

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

In the Matter of:

John H. Faro,

Respondent

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Proceeding No. D2013-15

FINAL ORDER UNDER 37 C.F.R. § 11.24

Pursuant to 37 C.F.R. §§ 11.19 and 11.24(d), the Director of the United States Patent and Trademark Office (“USPTO” or “Office”) hereby orders the reprimand of John A. Faro (“Respondent”) for violation of 37 C.F.R. § 10.23(b)(6).

I. BACKGROUND AND PROCEDURAL HISTORY

At all times relevant to this matter, Respondent has been an attorney registered to practice in patent cases before the USPTO (Registration Number 25,859). (Exhibit D, p. 2) (Complaint for Reciprocal Discipline Under 37 C.F.R § 11.24).

By Order dated July 13, 2011, in the matter of *The Florida Bar vs. John H. Faro* (Case Numbers SC10-872 and SC11-431), the Supreme Court of Florida approved an uncontested referee’s report in which Respondent “agreed to a stipulated resolution set forth in a Conditional Guilty Plea for Consent Judgment” as to Count II of SC10-872. (Exhibits A, B). Count II of SC10-872 was predicated on Florida Rule 4-1.4 (failure to communicate) and Rule 4-8.4(d) (conduct prejudicial to the administration of justice including through disparagement of others). (Exhibit A). Relying on the referee’s report, the Supreme Court directed that the Board of Governors of the Florida State Bar reprimand Respondent. (Exhibit B). On December 21, 2011, Respondent was issued a public reprimand. (Exhibit C). Respondent’s reprimand was predicated on the following:

You failed to communicate to your client that certain pending applications, for federal registration of the client’s trademarks, became abandoned in the United States Patent and Trademark Office. The client had a right to be kept informed as to the status of these applications. You acknowledge that you did not clearly communicate that your efforts, to pursue the federal

registration of such marks, would be discontinued as a result of the client's business decision to discontinue/abandon its trademarks.

(Exhibit C).

On July 10, 2013, the Director of the Office and Enrollment and Discipline at the USPTO ("OED Director") served a Complaint on Respondent. The OED Director requested that the USPTO Director impose reciprocal discipline on Respondent for violating 37 C.F.R. § 10.23(b)(6)¹ by being reprimanded on ethical grounds by a duly constituted authority of a State. (Exhibit D, p. 2).

On July 17, 2013, the Deputy General Counsel for General Law, on behalf of the USPTO Director, issued an Order giving Respondent 40 days to file a response "containing all information that Respondent believes clearly and convincingly establishes a genuine issue of material fact that the imposition of discipline identical to that imposed by the Supreme Court of Florida would be unwarranted" based upon any of the grounds permissible under 37 C.F.R. § 11.24(d)(1). (Exhibit E) ("Notice and Order").

On or about August 2, 2013, the Office received a letter from Respondent dated July 29, 2013. (Exhibit F). As the purpose of the letter was unclear, Associate Counsel Jennifer Seifert, from the USPTO Office of General Law, convened a teleconference with Respondent on August 2, 2013. In that teleconference, it was reiterated to Respondent that he had 40 days from the date of the Notice and Order to file a response to the proposed reciprocal discipline. (Exhibit F).

On August 23, 2013, Respondent filed a timely Response to the Notice and Order. (Exhibit G) ("Response"). Therein, Respondent disputed the imposition of reciprocal discipline on the grounds that the Florida Board procedure was so lacking in notice or opportunity to be heard as to constitute a deprivation of due process. Specifically, he claims that he was denied discovery during the disciplinary process and that the Florida Board "did not comport with its own rules governing

¹ Effective May 3, 2013, the USPTO Rules of Professional Conduct, 37 C.F.R. §§ 11.101 through 11.901, apply to persons who practice before the Office. Since the alleged conduct occurred prior to May 3, 2013, the USPTO Code for Professional Responsibility that was in effect in 2011 is applicable in this case. *See* 37 C.F.R. §§ 10.20-10.112.

the imposition of discipline in a setting involving multi-jurisdiction practice.” (Exhibit G, pp. 1-2). He also claims there was an absence of any prejudice to his former client, and therefore reciprocal discipline is not warranted. (Exhibit G, p. 2). Finally, Respondent claims that the Notice and Order incorrectly referred to discipline in the case identified as SC-11-431.² (Exhibit G, p. 3).

