report (Report), also known as a patentability opinion, and prepare and file a patent application for ISC clients. On a few occasions, Respondent only performed one of these services. Regardless of the service, ISC paid for all of Respondent's legal fees.
3. From 1996-2000, ISC referred thousands of inventors to Respondent including: [Inventor I]; XXXX; XXXX; XXXX and XXXX; XXXX; XXXX and XXXX; XXXX; XXXX and XXXX; and XXXX (collectively, Inventors).
4. Prior to Respondent accepting a case, Respondent did not provide Inventors with a full disclosure of the relationship between ISC and Respondent.
5. ISC advertised its services in various periodicals and on television. After Inventors contacted ISC to discuss the possibility of ISC developing their inventions, ISC sent the Inventors promotional materials that included a Disclosure to ISC and Record of Invention Form (Disclosure), and an invitation to purchase a Basic Information Package (BIP).

6. ISC charged less than \$1000 for the BIP which included a copy of a Report. Thousands of individuals decided to purchase the BIP. The BIP phase started with Inventors sending ISC a Disclosure of their inventions and the requisite BIP fee. The Inventors' Disclosures stated the functional features of their inventions. ISC identified the Inventors' Disclosure with a specific client number.
7. ISC sent the Disclosures to Above Board Drafting (ABD) to draft formal drawings. Although ABD did not employ any registered practitioners, it gave some Inventors legal advice.
8. ISC sent Respondent a copy of the Inventor's Disclosures, drawings from ABD, a search of the prior art, and instructions on how to prepare the Report. Respondent relied on the search although he did not oversee the search or perform his own search.
9. Prior to early 1999, XXXX prepared the Reports which included a signature block for Respondent. XXXX was once registered to practice before the USPTO. XXXX resigned under Disciplinary Rule 10.133.
10. Respondent signed the Reports drafted by XXXX without adequate review. Respondent used the ISC client number as his docket number.
11. The Reports do not state distinctions between the prior art and the Inventors' invention. The Reports contained essentially the same language, with only the name of the prior art differentiating them. ISC ensured that all of the Reports signed by the attorneys they engaged followed the exact same format and basically the same wording.
12. Respondent did not discuss the Inventors' invention with the Inventors prior to signing the Report. After signing the Report, Respondent delivered it to ISC. ISC sent the Inventors a BIP which contained a copy of the Report Respondent drafted.
13. An ISC representative later met with the Inventors in an effort to convince him or her to enter into a Submission Agreement (Agreement). During the meeting, ISC discussed the BIP and the differences between a design and utility application.
14. Each Agreement required ISC to engage and pay a patent attorney to prepare and file a patent application. Pursuant to the Agreement, Respondent was not allowed to assist Inventors until after they paid ISC a minimum amount of fees for non-patent related fees.
15. As part of a Patent Addendum to the Agreement, Inventors also paid ISC \$2000 for "reasonable and expected legal expenses for preparation and filing of Client's patent application and for responding to the initial substantive communication (Patent Office Action) from the Patent Examiner."

16. If Respondent was not involved in the BIP phase, ISC sent Respondent a copy of the Inventors' Disclosure, drawings from ABD, the search, and instructions on how to prepare the patent application.
17. Respondent prepared the application without communicating directly with the Inventors about USPTO application procedures, the differences between a design and utility application, or the Inventors' specific invention.
18. After preparing the application, Respondent sent the application to ISC. ISC sent a copy of the application to Inventors for their signature. The Inventors signed the application, and sent it to ISC which forwarded the application to Respondent who, in turn, filed the application in the USPTO.
19. All papers from the USPTO concerning the Inventors were mailed to Respondent. Respondent prepared a letter addressed to the Inventors regarding the USPTO correspondence. Instead of mailing the letter directly to the Inventor, Respondent sent the letter to ISC. ISC wrote a letter to the Inventor informing him or her of the USPTO correspondence, and enclosed the Respondent's letter.
20. Respondent sent ISC a bill for his legal services. Respondent did not send the Inventors a copy of the bill.
21. Respondent knew that the Inventors advanced funds for legal fees. Respondent mailed Inventors his fee schedule which reflected that his fees were less than the total amount that Inventors paid ISC for legal fees. Respondent did not assist the Inventors obtain from ISC the unused legal fees.
22. On September 7, 2000, OED sent Respondent a Requirement For Information concerning the Inventors' applications. In question 4(a) OED asked Respondent whether, when and how much he was paid by ISC for preparing a patentability opinion for Inventors. Respondent's January 16, 2001 response did not respond to the question.
23. On April 16, 2001, in a Second Requirement For Information, OED requested that Respondent reproduce and provide the information requested in Question 4(a) of the September 7, 2000, Requirement For Information.
24. On July 18, 2001, in response to Question 4(a), Respondent stated that he was paid a flat fee as work was completed on the Inventors' cases. Respondent did not specifically answer whether, when and how much he was paid by ISC for preparing a patentability opinion for Inventors.
25. ISC entered into a Consent Decree with the FTC due to their improper business practices. Respondent knew about the Consent Decree in or around February 1996.

