

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

In the Matter of:

Clifford G. Frayne,

Respondent.

Proceeding No. D2016-09

June 17, 2016

INITIAL DECISION ON DEFAULT JUDGMENT

On March 25, 2016, the Director of the United States Patent and Trademark Office's Office of Enrollment and Discipline (OED) filed a *Motion for Entry of Default Judgment and Imposition of Disciplinary Sanction* (Default Motion) in this above-captioned matter.¹ By *Order for Response*, dated March 28, 2016, the Court ordered Clifford G. Frayne (Respondent) to respond to the *Default Motion* by April 11, 2016. The *Order* advised Respondent that a failure to timely respond to the *Default Motion* may be deemed to be a waiver of any objection to the granting of the *Default Motion*.

PROCEDURAL HISTORY

On January 14, 2016, the OED Director filed a *Complaint and Notice of Proceedings under 35 U.S.C. § 32* (Complaint) against Respondent. The *Complaint* seeks the exclusion or suspension of Respondent for committing violations of the USPTO Code of Professional Responsibility (37 C.F.R. §§ 10.20 *et seq.*) and the USPTO Rules of Professional Conduct (37 C.F.R. §§ 11.100 *et seq.*).²

The *Complaint* was assigned to the undersigned for hearing pursuant to 35 U.S.C. § 32 as implemented by 37 C.F.R. Part 11. The Court issued a *Notice of Hearing and Order* on January 19, 2016, that required Respondent to file an answer to the *Complaint* on or before February 16, 2016.

FINDINGS OF FACT

Respondent was registered as a patent agent by the USPTO on May 16, 1975 and assigned Registration Number 27,637. On December 9, 1975, Respondent was licensed to

¹ Pursuant to an Interagency Agreement in effect beginning March 27, 2013, Administrative Law Judges of the U.S. Department of Housing and Urban Development are authorized to hear cases for the U.S. Patent and Trademark Office.

² Effective May 3, 2013, the USPTO Rules of Professional Conduct (37 C.F.R. Part 11, subpart D), replaced the Code of Professional Responsibility. However, allegations of Respondent's misconduct occur both prior to and after May 3, 2013. As such, both the USPTO Code of Professional Responsibility and USPTO Rules of Professional Conduct are applicable in this case.

practice law in the State of New Jersey. Shortly thereafter on January 28, 1976, Respondent changed his status with the USPTO to patent attorney, while maintaining the same registration number.

I. Respondent's representation of Marlene Nagy

On February 8, 2006, Marlene Nagy filed U.S. Provisional Patent Application Serial No. 60/771,222 (the '222 application) for her invention, "The Polish Pocket," a nail polish pocket attached to a strap for the wrist which eliminates the need to grasp the bottle when applying the polish. After filing the '222 application, Ms. Nagy retained Respondent to prepare and file a nonprovisional patent application for her invention. On November 14, 2006, Respondent wrote Ms. Nagy regarding his review of the provisional application and the documentation that Ms. Nagy had provided to Respondent (including prior art references). The letter made recommendations and attached a form setting forth his fees.

On January 19, 2007, Respondent filed U.S. Nonprovisional Utility Patent Application No. 11/654,981 (the '981 application) for the invention, which claimed priority to the '222 provisional application. The '981 application was published by the Office on August 9, 2007. On December 16, 2009, the Office sent to Respondent a Non-Final Office Action in the '981 application rejecting all then-pending claims (1-3 and 5) in the '981 application. Claims 1 and 5 were rejected under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent No. 4,974,762, granted to Boretsky et. al. The Office then mailed Respondent a Notice of Abandonment on the '981 application on July 16, 2010. Respondent took no further action on the '981 application.

On February 27, 2012, Respondent prepared and filed a second nonprovisional patent application, U.S. Nonprovisional Utility Patent Application No. [REDACTED] (the [REDACTED] application) for Ms. Nagy's invention. The specification and claims of the [REDACTED] application were substantially similar to the specification and claims of the '981 application; however, there was no continuity from the '981 application. Respondent did not disclose in the [REDACTED] application that the '981 application was published on August 9, 2007 (Publication No. 20070181618). Respondent also did not disclose in the [REDACTED] application the Boretsky reference, which was cited as prior art in the '981 application. In submitting the [REDACTED] application to the Office, Respondent signed a paper subject to 37 C.F.R. § 11.18(b)(2), namely: the Utility Patent Application Transmittal. Respondent knew, at the time he submitted the [REDACTED] application, that the claims made in the application were statutorily barred.

On June 28, 2012, the Office sent to Respondent a Non-Final Office Action in the [REDACTED] application rejecting the claims under 35 U.S.C. § 102(b) as being anticipated by the publication of Ms. Nagy's '981 application. The Non-Final Office Action was mailed to Respondent, and he received it. However, Respondent did not inform Ms. Nagy of the Office Action. Finally on December 12, 2012, Ms. Nagy signed documentation revoking Respondent's authority to act on her behalf in the [REDACTED] application. This documentation was accepted by the Office.