II. LEGAL STANDARD

Pursuant to 37 C.F.R. § 11.24(d), and in accordance with *Selling v. Radford*, 243 U.S. 46 (1917), the USPTO has codified standards for imposing reciprocal discipline based on a state’s disciplinary adjudication. Under *Selling*, state disbarment creates a federal-level presumption that imposition of reciprocal discipline is proper, unless an independent review of the record reveals: (1) a want of due process; (2) an infirmity of proof of the misconduct; or (3) that grave injustice would result from the imposition of reciprocal discipline. Federal courts have generally “concluded that in reciprocal discipline cases, it is the respondent attorney’s burden to demonstrate, by clear and convincing evidence, that one of the *Selling* elements precludes reciprocal discipline.” *In re Kramer*, 282 F.3d 721, 724 (9th Cir. 2002); *In re Friedman*, 51 F.3d 20, 22 (2d Cir. 1995). “This standard is narrow, for [a Federal court, or here the USPTO Director is] not sitting as a court of review to discover error in the [hearing judge’s] or the [state] courts’ proceedings.” *In re Zdravkovich*, 634 F.3d 574, 578 (D.C. Cir. 2011) (quoting *In re Sibley*, 564 F.3d 1335, 1341 (D.C. Cir. 2009)).

The USPTO’s regulation governing reciprocal discipline, 37 C.F.R. § 11.24(d)(1), mirrors the standard set forth in *Selling*:

[T]he USPTO Director shall consider any timely filed response and shall impose the identical public censure, public reprimand, probation, disbarment, suspension, or disciplinary disqualification unless the practitioner clearly and convincingly demonstrates, and the USPTO Director finds there is a genuine issue of material fact that:

- (i) The procedure elsewhere was so lacking in notice or opportunity to be heard as to constitute deprivation of due process;

² The USPTO understands that discipline was imposed by Florida in case SC-10-872 (Count II), not SC-11-431.

- (ii) There was such infirmity of proof establishing the conduct as to give rise to the clear conviction that the Office could not, consistently with its duty, accept as final the conclusion on that subject;
- (iii) The imposition of the same public censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification by the Office would result in a grave injustice; or
- (iv) Any argument that the practitioner was not publicly censured, publicly reprimanded, placed on probation, disbarred, suspended or disciplinarily disqualified.

To prevent the imposition of reciprocal discipline, Respondent is required to demonstrate that he meets one of these criteria by clear and convincing evidence. *See* 37 C.F.R. § 11.24(d)(1).

As discussed below, Respondent has not shown by clear and convincing evidence that he has met any of the factors set forth in 37 C.F.R. § 11.24(d)(1).

II. ANALYSIS

1. The Florida Proceeding Was Properly Under State Law As There Was No Preemption.

Respondent first argues that the USPTO's Code of Professional Responsibility should have been applied to the Florida Board disciplinary proceedings. (Exhibit G; Exhibit G.1) (Supplemental Memorandum in Support of Respondent's Motions to Dismiss Counts I & II). In his view, Florida Bar Rule 3-4.6(b) and *Sperry v. Florida ex rel. Florida Bar*, 373 U.S. 379 (1963) dictate that Florida law is preempted by USPTO's Code of Professional Responsibility. As discussed below, Respondent's position lacks legal support.