26. At no point did Respondent inform the Inventors about the Consent Decree.

COUNT 1

27. Paragraphs 1-12, and 24-26 are incorporated and alleged as though fully set forth herein.

28. [Inventor I] invented artistic [articles]. [Inventor I] contacted ISC to discuss the possibility of ISC developing her invention.

29. [Inventor I] sent ISC a Disclosure of her invention. The Disclosure stated that her designs can be “installed easily and changed at any time,” “cutout shapes incorporated into their design” that can be “filled with translucent plastic or vinyl sections, which are tinted.”

30. Respondent did not discuss any of these features with [Inventor I] prior to signing the Report directed to [Inventor I].

COUNT 2

31. Paragraphs 1-26 are incorporated and alleged as though fully set forth herein.

32. XXXX invented a smoke detector cover. XXXX contacted ISC to discuss the possibility of ISC developing his invention.

33. XXXX sent ISC a Disclosure which stated that his invention could be attached to a wall by velcro.

34. Respondent did not discuss with XXXX the velcro or the smoke detector’s other features.

35. On July 10, 1996, ISC entered into an Agreement with XXXX. ISC engaged Respondent to prepare and file a patent application on XXXX’s behalf.

36. On XXXX, 1997, Respondent filed a design application XXXX on XXXX’s smoke detector cover.

37. On XXXX, 1998, the USPTO mailed Respondent U.S. Patent XXXX for XXXX’s device. The design patent did not cover XXXX’s functional features.

COUNT 3

38. Paragraphs 1-26 are incorporated and alleged as though fully set forth herein.

39. XXXX invented a XXXX. XXXX contacted ISC to discuss the possibility of ISC developing her invention.

40. XXXX sent ISC the Disclosure of her invention and the requisite fee. The Disclosure explained that her device is “interchangeable” with “easy snap-in and out support poles that is “adjustable” and can be “adapted to provide an efficient and localized watering system.”
41. Respondent did not discuss any of these functional features with XXXX.
42. On July 10, 1996, ISC entered into an Agreement with XXXX. ISC engaged Respondent to prepare and file a patent application on XXXX’s behalf.
43. On XXXX, 1997, Respondent filed a utility application on XXXX’s XXXX. The application’s number is XXXX.
44. On XXXX, 1999, the USPTO mailed Respondent U.S. Patent XXXX for XXXX’s device.

COUNT 4

45. Paragraphs 1-7, and 13-26 are incorporated and alleged as though fully set forth herein.
46. XXXX and XXXX invented an animal transporter. XXXX contacted ISC to discuss the possibility of ISC developing his invention.
47. XXXX sent ISC a Disclosure of his invention and the requisite fee. The Disclosure explained that XXXX’s invention has detachable wheels.
48. ISC engaged XXXX to draft the Report. XXXX was suspended from practice before the USPTO for violating various USPTO Disciplinary Rules in cases ISC, and other invention submission companies, referred to him.
49. The Report does not state the distinctions between the prior art and the invention. The Report contained basically the same language as the Report which XXXX prepared and Respondent signed. In the Report, XXXX recommended a design application for XXXX’s animal transporter.
50. Respondent did not oversee the Report, search or perform his own search.
51. Respondent did not discuss XXXX’s invention with her prior to drafting the application.
52. ISC sent XXXX a BIP which contained a copy of the Report XXXX drafted.
53. In early 1997, ISC entered into an Agreement with XXXX. ISC engaged Respondent to prepare and file a patent application on XXXX’s behalf.

54. On September 25, 1997, Respondent filed a design application XXXX on XXXX's animal transporter.
55. On November 24, 1998, the USPTO mailed Respondent U.S. Patent XXXX for XXXX's design. The design patent did not cover XXXX's functional features.
56. On April 29, 1999, XXXX wrote a letter to ISC regarding "Invention Patent Money." In the letter XXXX stated that he wanted all of his money returned immediately. The letter was carbon copied to Respondent.
57. Respondent did not assist XXXX obtain a refund from ISC.

