

**UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE ADMINISTRATIVE LAW JUDGE**

In The Matter of:)	
)	
Grant D. Kang,)	Proceeding No. D2012-24
)	
Respondent.)	
)	

INITIAL DECISION ON DEFAULT

This proceeding was initiated on July 3, 2012 by the filing of a Complaint and Notice of Proceedings Under 25 U.S.C. § 32 (“Complaint”) by William R. Covey, Deputy General Counsel for Enrollment and Discipline and Director of the Office of Enrollment and Discipline (“Complainant” or “Director”), United States Patent and Trademark Office (“PTO”), against Grant D. Kang (“Respondent”). The Complaint alleges in six Counts that Respondent violated the applicable regulations promulgated at 37 C.F.R. Part 10 (“Rules”) by consistently failing to carry out his contractual and ethical obligations to his client with respect to U.S. Patent Application 12/465,768 (“the ‘768 application”). For these violations, Complainant seeks an order suspending or excluding Respondent from practice before the PTO in patent, trademark, and other non-patent matters; requiring Respondent to make restitution to his client in the amount of \$1,530.00; and such other and further relief as this Tribunal deems proper.

To date, Respondent has failed to file an Answer or otherwise respond to the Complaint. According to the pertinent procedural Rules, Respondent’s failure to file a timely answer constitutes an admission of the allegations in the Complaint, and a default judgment may be entered. 37 C.F.R. § 11.36(e). As such, on August 30, 2012, the Director filed a Motion for Entry of Default Judgment and Imposition of Disciplinary Sanction (“Motion”), to which the Respondent has also failed to reply and the time for doing so has expired.¹

¹ The PTO served a copy of the Motion on Respondent by first class mail at the address which it “reasonably believes that he [the Respondent receives mail,” and via e-mail. Generally the hearing officer determines the time period in which a response to a motion must be filed. 37 C.F.R. § 11.43. In the context of a motion for default, where, as here, “the respondent has not answered the complaint or otherwise appeared in the proceeding, it is not necessary to allow time for a response” to the Motion. *Bovard v. Uland*, at 2 (Proceeding No. D99-03) (Initial Decision on Default, Aug. 3, 1999), accessible at -

[http://des.uspto.gov/Foia/ReterivePdf?system=OED&fINm=0096 DIS 1999-08-03](http://des.uspto.gov/Foia/ReterivePdf?system=OED&fINm=0096_DIS_1999-08-03).

Nevertheless, Respondent was given an extended period to respond to the Motion but has chosen not to do so.

The record evidences that proper service of the Complaint was made upon Respondent. Section 11.35 of the Rules provides that the Director may serve a complaint on a respondent “[b]y mailing a copy of the complaint by ‘Express Mail,’ first-class mail, or any delivery service that provides ability to confirm delivery or attempted delivery to . . . [a] respondent who is a registered practitioner at the address provided to OED pursuant to § 11.11,” or if the respondent is not registered, to the respondent’s last address known to the Director. 37 C.F.R. § 11.35(a)(2). Section 11.11 requires an attorney or agent registered to appear before the PTO to notify the “Director of his or her postal address for his or her office, . . . e-mail addresses . . . , and business telephone number, as well as every change to any of said addresses or telephone numbers within thirty days of the date of the change.” 37 C.F.R. § 11.11(a).

The record shows that on July 2, 2012 the Complaint was sent by certified mail to Respondent to his most recent address of record as provided to the PTO (214 Elm Street, Suite 106, Washington, MO) as well as to the address at which he was believed to receive mail (26 Berkshire Dr., Washington, MO). Exhibits A and B of the Motion show that the Complaints were delivered to Respondent at those postal addresses and received by Lisa Kang in each instance on July 5, 2012.²

As such, the requisite service of the Complaint was accomplished in full compliance with the requirements of the Rules and Respondent having failed to file a timely answer is hereby found to be in **DEFAULT**. 37 C.F.R. § 11.36(e). Further, as provided by the Rules, Respondent’s failure to file a timely answer to the Complaint constitutes an admission of the allegations in the Complaint, as recounted below. *Id.*

FINDINGS OF FACT

1. On July 3, 2012 the Director filed the Complaint and served a copy of the same upon Respondent at the address he provided to OED pursuant to § 11.11 as well as at an additional address.
2. The Respondent received the Complaint on July 5, 2012.
3. The Complaint advised Respondent that an answer to it was due to be filed the first business day that was not a Saturday, Sunday, or Federal holiday thirty days after the Complaint was served, in this case no later than August 6, 2012.