The Florida disciplinary proceedings were predicated upon violations of state law, not federal patent law, thus rendering USPTO's Code of Professional Responsibility inapplicable to those proceedings. An action arises under patent law when "federal patent law creates the cause of action" or when a plaintiff's "right to relief necessarily depends on resolution of a substantial question of federal patent law." *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 808-09 (1988). Here, by contrast, Respondent's misconduct for failure to communicate and for conduct prejudicial to the administration of justice, and the resulting disciplinary proceedings, were a function of state law and not patent law. *See Kroll v. Finnerty*, 242 F.3d 1359, 1365 (Fed. Cir.

2001).

Respondent states that he “does not contest that his membership in the Florida Bar, nor that his presence in Florida, provides a proper basis for the Bar’s exercise of jurisdiction over the complaints made against him.” (Exhibit G.1, p. 3). Yet, he cites Florida rule 3-4.6(b) and *Sperry* for an argument that the USPTO’s Rules of Professional Conduct and not Florida state law govern his underlying conduct. (Exhibit G, p. 4). However, neither USPTO nor Florida Bar rules preclude the Florida Board proceeding against Respondent.

Florida rule 3-4.6 begins with the premise that “[a]n attorney admitted to practice in [Florida] is subject to the disciplinary authority of this jurisdiction, regardless of where the attorney’s conduct occurs. An attorney may be subject to the disciplinary authority of both this jurisdiction and another jurisdiction for the same conduct.” R. Regulating Fla. Bar 3-4.6(a).

Respondent relies on part (b) of that Rule, which states:

In any exercise of the disciplinary authority of this jurisdiction, the rules of professional conduct to be applied shall be as follows:

(1) for conduct in connection with a matter pending before a tribunal, the rules of the jurisdiction in which the tribunal sits, unless the rules of the tribunal provide otherwise; and

(2) for any other conduct, the rules of the jurisdiction in which the attorney’s conduct occurred, or, if the predominant effect of the conduct is in a different jurisdiction, the rules of that jurisdiction shall be applied to the conduct.

R. Regulating Fla. Bar 3-4.6(b). The mere existence of USPTO rules did not preclude this Florida Board proceeding. Respondent’s reading of rule 3-4.6 is misplaced as that rule does not restrict the state’s jurisdiction over him. To the contrary, the rule was amended in 2005 to expand on the prior rule by “specifying that an attorney may be subject to the discipline in Florida regardless of where the attorney’s questionable conduct may have occurred.” *In re Amendments To The Rules Regulating The Florida Bar and The Florida Rules Of Judicial Admin.*, 907 So. 2d 1138, 1142 (Fla. 2005). The rule also clarified that “the attorney may be subject to discipline in more than one jurisdiction.” *Id.* And, while the amendment “adds choice of law provisions to determine which

jurisdiction's rules of professional conduct may be applied in a disciplinary action," *id.*, the resulting choice of law applied in any particular case is not mandated by the rule.

Moreover, Respondent consented to the judgment against him and did not contest the Florida Supreme Court decision. He cannot now argue that the Florida state law was wrongly applied pursuant rule 3-4.6.

USPTO's Code of Professional Responsibility in effect in 2011 specifically disavowed preemption of the authority of states to regulate the practice of law, with exceptions not relevant here. "Nothing in the [USPTO's ethics regulation of practitioners] shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the Patent and Trademark Office to accomplish its Federal objectives." 37 C.F.R. § 10.1. Thus, USPTO's regulations embody the long-settled principle that "the State maintains control over the practice of law within its borders except to the limited extent necessary for the accomplishment of federal objectives." *Sperry*, 373 U.S. at 402. This is so even when attorney discipline is predicated on actions taken while working on a patent case or claim. *See Kroll*, 242 F.3d at 1365.

