

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

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)	
Grant D. Kang,)	Proceeding No. D2012-21
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Respondent.)	
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INITIAL DECISION ON DEFAULT

This proceeding was initiated by the filing of a Complaint and Notice of Proceedings Under 25 U.S.C. § 32 dated April 5, 2012 (“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 that Respondent, a registered patent attorney before the PTO, violated the applicable regulations promulgated at 37 C.F.R. Part 10 (“Rules”) by submitting payment for five patent applications drawn on an account with insufficient funds and subsequently those applications became abandoned. For these violations, the Complainant seeks an order suspending Respondent from practice of patent law before the PTO.

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 is 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/RetrievePdf?system=OED&fInm=0096 DIS_1999-08-03](http://des.uspto.gov/Foia/RetrievePdf?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 the 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). Section 11.35 further provides that if the complaint cannot be delivered in accordance with paragraph (a), the Director “shall serve the respondent by causing an appropriate notice to be published in the Official Gazette for two consecutive weeks, in which case, the time for filing an answer shall be thirty days from the second publication of the notice.” 37 C.F.R. § 11.35(b).

The record shows that the Complaint was sent by certified mail to Respondent on April 5, 2012 to his most recent address of record as provided to the PTO (214 Elm Street, Suite 106, Washington, MO), but was returned as “unclaimed” and “unable to forward” after two notices were provided by the Postal Service. *See*, Certificate of Service attached to Complaint and Motion, Exhibit A. Thereafter, Complainant proceeded to serve Respondent, pursuant to 37 C.F.R. § 11.35(b), by publishing a notice in two consecutive issues of the PTO *Official Gazette* informing the reader of the proceedings initiated against Respondent. *See* Exhibit B of Motion.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**.³ 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.*

² By Status Report dated May 21, 2012, the PTO reported that it had also served Respondent with a copy of the Complaint by mailing it to an alternative address (26 Berkshire Drive, Washington, MO), where he was believed to receive mail. Exhibit C of Motion is a photocopy of the Domestic Return Receipt showing that the Complaint was received by Lisa Kang at the Berkshire Drive address on May 24, 2012.

³ By Status Report, received July 17, 2012, the PTO advised that it had sent Respondent a letter on June 6, 2012, warning him of its intent to file a motion for default, to which Respondent responded on July 5, 2012, and that the parties held a telephonic settlement conference on July 6, 2012. The Status Report further indicates that in response to Respondent’s representation that he had been seriously ill, counsel for the Director suggested that Respondent file a motion, pursuant to 37 C.F.R. § 11.28, to hold the case in abeyance during the pendency of his incapacitation. However, to date the Respondent has not done so and the Status Report indicates that he has also not responded to subsequent PTO outreach efforts.

FINDINGS OF FACT

1. On April 5, 2012, the Director unsuccessfully attempted by first class mail to serve Respondent with the Complaint at the most recent address the Respondent provided to the OED pursuant to § 11.11.
2. The Director subsequently served notice of the Complaint by publication in the PTO *Official Gazette* on May 29, 2012 and June 5, 2012.
3. The Complaint advised Respondent that an Answer to it was due to be filed on or before 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 July 5, 2012.
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. As an experienced patent practitioner, Respondent knew or reasonably should have known that the PTO charges patent fees and those fees are to be paid when due.
7. As an experienced patent practitioner, Respondent knew or reasonably should have known the adverse consequences to his client's intellectual property rights if required payments are not made to the PTO, including the abandonment of patent applications.
8. The PTO is located in Alexandria, Virginia, where the checks and electronic funds transactions at issue were presented for payment.
9. Section 18.2-181 of the Virginia Code states, in part:
 - a. Any person who, with intent to defraud, shall make or draw or utter or deliver any check, draft, or order for the payment of money, upon any bank, banking institution, trust company, or other depository, knowing, at the time of such making, drawing, uttering or delivering, that the maker or drawer has not sufficient funds in, or credit with, such bank, banking institution, trust company, or other depository, for the payment of such check, draft or order, although no express representation is made in reference thereto, shall be guilty of larceny; and, if this check, draft, or order has a represented value of \$200 or more, such person shall be guilty of a Class 6 felony. Va. Code Ann. § 18.2-181.
10. Section 18.2-183 of the Virginia Code states, in part:
 - a. ... the making or drawing or uttering or delivery of a check, draft, or order, payment of which is refused by the drawee because of lack of funds or credit shall be prima facie evidence of intent to defraud or of knowledge of insufficient funds in, or credit with, such bank, banking institution, trust company, or other depository unless such maker or drawer, or someone for him, shall have paid the holder thereof the amount due thereon, together with interest, and protest fees (if any), within five days after receiving written notice that such check, draft, or order has not been paid to the holder thereof. Va. Code Ann. § 18.2-183.