² The record further indicates that on August 22, 2012, the PTO advised Respondent in writing of its intent to file a motion for default based upon his failure to file an answer to the Complaint. *See*, Exhibit C to Motion Further, in response to statements made by Respondent during a July 6, 2012 telephone conversation held in regard to a parallel proceeding pending against him (D2012-21), in its August 22, 2012 letter, the PTO directed Respondent’s attention to 37 C.F.R. § 11.28, the rule dealing with incapacitated practitioners in a disciplinary hearing. *Id.* In its Motion, the Director indicates that Respondent has not responded to the August 22, 2012 letter.

4. To date, Respondent has not filed an answer to the Complaint.
5. Respondent has been registered as a patent attorney since March 18, 1994. Respondent's registration number is 37,651.
6. Adam Brune and Dennis Brune are the principals of Active Lifestyle Products & Services, Inc. ("ALPS"). In 2009, ALPS hired Respondent to prepare, file, and prosecute a patent application for a "Foldable Cot" invention.
7. Respondent prepared U.S. Patent Application 12/465,768 ("the '768 application") on behalf of ALPS and filed it with the PTO on May 14, 2009.
8. On February 3, 2011, the PTO mailed to Respondent a Notice of Allowance and Fee(s) Due in the '768 application.
9. The Notice of Allowance informed Respondent that patent issue and publication fees totaling \$1,055.00 must be paid within three months from the date of the notice of the application would be regarded as abandoned.
10. Respondent informed Adam Brune of the Notice of Allowance by e-mail message dated February 10, 2011.
11. Respondent's February 10th e-mail message included a copy of an invoice charging ALPS in advance for attorney fees to be rendered in connection with responding to the Notice of Allowance.
12. ALPS promptly paid Respondent by sending check number 9143 in the amount of \$1,530.00, representing patent issue and publication fees of \$1,055.00 and a \$500 attorney fee for responding to the notice (less a \$25 deduction).
13. Check number 9143 was made payable to Respondent's law firm, Kang Intellectual Property Law, was endorsed in the firm's name, and deposited in Respondent's law firm bank account on or about February 18, 2011.
14. Although ALPS provided Respondent with \$1,055.00 for the patent issue and publication fees, Respondent did not remit those funds to the PTO and did not otherwise respond to the Notice of Allowance.
15. Because Respondent did not respond to the Notice of Allowance, the '768 application became abandoned.
16. The PTO mailed a Notice of Abandonment dated May 19, 2011, in the '768 application to Respondent at the address he had provided to the PTO.
17. The Notice of Abandonment was correspondence from the PTO having a significant effect on the '768 application.
18. Respondent did not inform ALPS about, nor did he respond to, the Notice of Abandonment.
19. As of the date of the filing of the Complaint, Respondent had not paid the patent issue and publication fees for the '768 application, nor had he refunded any of the \$1,530.00 to ALPS.
20. Sometime after ALPS transmitted the \$1,530.00 to Respondent, Messrs. Brune made repeated attempts to contact Respondent to ascertain the status of the '768 application.

21. Respondent largely ignored the clients' requests and never provided any meaningful information about the status of the application to them.
22. Respondent did not advise Messrs. Brune or ALPS that he had not paid the patent issue and publication fees, nor did he tell them that the '768 application had become abandoned.
23. Thereafter, ALPS independently discovered that the '768 application had been abandoned and that Respondent had apparently closed his law office and was no longer representing clients.
24. Upon discovering that the '768 application had become abandoned, ALPS promptly revoked Respondent's power of attorney and hired another patent practitioner to represent the company before the PTO.
25. On October 25, 2011, a new patent practitioner for ALPS paid fees to the PTO in the amount of \$2,100 to revive the abandoned application.
26. On September 29, 2011, ALPS requested in writing that Respondent refund the patent issue and publication fees and unearned attorney fees paid to him in connection with the '768 application.
27. Respondent received ALPS's September 29th letter, but did not respond to it.
28. On October 17, 2011, ALPS requested in writing that Respondent refund the patent issue and publication fees and the unearned attorney fees, and return its files and records.
29. Respondent received ALPS's October 17th letter, but did not respond to it.
30. On November 2, 2011, ALPS again requested in writing that Respondent refund the patent issue and publication fees and unearned attorney fees, and return its files and records.
31. In an e-mail message dated November 17, 2011, Respondent informed ALPS, that he would deliver the files to ALPS's office by November 18, 2011.
32. Respondent did not return the files to ALPS on November 18th or at any time thereafter.
33. As of the date of filing the Complaint, Respondent had failed to return ALPS's files or refund the \$1,530.00 paid to Respondent in connection with the '768 application.
34. Respondent has engaged in a series of actions harmful to his clients, including misappropriating client funds paid to him for the purpose of paying patent issue and publication fees, which he has made no effort to cure.
35. Respondent ignored the consequences of paying the PTO filing fees by way of payments that were dishonored due to insufficient funds.
36. Respondent wrongly retained attorney fees that he did not earn and failed to return all of the client's files until after the Complaint was filed.
37. Respondent's acts and omissions set forth above were willful.