Kroll confirms that there is no preemption of a state proceeding such as here. In *Kroll*, the U.S. Court of Appeals for the Federal Circuit held that federal patent law did not preempt a state disciplinary proceeding for failure of an attorney to promptly inform a client that the client's patent application was rejected by the USPTO. *See Kroll*, 242 F.3d at 1361. The attorney sought declaratory judgment in the U.S. District Court and asserted that the USPTO possessed exclusive authority to regulate the practice of patent law before it and, as a result, federal law preempted the authority of the state to discipline him for actions arising out of his patents prosecution practice. *Id.* at 1362. The Federal Circuit disagreed and concluded that the state action related to the ethical practice of law and not to patents. The federal statutes authorizing the USPTO to regulate the practice of patent law before it did not preempt state laws governing the practice of law in that case, which involved a failure to promptly inform a client of material developments. In reaching this conclusion, the Court stated that the "alleged misconduct . . . is not entitled to any special

consideration just because a patent is involved.” *Id.* at 1365.

The Office does possess “exclusive authority to establish qualifications and procedures for admitting persons to practice before the PTO, and to suspend or exclude those patent practitioners from practicing before the PTO.” *See Kroll*, 242 F.3d at 1364. Here, however, the State of Florida took no action to suspend or expel Respondent from practice before the USPTO. Nor did it otherwise infringe on the USPTO’s authority. Respondent’s reliance on *Sperry* is inapposite to his claim. *Sperry* stands for the proposition that a state may not enjoin a registered patent agent from preparing patent applications and other legal instruments to be filed before the USPTO, since regulating admission and disciplinary issues before the USPTO lies within its exclusive jurisdiction. *See Sperry*, 373 U.S. at 385; *see also Kroll*, 242 F.3d at 1364. The Florida discipline in this case did not limit Respondent’s ability to practice before the USPTO and it did not usurp the USPTO’s authority.

In sum, USPTO did not preclude the Florida Board disciplinary proceedings. Respondent’s argument provides no basis to prevent the imposition of reciprocal discipline.

2. There Was No Deprivation of Due Process In the State Disciplinary Proceedings.

Respondent argues that 37 C.F.R. § 11.24(d)(1)(i) should bar the imposition of reciprocal discipline because the procedure used by the State of Florida was so lacking in notice or opportunity to be heard as to constitute a deprivation of due process. In particular, Respondent argues that he was denied access to discovery in that he was not permitted to attend an initial hearing where the Complainant testified before the grievance committee. (Exhibit G, p. 2). Respondent’s argument fails, however, as he has not clearly and convincingly proved a claim under 37 C.F.R. §11.24(d)(1)(i).

“The fundamental requirement of due process is the opportunity to be heard at a meaningful time and in a meaningful manner.” *In re Karten*, 293 Fed.Appx. 734, 736 (11th Cir. 2008) (citing *Mathews v. Eldridge*, 424 U.S. 319, 333 (1976) (internal quotation omitted)). In disciplinary proceedings, an attorney is entitled to due process, such as reasonable notice of the charges before the proceedings commence. *See*

In re Ruffalo, 390 U.S. 544, 551 (1968). Due process requirements are met where respondent “attended and participated actively in the various hearings, and was afforded an opportunity to present evidence, to testify, to cross-examine witnesses, and to present argument.” *In re Squire*, 617 F.3d 461, 467 (6th Cir. 2010) (citing *Ginger v. Circuit Court for Wayne County*, 372 F.2d 620, 621 (6th Cir. 1967)); see also *In re Zdravkovich*, 634 F.3d 574 (D.C. Cir. 2011) (stating that attorney could not satisfy claim of due process deprivation where he was given notice of the charges against him, was represented by counsel, and had a hearing at which counsel had the opportunity to call and cross-examine witnesses, make arguments, and submit evidence). Due process requirements are also met where a respondent is given “an opportunity to respond to the allegations set forth in the complaint, testify at length in [his] own defense, present other witnesses and evidence to support [his] version of events ..., [and is] able to make objections to the hearing panel’s findings and recommendations.” *In re Squire*, 617 F.3d at 467 (citing *In re Cook*, 551 F.3d 542, 550 (6th Cir. 2009)).