11. Respondent's acts and omissions leading to the violations alleged in the Complaint were willful.
12. On October 30, 2006, Respondent filed in the PTO a utility patent application on behalf of inventor-applicants David Swan and others, which was assigned U.S. Patent Application Number 11/579,012 ("the '012 application"). At that time, Respondent was associated with the law firm of Husch & Eppenberg, LLC in St. Louis, Missouri.
13. On June 20, 2007, the PTO informed Respondent via a "Notification of Missing Requirements" that an inventor's oath needed to be filed with the '012 application and that a surcharge of \$130.00 was owed for late filing of required patent application documents. The Notification stated that an inventor's oath must be filed and the fee paid within two months of the date of the notice.
14. In November 2007, the inventor-applicants changed their correspondence address to customer number 75474, which number is associated with Kang Intellectual Property Law, LLC.
15. On November 20, 2007, Respondent filed a Petition for Extension of Time, requesting an extension of three months to respond to the June 2007 Notification. Respondent also submitted the required investor's oath.
16. Along with the Petition, Respondent enclosed a check dated November 19, 2007. This check, number 11283, was drawn on US Bank for an account in the name of Grant D. Kang and Lisa K. Kang ("check 11283").
17. Check 11283, payable to the "Commissioner of Patents," was in the amount of \$1,310.00, which included a fee of \$1,050.00 for the Petition for Extension of Time, the outstanding late fee of \$130.00, and an additional payment of \$130.00.
18. Check 11283 was returned for insufficient funds.
19. Respondent did not pay the \$1,050.00 fee required for the extension of time which he sought and which was given.
20. Despite Respondent's failure to pay the fee for the three-month extension of time, the PTO nevertheless processed the '012 application and ultimately issued a non-final office action on June 9, 2010. No response to the non-final office action was filed and the '012 application is now abandoned.
21. As of the date of the filing of the Complaint, Respondent had not made good on check 11283.
22. On or about July 8, 2009, Respondent filed in the PTO a utility patent application on behalf of inventor-applicants [REDACTED] and others, which was assigned U.S. Patent Application Number [REDACTED] ("the [REDACTED] application").
23. The fees associated with filing the [REDACTED] application totaled \$1,818.00.
24. The fee transmittal form that Respondent submitted with the [REDACTED] application authorized the PTO to charge the filing fees to Respondent's PTO Deposit Account (No. 50-4444) established in accordance with 37 C.F.R. §1.25.