CONCLUSIONS OF LAW

38. Respondent is subject to the PTO Rules set forth in 37 C.F.R. Part 10. *See* 35 U.S.C. § 2(b)(2)(D); 37 C.F.R. §§ 10.1(h) and 10.20(b).
39. This Tribunal has jurisdiction over this proceeding under 35 U.S.C. §§ 2(b)(2)(D) and 32, and 37 C.F.R. §§ 11.32 and 11.39.
40. The Director served Respondent with the Complaint in full compliance with the requirements set forth in 37 C.F.R. § 11.35(a)(2).
41. After being properly served with the Complaint, Respondent failed to file a timely answer to the allegations against him and is therefore in **DEFAULT**. 37 C.F.R. § 11.36(e).
42. Respondent's default constitutes an admission of each and every allegation in the Complaint, as recounted above. 37 C.F.R. § 11.36(e).
43. Respondent's conduct as described above and in the Complaint violated the following Rules of professional conduct as set forth in 37 C.F.R. Part 10:
 - a. Rule 10.23(a) and (b) via Rule 10.23(c)(3) (proscribing misappropriation of funds or failure to properly or timely remit funds received by a practitioner from a client to pay a PTO fee), in that in connection with the '768 application, Respondent (i) requested and received client funds for patent issue and publication fees and attorney fees paid in advance for responding to a Notice of Allowance of Fee(s) Due; (ii) did not forward the client funds received for patent issue and publication fees to the PTO and did not respond to the Notice of Allowance and Fee(s) Due, and (iii) improperly retaining the client funds received for patent issue and publication fees and attorney fees paid in advance for responding to a Notice of Allowance of Fee(s) Due.
 - b. Rule 10.23(b)(4) (proscribing engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation) in that connection with the '768 application, Respondent specifically requested and received client funds for payment of patent issue and publication fees and retained such funds rather than properly forwarding them to the PTO on the client's behalf.
 - c. Rule 10.23(a) and (b) via 37 C.F.R. § 10.23(c)(8) (proscribing the failure to inform a client of significant correspondence received from the PTO) in that Respondent did not notify his client of the Notice of Abandonment, where the correspondence was received by Respondent and a reasonable practitioner would believe under the circumstances the client should be notified of the correspondence.
 - d. Rule 10.77(c) (proscribing neglect of a legal matter entrusted), in that, with respect to the '768 application, Respondent allowed his clients' patent application to become abandoned due to his failure to pay the necessary patent fees, did not respond to his client's numerous attempts to communicate with him, did not

inform his client that the '768 application had been abandoned, and otherwise neglected his client's matter entrusted to him.

- e. Rule 10.112(c)(4) (proscribing failure to pay or deliver to a client as requested client funds and properties in the practitioner's possession) in that Respondent failed to return to his client the patent issue and publication fees the client had paid but which were not remitted to the PTO, unearned attorney fees, and the client's file, even though Respondent was requested to do so by the client.
44. Respondent is found not to have violated Rule 10.23(b)(6), by engaging in the acts and omissions described expressly or impliedly in the Complaint.³ See Complaint at 8 (Count 6).

SANCTION

In the Complaint, the Director requests an order "(i) suspending or excluding Respondent from practice before the USPTO in patent, trademark, and other non-patent matters; (ii) requiring Respondent to make restitution to ALPS in the amount of \$1,530.00; and (iii) for such additional relief as this Tribunal deems proper." Complaint at 8. In the Motion, the Director narrows the requested relief to an initial decision entering a default judgment against Respondent, "ordering that Respondent be suspended from the practice of patent, trademark, and other non-patent law before the Office for at least three years; and (iii) awarding all other reasonable relief that the Tribunal deems appropriate and within its authority to enter."⁴ Motion at 10-11.