Respondent has not clearly and convincingly shown that he was denied due process during the pendency of the state disciplinary proceedings. Respondent was provided reasonable and advanced notice of the charges and does not contend otherwise. He was represented by counsel and fully participated in the disciplinary proceedings. This is plainly evidenced by the documents Respondent submitted with his Response, including the “Supplemental Memorandum In Support of Respondent’s Motions to Dismiss Counts I & II” that was filed during the course of the state disciplinary proceedings. (Exhibit G.1). Further, in the referee’s report that noted Respondent’s consent to discipline, Respondent stipulated to the fact that “Respondent participated fully in this proceeding.” (Exhibit A, p. 1).

Despite his admitted full participation in the disciplinary proceedings, Respondent alleges that he was denied the right to be present for Complainant’s initial testimony before the grievance committee and that that denial constitutes a deprivation of due process. He has not, however, provided any authority to support that entitlement and, indeed, a review of the Florida Rules of Discipline does not identify any such right. To the contrary, those rules state that “the proceedings of grievance committees may be informal in nature and the committees shall not be bound by the rules of evidence.” Florida Rules of

Discipline, Grievance Committee Procedures 3-7.4(d). Those rules further provide that Respondent is entitled only to be provided with materials considered by the committee and to be given an opportunity to make a written statement, sworn or unsworn, explaining, refuting, or admitting the alleged misconduct. *See* Florida Rules of Discipline, Grievance Committee Procedures 3-7.4(h). This was done here. As evidenced by the November 4, 2009 email exchange between Florida bar counsel and Respondent's counsel, a transcript of the Complainant's initial testimony was "provided to [Respondent's counsel] by our committee without the need for you to 'place an order'" for the transcript. (Exhibit G.1, exhibit 2).

In addition, the record shows that Respondent agreed to the state judgment and did not contest the decision of the Florida Supreme Court. He agreed to a Conditional Guilty Plea for Consent Judgment for Count II of case SC10-872, which included a recommendation that Respondent be publicly reprimanded. (Exhibit A, p. 3; Exhibit G.1, p. 2). The referee's report noted that the Consent Judgment includes the finding that "Respondent participated fully in this proceeding." (Exhibit A, p. 1). There is no evidence that Respondent sought further appeal or review of the findings or the reprimand that he received. Having agreed to the discipline at the State level, he cannot now claim a deprivation of due process for that discipline.

In sum, Respondent admitted that he fully participated in the disciplinary proceedings. Further, he agreed to a Consent Judgment that included a guilty plea in connection with Count II of case SC10-872. Accordingly, Respondent has not clearly and convincingly shown that he suffered a deprivation of due process such that reciprocal discipline is inappropriate.

3. The Imposition of a Reciprocal Public Reprimand Would Not Result in a Grave Injustice.

Respondent argued that there was "no prejudice or financial consequences or loss of rights" by the Complainant. (Exhibit G, p. 3). The Complainant was Respondent's client, whose application for a trademark registration was legally abandoned as a result of Respondent's

misconduct.³ Further, Respondent asserts that his misconduct was a “technical violation” of Florida Bar rules. (Exhibit G, p. 3). The Office interprets Respondent’s argument as challenging the imposition of reciprocal discipline as a “grave injustice” under § 11.24(d)(1)(iii).

Under § 11.24(d)(iii), the grave injustice analysis does not focus on the effect of the USPTO’s reciprocal order but on the original disciplinary order and whether the severity of the punishment imposed by that order “fits” the misconduct. *See Thav*, 852 F.Supp.2d 857, 861-62 (E.D. Mich. 2012); *see also In re Kramer*, 282 F.3d 721, 727 (9th Cir. 2002) (on challenge to imposition of reciprocal discipline, “we inquire only whether the punishment imposed by [the first] court was so ill-fitted to an attorney’s adjudicated misconduct that reciprocal disbarment would result in grave injustice”); *In re Attorney Discipline Matter*, 98 F.3d 1082, 1088 (8th Cir. 1996) (no grave injustice where disbarment imposed by the state court “was within the appropriate range of sanctions”); *Matter of Ronald Benjamin*, 870 F.Supp. 41, 44 (N.D.N.Y. 1994) (public censure within range of penalties for misconduct and thus censure was not a grave injustice).