25. On July 6, 2009, Respondent wrote check number 1658 in the amount of \$1,818.00 drawn on Bank of Franklin County for an account in the name of Kang Intellectual Property Law LLC ("check 1658").
26. Check 1658 was made payable to the "Commissioner for Patents" and was sent to the PTO to replenish Respondent's Deposit Account for the charges associated with the filing of the [REDACTED] application.
27. Check 1658 was returned for insufficient funds.
28. As a result of the returned check, the Respondent's Deposit Account contained insufficient funds to pay the filing fees associated with the [REDACTED] application.
29. On August 3, 2009, the PTO informed Respondent in writing of the return of the check and the necessity of making payment to the PTO by way of a "Notice to File Missing Parts of Nonprovisional Application."
30. The August 3, 2009, notice stated that, in addition to the filing fees owed, Respondent also had to pay a \$50 processing fee "since your check was returned without payment (37 CFR 1.21(m))."
31. Respondent did not make good on check 1658, nor did he pay the returned check fee.
32. Respondent did not pay the patent application fees required by the PTO.
33. The [REDACTED] application became abandoned because Respondent did not respond to the Notice to File Missing Parts.
34. The PTO notified Respondent of the abandonment of the [REDACTED] application by a Notice of Abandonment dated April 7, 2009.
35. As of the date of filing the Complaint, Respondent had not made good on check 1658, nor had he paid the returned check processing fee.
36. As of the date of filing the Complaint, the [REDACTED] application remains abandoned.
37. On February 3, 2011, Respondent filed in the PTO two design patent applications for inventor-applicant [REDACTED] assigned U.S. Patent Application Number [REDACTED] ("the [REDACTED] application") and [REDACTED] ("the [REDACTED] application"), and a design patent application for inventor-applicant Richard Bond and others, assigned U.S. Patent Application Number [REDACTED] ("the [REDACTED] application").
38. The fees associated with filing the [REDACTED] application totaled \$460.00, for the [REDACTED] application, \$460.00, and for the [REDACTED] application, \$1,590.00; Respondent authorized the PTO to pay these fees by withdrawing funds from his Deposit Account.
39. On February 4, 2011, Respondent authorized a one-time electronic transfer of funds to the PTO in the amount of \$2,470.00 to replenish his Deposit Account from an account at Bank of Franklin County in the name of Kang Intellectual Property Law LLC.
40. The electronic funds transfer to the PTO was voided on February 18, 2011, due to insufficient funds in the Respondent's Bank of Franklin County account from which the electronic funds were to be transferred.

41. As a result of the failed electronic funds transfer, the Respondent's Deposit Account contained insufficient funds to pay the filing fees associated with the [REDACTED] and [REDACTED] applications.
42. On February 25, 2011, the PTO informed Respondent in writing that his electronic funds transfer payment had been returned for insufficient funds and that his Deposit Account had been charged a \$50 processing fee.
43. Respondent did not make good on the insufficient funds electronic transfer payment.
44. On April 12, 2011, the PTO sent Respondent a notice in regard to each of the three applications ([REDACTED] and [REDACTED] captioned "Notice to File Missing Parts of Nonprovisional Application" advising that the required filing fees were missing and had to be paid within two months, along with a surcharge of \$130 for each application due to the late fee payment.
45. Respondent failed to respond to the April 12, 2011, written notices and did not otherwise make good on the insufficient funds electronic transfer payment.
46. On December 29, 2011 the [REDACTED] applications, and on December 20, 2011 the [REDACTED] application, all became abandoned because Respondent failed to respond to the April 12, 2011 notices and pay the required fees.
47. As of the date of filing the Complaint, Respondent had not made good on the insufficient funds electronic transfer payment and the three applications remain abandoned.

CONCLUSIONS OF LAW

48. 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).
49. 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.
50. The Director served Respondent with the Complaint in full compliance with the requirements set forth in 37 C.F.R. § 11.35(a)(2).
51. 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).
52. Respondent's default constitutes an admission of each and every allegation in the Complaint, as recounted above. 37 C.F.R. § 11.36(e).
53. 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(b)(4) (proscribing engaging in conduct involving dishonesty, fraud, deceit or misrepresentation) in that he submitted to the PTO purported payments for fees for applications via check or electronic funds transfer that were subsequently returned to the PTO due to insufficient funds in the bank accounts on which they were drawn to cover those payments.