COUNT 5

58. Paragraphs 1-7, and 13-26 are incorporated and alleged as though fully set forth herein.
59. XXXX and XXXX invented a plug anti-theft device. XXXX contacted ISC to discuss the possibility of ISC developing his invention.
60. XXXX sent ISC a Disclosure of his invention and the requisite fee. The Disclosure explained that XXXX's invention has a lock that is inserted in a bumper hole, and when locked, it toggles on the opposite side if bumper is opened up.
61. XXXX's Disclosure included a set of drawings that illustrate a lock with "XXXX" that "XXXX," "XXXX," and "XXXX."
62. ISC engaged XXXX to draft the Report.
63. The Report does not state the distinctions between the prior art and the invention. The Report contained basically the same language as the Report which XXXX prepared and Respondent signed. In the Report, XXXX recommended a design application for XXXX's plug anti-theft device.
64. Respondent did not oversee the Report, search or perform his own search.
65. Respondent did not discuss XXXX's invention with him prior to drafting the application.
66. ISC sent XXXX a BIP which contained a copy of the Report XXXX drafted.
67. On January 18, 1996, ISC entered into an Agreement with XXXX. ISC engaged Respondent to prepare and file XXXX's patent application.

68. On XXXX, 1996, Respondent filed a design application on XXXX's plug anti-theft device. The application's number is XXXX.
69. On XXXX, 1998, the USPTO mailed Respondent U.S. Patent XXXX for XXXX's device. The design patent did not cover XXXX's functional features.

COUNT 6

70. Paragraphs 1-26 are incorporated and alleged as though fully set forth herein.
71. XXXX invented a car stereo XXXX system. XXXX contacted ISC to discuss the possibility of ISC developing his invention.
72. XXXX sent ISC a Disclosure of their invention and the requisite fee. The Disclosure explained that the invention provided a convenient method for XXXX while in a vehicle.
73. Respondent did not discuss any of these functional features with XXXX
74. On November 19, 1997, ISC entered into an Agreement with XXXX. ISC engaged Respondent to prepare and file a patent application on XXXX's behalf.
75. On XXXX, 1998, Respondent filed design patent application number XXXX in the USPTO.
76. On XXXX, 1998, the USPTO mailed Respondent U.S. Patent XXXX for XXXX's device. The design patent did not cover XXXX's functional features.

COUNT 7

77. Paragraphs 1-26 are incorporated and alleged as though fully set forth herein.
78. XXXX invented an XXXX. XXXX contacted ISC to discuss the possibility of ISC developing his invention.
79. XXXX sent ISC a Disclosure of his invention. The Disclosure stated that the XXXX was designed to provide XXXX.
80. Prior to June 3, 1996, Respondent prepared a Report for XXXX.
81. On XXXX, 1996, ISC entered into an Agreement with XXXX. ISC engaged Respondent to prepare and file a patent application on XXXX's behalf.
82. On XXXX, 1997, Respondent filed design patent application XXXX.
83. On XXXX, 1998, the USPTO mailed Respondent U.S. Patent XXXX for XXXX's

device. The design patent did not cover XXXX's functional features.

COUNT 8

84. Paragraphs 1-26 are incorporated and alleged as though fully set forth herein.
85. XXXX invented a XXXX. XXXX contacted ISC to discuss the possibility of ISC developing her invention.
86. XXXX sent ISC a Disclosure of her invention which stated that her device protects a XXXX.
87. ISC engaged Respondent to prepare and file a design application on XXXX's behalf.
88. On November 18, 1996, Above Board Drafting, which was engaged by ISC to create drawings for XXXX's application, and does not have any registered practitioners, provided legal advice to XXXX.
89. On XXXX, 1997, Respondent filed design patent application XXXX.
90. On XXXX, 2000, the USPTO mailed Respondent a Notice of Allowance requiring that an issue fee be paid. The USPTO later mailed Respondent a Notice of Abandonment for failure to pay the issue fee.
91. On March 14, 2001, Respondent filed a petition to revive the XXXX application. In the petition, Respondent stated that he was unaware of the Notice of Allowance and the abandonment.
92. In a letter dated July 27, 2001, Respondent informed XXXX that he was aware that her patent had been allowed and that a "clerical error" by the USPTO caused the application to go abandoned.
93. On XXXX, 2001, the USPTO mailed Respondent U.S. Patent XXXX for XXXX's device. The design patent did not cover XXXX's functional features.

COUNT 9

94. Paragraphs 1-26 are incorporated and alleged as though fully set forth herein.
95. XXXX invented a battery operated air conditioner. She contacted ISC to discuss the possibility of ISC developing her invention.
96. XXXX sent a Disclosure of her invention to ISC in which she indicated that she made her invention publicly known on XXXX, 1995. Pursuant to 35 U.S.C. § 102, her application on her invention needed to be filed no later than XXXX, 1996 or her application would

be time barred.