This Tribunal, in determining the appropriate sanction or penalty to be imposed, must consider:

- (1) Whether the practitioner has violated a duty owed to a client, to the public, to the legal system, or to the profession;

³ As stated by the PTO's appellate tribunal, "to be 'other' conduct within the scope [of] Section 10.23(b)(6), conduct must not be prohibited by Section 10.23(b)(1)-(5)." *Moatz v. Colitz*, 68 U.S.P.Q.2d 1079, 1102-03 (2003). To the extent that the factual allegations underlying Count 6 in the Complaint are identical to the factual allegations underlying Counts 1-5 in the Complaint, this is not a sufficient basis to maintain a separate count for "other" violative conduct. Moreover, Count 6 does not actually articulate the specific factual allegation(s) upon which the Director seeks to hold Respondent liable. Respondent cannot be found liable for allegedly engaging in "the acts or omissions described expressly or impliedly in the Complaint" because a complaint must "fairly inform[] the respondent of any grounds for discipline" and "[g]ive a plain and concise description of the respondent's alleged grounds for discipline." 37 C.F.R. § 11.34(a)-(b). Here, the counts based merely on "the acts and omissions described expressly or impliedly in the Complaint" are unacceptably vague and do not meet the requirements of Section 11.34.

⁴ It has previously been held that this Tribunal has no authority to enter an order of restitution by virtue of the limitations set forth in 35 U.S.C. § 32. *Michael A. Shippey*, Proceeding No. D2011-27 (ALJ, Oct. 14, 2011) (Order Granting Director's Motion for Default Judgement and Imposition of Discipline) at 12-13 accessible at: http://des.uspto.gov/Foia/RetrievePdf?system=OED&fNm=0705_DIS_2011-10-14.

- (2) Whether the practitioner acted intentionally, knowingly, or negligently;
- (3) The amount of the actual or potential injury caused by the practitioner's misconduct; and
- (4) The existence of any aggravating or mitigating factors.

37 C.F.R. § 11.54(b).

As to the first factor, the Director argues that Respondent breached duties owed to his clients, the public, and the legal profession. Motion at 5. The Director argues that this breach occurred as a result of Respondent's abandonment of his client - ALPS, after the PTO issued a Notice of Allowances and Fee(s) Due. Motion at 6. The Director also points out that ALPS paid Respondent \$1,530 to pursue the '768 application, but Respondent failed to forward the funds to the PTO, failed to respond to notices from the PTO, and repeatedly failed to repay the funds after repeated requests by ALPS. *Id.* As a result of violating 37 C.F.R. §§ 10.23(a), 10.23(b)(4) and (b)(5), Respondent violated the "duties he owed to the public and the legal profession by bringing disgrace to the patent bar and decreasing the public's confidence in the integrity and trustworthiness of patent practitioners." *Id.*

As to the second factor, the Director asserts that Respondent's acts and omissions were intentional. Motion at 6. The Director argues that Respondent did not inform his client, ALPS, of communications from the PTO, "deliberately failed to transmit funds" from ALPS to the PTO, and did not return ALPS's complete files. *Id.* Moreover, the Director asserts, Respondent only repaid the unearned fees and expenses after the complaint was filed "and following a specific direction by OED counsel to repay the funds." *Id.*

As to the third factor, the Director argues that Respondent's actions resulted in significant, actual injuries. Motion at 7. The Director asserts that the abandonment of ALPS's patent application forced the company to pay additional attorney fees to revive the application and do what Respondent had originally been hired and paid to do. *Id.* As a result, the Director continues, ALPS sustained "real and significant injuries" because Respondent failed to use the funds he received to pay the fees owed to the PTO, failed to do the legal work for which he had been paid, and failed to return the funds to ALPS until the disciplinary action was commenced. *Id.*

As to the fourth factor, the Director asserts that there are aggravating factors in this case. Citing the American Bar Association's STANDARDS FOR IMPOSING LAWYER SANCTIONS (2005) ("Standards"), the Director notes that Standard § 9.22 delineates certain aggravating factors, of which the following are present here: "a pattern of misconduct, multiple offenses, refusal to acknowledge wrongful nature of conduct, substantial experience in the practice of law, and indifference to making restitution." Motion at 7. The Director notes that Respondent has been a

registered patent attorney for 18 years and engaged in a series of actions harmful to his clients that he made no effort to cure. *Id.* The Director argues that Respondent “essentially walked out on his client,” failing to perform any of the duties he owed to ALPS. Motion at 7-8. The Director notes that the absence of any prior disciplinary record (aside from the present proceeding and a parallel action, Proceeding No. D2012-21) is the only applicable mitigating factor found in Standard § 9.32. Motion at 8.