Here, Respondent admits the misconduct. The state reprimand was based on a Consent Judgment in which Respondent accepted a guilty plea as to Count II of Case SC-10-872. Respondent was represented by counsel during portions of the state proceedings and he stipulated that he participated fully in the proceedings. He agreed to the reprimand. There is no grave injustice here.

A public reprimand is one tool within the range of penalties for attorney sanctions in the state of Florida. Public reprimands are generally identified as appropriate in cases where the lawyer’s conduct, although violating ethical standards, is not serious enough to warrant suspension or disbarment. *See Fla. Rules for Imposing Lawyer Sanctions*, rule 2.5 (2000). More severe penalties, up to and including disbarment, have been found to be an appropriate penalty for misconduct that involved knowingly failing to perform services for a client and causing serious or potentially serious injury to a client. *See Fla. Rules for Imposing Lawyer Sanctions*, rule 4.41 (2000); *see also The Florida Bar v. Lehman*, 417 So. 2d 648

³ Respondent did not communicate to the client that he would not continue to pursue pending trademark registrations due to both a failure to pay additional attorney fees and a business decision by the client to discontinue the use of the marks in commerce. (Exhibit G, p. 3).

(Fla. 1982); *The Florida Bar v. Mitchell*, 385 So. 2d 96 (Fla. 1980). Without opining on whether more severe discipline could have been imposed here, it is noted that a public reprimand is a lesser penalty as compared to some other discipline tools. The Florida discipline was not a grave injustice.

IV. CONCLUSION

For the reasons discussed above, the USPTO Director denies Respondent's objection to the imposition of reciprocal discipline for his violation of 37 C.F.R. § 10.23(b)(6).

ORDER

ACCORDINGLY, it is:

ORDERED that Respondent is reprimanded; and

ORDERED that the OED Director shall make public the following Notice in the Official Gazette:

Notice of Reprimand

This notice concerns John H. Faro of Key Biscayne, Florida, who is a registered patent attorney (Registration Number 25,859). In a reciprocal disciplinary proceeding, the Deputy Director of the United States Patent and Trademark Office ("USPTO") has ordered that Mr. Faro be reprimanded for violating 37 C.F.R. § 10.23(b)(6), predicated upon being reprimanded on ethical grounds by a duly constituted authority of a State.

On July 13, 2011, the Supreme Court of Florida directed the Board of Governors of the Florida State Bar to reprimand Mr. Faro. This reprimand was based on Mr. Faro's failing to communicate to a client that certain trademark applications pending before the USPTO became abandoned and failing to communicate that Mr. Faro's efforts to pursue registration of the client's trademarks would be discontinued as a result of the client's business decision to discontinue use of or abandon its trademarks. Mr. Faro's conduct violated Rule 4-1.4 (failure to communicate) and Rule 4-8.4(d) (conduct prejudicial to the administration of justice including through disparagement of others) of the Rules Regulating the Florida Bar.

This action is taken pursuant to the provisions of 35 U.S.C. § 2(b)(2)(D) and 37 C.F.R. § 11.24. Disciplinary decisions are available for public review at the Office of Enrollment and Discipline's Reading Room, located at: <http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>.

Pursuant to 37 C.F.R. § 11.57(a), review of this final decision by the USPTO Director may be had by a Petition filed with the U.S. District Court for the Eastern District of Virginia, in accordance with 35 U.S.C. § 32.

Nov. 15, 2013
Date

Shira Perlmutter
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Chief Policy Officer and Director for
International Affairs
United States Patent and Trademark Office

on behalf of
Teresa Stanek Rea
Deputy Under Secretary of Commerce for
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