97. On March 27, 1996, Respondent signed a Report suggesting that XXXX seek a utility patent for her device.
98. After XXXX 1996, XXXX called Respondent a number of times. Respondent failed to return her phone calls.
99. On January 21, 1997, Respondent contacted XXXX about filing a patent application on her behalf.
100. On November 2, 1998, XXXX returned her signed patent application to Respondent and asked how long the filing process would take.
101. On XXXX, 1999, more than 3 years after XXXX publicly disclosed her invention, Respondent filed patent application XXXX.
102. The XXXX application included “XXXX.”
103. On XXXX, 2000, the USPTO issued an Office Action which rejected claims 1, 2, and 4, but allowed claim 9 because the “prior art fail[s] to locate XXXX on the air conditioner.”
104. On April 2, 2000, XXXX informed Respondent that she did not invent the solar panel, someone from Respondent’s firm called and suggested adding this feature.
105. Respondent never discussed with XXXX who she invented the solar panel.
106. On XXXX, 2000, Respondent responded to the Office Action by filing an amendment to overcome the rejections. Respondent did not amend to delete all references to the “solar panel.”
107. On XXXX, 2000, the USPTO mailed Respondent U.S. Patent XXXX for XXXX’s device.

COUNT 10

108. OED initiated an Investigation into Respondent’s practice in 1998 after receiving a complaint about his representation.
109. XXXX worked for Respondent in 1996 during his second year of law school. After leaving Respondent’s office, XXXX filed a complaint against Respondent in the USPTO on June 18, 1999. The complaint included allegations that Respondent violated various Disciplinary Rules while representing Inventors.
110. OED’s investigation continued based upon the information from XXXX.

111. In an effort to resolve their differences, Respondent entered into a settlement agreement with XXXX on March 13, 2000.
112. On June 11, 2001, Respondent demanded that XXXX to withdraw the June 18, 1999 complaint.
113. On April 28, 2003, Respondent once again contacted XXXX insisting that XXXX withdraw the complaint.

CHARGES

114. Based upon the foregoing factual allegations, Respondent was charged with violating the following Disciplinary Rules of the Code of Professional Responsibility as outlined in Section 10 of 37 C.F.R.:
 - a. Rule 10.23(b)(4) in that Respondent engaged in conduct involving honesty, fraud, deceit, or misrepresentation;
 - b. Rule 10.23(b)(5) in that Respondent engaged in conduct prejudicial to the administration of justice;
 - c. Rule 10.23(c)(16) in that Respondent willfully refused to reveal or report knowledge or evidence to the Director of OED;
 - d. Rule 10.23(c)(17) in that Respondent failed to inform the inventor/client of the Federal Trade Commission consent decree;
 - e. Rule 10.47(a) and (c) in that Respondent aided a non-practitioner in the unauthorized practice of law, and also did so in practice before the Office;
 - f. Rule 48 in that Respondent shared legal fees with a non-practitioner;
 - g. Rule 62(a) in that Respondent accepted employment, without first giving the client full disclosure and then getting the client's consent, when his professional judgment may have been affected by his own financial or business interests with ISC;
 - h. Rule 68(a)(1) in that Respondent accepted compensation from someone other than his client without first giving the client full disclosure and then getting the client's consent; and
 - i. Rule 77(b) and (c) in that Respondent handled a legal matter without adequate preparation, or neglected the legal matter entrusted to him.

AFFIDAVIT

115. Respondent executed an affidavit swearing, among other things, that if he applies for reinstatement, the OED Director will conclusively presume, for the limited purpose of determining the application for reinstatement, that the facts upon which the complaint is based are true and that Respondent could not have successfully defended himself against the charges set out in the complaint.

DISCIPLINE

116. Based upon the affidavit that Respondent submitted that meets the requirements of 37 C.F.R. § 10.133(b) and (c), it is:
- a. ORDERED that Ivar M. Kaardal, of Sioux Falls, SD, a patent attorney, with registration number 29,812, be excluded on consent from practice before the United States Patent and Trademark Office.
 - b. ORDERED that the OED Director publish the following Notice in the Official Gazette:

Notice Of Exclusion On Consent

Ivar M. Kaardal, of Sioux Falls, SD, a patent attorney, with registration number 29,812, has been excluded on consent from practice before the United States Patent and Trademark Office in patent and trademark law cases beginning **March 1, 2004**. This exclusion on consent is made pursuant to the provisions of 35 U.S.C. § 32, and 37 C.F.R. § 10.133(b) and (c).

February 24, 2004
Date

_____/s/_____
James A. Toupin
General Counsel
United States Patent and Trademark Office
on behalf of
Jon W. Dudas
Acting Under Secretary of Commerce for Intellectual Property and
Acting Director of the United States Patent and Trademark Office

cc: Harry I Moatz
Office of Enrollment and Discipline

David Rosenfeld
Attorney for Respondent