The purpose of attorney disciplinary proceedings is to protect the public and the justice system from lawyers who are derelict in their professional duties. *James T. Robinson* (“*Robinson*”), Proceeding No. D2009-48 (ALJ, May 26, 2010) (citing Standard § 1.1), accessible at http://des.uspto.gov/Foia/ReterivePdf?system=OED&fINm=0613_DIS_2010-07-01. Here, the Director argues that suspension for at least three years is appropriate in light of disciplinary sanctions imposed upon attorneys in other cases and other jurisdictions under similar circumstances. Attorneys who practice before the PTO have a duty to represent their clients competently and zealously, and to maintain “the integrity and competence of the legal profession.” 37 C.F.R. §§ 10.21, 10.76, 10.83. “Abandonment of a case or client after being paid for legal services is a significant” violation of these ethical duties. *Michael A. Shippey*, Proceeding No. D2011-27 (ALJ, Oct. 14, 2011) (Order Granting Director’s Motion for Default Judgement and Imposition of Discipline) at 12 accessible at: http://des.uspto.gov/Foia/ReterivePdf?system=OED&fINm=0705_DIS_2011-10-14. For such violations, attorneys have been disbarred, *see People v. Elliott*, 39 P.3d 551 (Colo. O.P.D.J. 2000); *In re Lyles*, 494 S.E.2d 338 (Ga. 1998), or excluded from practice before the PTO, *see* cases cited in Motion at 8-9.

There has not been a record developed respecting all of the circumstances surrounding the professional misconduct in these cases. Respondent’s default has prevented such an inquiry. Proceeding to submission of additional evidence and testimony as to the sanction to be imposed, however, would result in unnecessary expenditure of government resources on cases in which Respondent has chosen not to participate. Therefore, suspension for three years is an appropriate penalty. Accordingly, the Director’s Motion is **GRANTED** as set forth below.

ORDER

After careful and deliberate consideration of the above facts and conclusions, as well as the factors identified in 37 C.F.R. § 11.54(b),

IT IS HEREBY ORDERED that Respondent, **GRANT D. KANG**, PTO Registration No. 37,651, be **SUSPENDED** from the practice of patent, trademark, and other non-patent law before the U.S. Patent and Trademark Office for a period of three (3) years. This sanction shall run concurrently with the sanction set forth in the parallel, but unconsolidated, Proceeding No. D2012-21, issued simultaneously with this Order.

Respondent's attention is directed to 37 C.F.R. § 11.58 regarding the responsibilities of disciplined practitioners, and 37 C.F.R. § 11.60 concerning petition for reinstatement.

The facts and circumstances of this proceeding shall be fully published in the Patent and Trademark Office's official publication.



Susan L. Biro
Chief Administrative Law Judge⁵
U.S. Environmental Protection Agency

Dated: November 26, 2012
Washington, D.C.


Pursuant to 37 C.F.R. § 11.55, any appeal by the Respondent from this Initial Decision must be filed with the U.S. Patent and Trademark Office at the address provided in 37 C.F.R. § 1.1(a)(3)(ii) within 30 days after the date of this Initial Decision. Such appeal must include exceptions to the Administrative Law Judge's Decision and supporting reasons for those exceptions. Failure to file such an appeal in accordance with 37 C.F.R. § 11.55 will be deemed both an acceptance by Respondent of the Initial Decision and that party's waiver of rights to further administrative and judicial review.

⁵ The Administrative Law Judges of the Environmental Protection Agency are authorized to hear cases pending before the United States Department of Commerce, Patent and Trademark Office, pursuant to an Interagency Agreement effective for a period beginning March 22, 1999.

In the Matter of Grant D. Kang, Respondent
Proceeding No. D2012-24

CERTIFICATE OF SERVICE

I hereby certify that a true copy of **Initial Decision On Default**, dated November 26, 2012, was sent this day in the following manner to the addressees listed below:



Maria Whiting-Beale
Staff Assistant

Dated: November 26, 2012

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