- b. Rule 10.23(b)(5) (proscribing engaging in conduct that is prejudicial to the administration of justice) in that he failed to make good on the returned checks and the electronic funds transfer payments he submitted to the PTO in connection with patent applications it was administratively processing for him at his request, even after receiving notice of the returned payments, and failing to pay the fees associated with those returned payments.
 - c. Rule 10.23(a) (proscribing engaging in disreputable or gross misconduct) in that with respect to the [REDACTED] and/or [REDACTED] applications, he submitted payment to the PTO when he had insufficient funds to cover those payments in violation of Virginia Code Section 18.2-181.
 - d. Rule 10.77(c) (proscribing neglect of a legal matter) in that, with respect to the [REDACTED] and/or [REDACTED] applications, he allowed his clients' patent applications to become abandoned due to his failure to pay the necessary patent fees.
54. 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.⁴ See Complaint at 11 (Count 5).

SANCTION

In the Complaint, the Director requests an order "suspending Respondent from the practice of patent law before the USPTO and such additional relief as this Tribunal deems proper." Complaint at 11. In the Motion, the Director narrows its requested relief to an initial decision entering a default judgment against Respondent and 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 awarding all other reasonable relief that the Tribunal deems appropriate and within its authority to enter."⁵ Motion at 12.

⁴ 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 5 in the Complaint are identical to the factual allegations underlying the other Counts in the Complaint, this is not a sufficient basis to maintain a separate count for "other" violative conduct. Moreover, Count 5 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.

⁵ It has previously been held that this Tribunal has no authority to enter an order other than for exclusion or suspension of restitution by virtue of the limitations set forth in 35 U.S.C. § 32. *Michael A. Shippey*,

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;
- (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 6. The Director asserts that this breach occurred when Respondent submitted multiple payments to the PTO for client applications he was prosecuting which were drawn on accounts with insufficient funds and that this conduct involved dishonesty, fraud, deceit, or misrepresentation. *Id.* Moreover, because Respondent's actions deprived the PTO of the funds required to fulfill its duties, "his conduct was prejudicial to the administration of justice." *Id.* The Director also notes that Respondent's conduct in this respect was a violation of Virginia's criminal laws. *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 knew he was required to keep adequate funds in his deposit account. Because Respondent repeatedly directed the PTO to charge that account despite insufficient funds being available in each instance, "it cannot be reasonably disputed that Respondent's misconduct was other than knowing and willful." Motion at 7. The Director goes on to note that under Virginia law, Respondent's actions constitute *prima facie* evidence of intent to defraud or of knowledge of insufficient funds, an argument strengthened by Respondent's failure to respond to any of the notices from the PTO that the payments had been dishonored. *Id.*

As to the third factor, the Director argues that Respondent's actions resulted in significant, actual injuries. Motion at 7. The Director notes that Respondent has failed to pay over \$5,000.00 in funds owed to the PTO. *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 8. 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.* Respondent ignored the consequences of making payments drawn from accounts with insufficient funds and has failed to repay the sums owed to the PTO. *Id.* The Director notes that the absence of any prior disciplinary record (aside from the present proceeding and a parallel action, Proceeding No. D2012-24) 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&flNm=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. With respect to allegations in the Complaint, "issuing bad checks is . . . a serious ethical violation . . . [particularly when] Respondent never made good on the outstanding returned checks." *Robinson*, at 12; *see also* Motion at 8-11 (citing cases).

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.

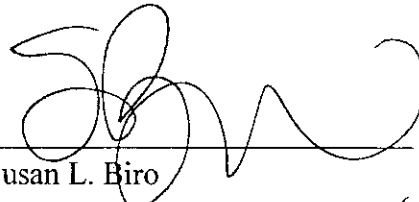
ORDER

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. D2012-24, 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 Judge⁶
U.S. Environmental Protection Agency

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

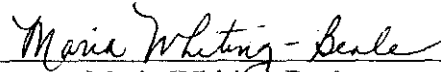
Pursuant to 37 C.F.R. § 11.55, any appeal by the Respondent from this Initial Decision must be filed with the U.S. Patent and Trademark Office at the address provided in 37 C.F.R. § 1.1(a)(3)(ii) within 30 days after the date of this Initial Decision. Such appeal must include exceptions to the Administrative 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.

⁶ 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. D2012-21

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

Copy By Regular Mail And Facsimile To:

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