On July 31, 2014, the Disciplinary Review Board of the Supreme Court of New Jersey entered its decision in *In the Matter of Clifford G. Frayne*, Case Number DRB 14-036, recommending that Respondent be publically reprimanded and required to reimburse the

Disciplinary Oversight Committee for appropriate administrative costs and actual expenses incurred in the prosecution of the matter as a result of (i) his failure to communicate with his client, Marlene Nagy; (ii) his practice of law in New Jersey from September 24, 2012, through May 14, 2013, while he was ineligible to practice law in New Jersey for not paying the annual assessment to the New Jersey Lawyers' Fund for Client Protection (CPF); and (iii) his failure to cooperate with the New Jersey disciplinary authorities during its investigation of his misconduct.

On October 29, 2014, the Supreme Court of New Jersey entered an Order in, In the Matter of Clifford G. Frayne, adopting the July 31, 2014 decision of the Disciplinary Review Board of the Supreme Court of New Jersey. At no time, however, did Respondent notify the OED Director of the October 29, 2014 Order.

II. Respondent's unauthorized practice of law in trademark matters before the Office

On February 17, 2014, and again on May 21, 2014, the Supreme Court of New Jersey mailed to Respondent a billing notice informing Respondent of his required annual assessment for 2014. The billing notices were mailed to Respondent at his registered business address of 136 Drum Point Rd., Suite 7A, Brick, New Jersey, 08723-6275. Respondent received the billing notices. However, Respondent did not pay the required annual fee for 2014 or demonstrate that he was entitled to an exemption from making such payments.

On August 25, 2014, the treasurer of the CFP reported Respondent to the New Jersey Supreme Court for inclusion on the list of those attorneys deemed ineligible to practice law in New Jersey by order of the Supreme Court of New Jersey. As of August 25, 2014, Respondent was no longer a member in good standing of the highest court of any state, and, pursuant to 37 C.F.R. § 11.14, he was not authorized to practice before the Office in trademark matters. On September 11, 2014, the Supreme Court of New Jersey mailed to Respondent a Notice of Ineligibility notifying Respondent that he was administratively ineligible to practice law in the State of New Jersey. The Notice was mailed to Respondent as his registered business address. Respondent received the Notices. However, at no time during calendar year 2014 did Respondent pay the required fee for 2014 or become eligible to practice law in the State of New Jersey.

On February 27, 2015, and again on May 29, 2015, the Supreme Court of New Jersey mailed to Respondent a billing notice informing Respondent of his required annual assessment for 2015. The billing notices were mailed to Respondent at his registered business address and he received them. However, Respondent did not pay the required annual fee for 2015 or demonstrate that he was entitled to an exemption from making such payments.

On or about August 25, 2015, the treasurer of the CFP reported Respondent to the New Jersey Supreme Court for inclusion on the list of those attorneys deemed ineligible to practice law in New Jersey by order of the Supreme Court of New Jersey. On September 4, 2015, the Supreme Court of New Jersey mailed to Respondent a Notice of Ineligibility notifying Respondent that he was administratively ineligible to practice law in the State of New Jersey. The Notice was mailed to Respondent at his registered business address and he received the

notice. However at no time during calendar year 2015 did Respondent pay the required fee or become eligible to practice law in the State of New Jersey.

On or about September 23, 2015, the Office of Enrollment and Discipline mailed Respondent a Request for Information and Evidence Under 37 C.F.R. § 11.22(f) (RFI) that expressly informed Respondent about his lack of authorization to practice before the USPTO in trademark matters because of his ineligibility to practice law in New Jersey. The RFI also informed Respondent that, because of his ineligibility to practice law in New Jersey, he was not an attorney as defined by the USPTO rules and, therefore, Respondent should (a) cease from practice before the Office in trademark matters, and (b) inform his clients of his lack of authority to continue to represent them before the Office in trademark matters. Respondent received the RFI on October 5, 2015.

At no time between August 25, 2014, and October 16, 2015, was Respondent eligible or authorized to practice before the Office. However during this time, Respondent still represented trademark applicants and trademark registrants before the Office and falsely held himself out to clients and to the Office as being authorized to practice in trademark matters, in connection with the following trademark applications and registered trademarks:

- a. Trademark Application Serial Number 76/716,816 – filed by Respondent on behalf of the applicant/owner, Travis Spier, on August 25, 2014, listing Respondent as the attorney of record and Respondent signed and filed two amendments on April 17, 2015, and May 18, 2015;
- b. Trademark Application Serial Number 76/716,947 – filed by Respondent on behalf of the applicant/owner, Solaxx, Inc., on September 25, 2014, listing himself as the attorney of record and Respondent filed a Statement of Use on June 15, 2015;
- c. Trademark Registration Number 3,279,966 – filed by Respondent on behalf of the owner, Chefs International, Inc., with Respondent listed as the attorney of record, and Respondent filed a request for an explanation regarding Section 8 and 15 Affidavits on October 23, 2014, a Petition to the Director pursuant to 37 C.F.R. § 2.146 on November 14, 2014, and a revised Petition to the Director, including a signed declaration under Rule 2.20, on December 11, 2014;
- d. Trademark Application Serial Number 76/717,210 – filed by Respondent on behalf of the applicant/owner, Solaxx, Inc., on November 14, 2014, listing Respondent as the attorney of record, and Respondent signed and filed amendments on April 17, 2015, and June 2, 2015;
- e. Trademark Application Serial Number 76/714,830 – in which Respondent signed and filed with the Office an amendment on behalf of the applicant/owner, Pool Town, Inc., on December 4, 2014;

- f. Trademark Application Serial Number 76/717,484 – filed by Respondent on behalf of the applicant/owner, Theta Brothers Sports Nutrition, Inc., on January 21, 2015, listing Respondent as the attorney of record, and Respondent signed and filed an amendment on February 9, 2015, authorized an examiner’s amendment on April 28, 2015, and signed and filed an amendment on May 28, 2015;
- g. Trademark Application Serial Number 76/717, 845 – filed by Respondent on behalf of the applicant, NJ Holistic Magazine, LLC, on April 10, 2015, and where Respondent signed and filed an amendment on August 13, 2015;
- h. Trademark Application Serial Number 76/712,816 – Respondent signed and filed an Assignment on behalf of owner, Paul Hauber, on April 23, 2015;
- i. Trademark Application Serial Number 76/717,551 – filed by Respondent on behalf of the applicant/owner Russell Javaruski, on February 9, 2015, listing Respondent as the attorney of record, and Respondent authorized an examiner’s amendment on May 19, 2015;
- j. Trademark Registration Number 3,096,028 – Respondent listed as the attorney of record and filed a Combined Declaration of Use and Incontestability Under Sections 8 and 15 on May 28, 2015, and a Response to Post Registration Office Action on July 13, 2015, on behalf of the owner, George Coates;
- k. Trademark Application Serial Number 76/715,226 – Respondent is listed as attorney of Record and Respondent filed a Request for Extension of Time Within Which to File Statement of Use on March 12, 2015, a Petition to Revive Abandoned Application Under 37 C.F.R. § 2.66 on June 2, 2015, and a Statement of Use on August 17, 2015, on behalf of the applicant/owner, Joanne Sueta;
- l. Trademark Application Serial Number 76/718,122 – filed by Respondent on behalf of the applicant/owner, Solaxx, Inc., on June 11, 2015, listing Respondent as the attorney of record in the application, and Respondent signed an amendment on October 6, 2015;³
- m. Trademark Application Serial Number 76/718,120 – filed by Respondent on behalf of the applicant/owner, Solaxx, Inc., on June 16, 2015 listing Respondent as the attorney of record.
- n. Trademark Registration Number 3,799,870 – Respondent is listed as the attorney of record and Respondent filed a Combined Affidavit of Use and

³ By signing an amendment in this trademark application on October 6, 2015, Mr. Frayne was engaging in the practice of trademark law before the Office after receiving OED’s cease and desist letter on October 5, 2015.

Incontestability Under Sections 8 and 15 on behalf of the owner, John Tsakiris, on June 29, 2015;

- o. Trademark Application Serial Number 76/718,247 – filed by Respondent on behalf of the applicant/owner, Anthony Monetti, on July 10, 2015, and listing Respondent as the attorney of record;
- p. Trademark Application Serial Number 76/718,248 – filed by Respondent on behalf of the applicant/owner, Anthony Monetti on July 10, 2015, and listing Respondent as the attorney of record;
- q. Trademark Registration Number 3,823,746 – Respondent listed as the attorney of record, and Respondent filed a Combined Declaration of Use and Incontestability Under Sections 8 & 15 on behalf of the owner, Richard Quiamboa, on August 3, 2015;
- r. Trademark Registration Number 3,099,842 – Respondent filed a Combined Section 8 & 9 Declaration/Renewal Application on behalf of the owner, Stanek Co. Netting, Inc., on August 3, 2015;
- s. Trademark Application Serial Number 76/718,326 – filed by Respondent on behalf of the applicant/owner, Solaxx, Inc., on August 3, 2015, and listing Respondent as the attorney of record;
- t. Trademark Registration Number 3,699,699 – Respondent is listed as the attorney of record and Respondent filed a Combined Declaration of Use and Incontestability Under Sections 8 & 15 on behalf of the owner, Avi Gopin, on August 7, 2015;
- u. Trademark Application Serial Number 76/718,351 – filed by Respondent on behalf of the applicant/owner, Excel Pool Service, Inc., on August 10, 2015, listing Respondent as the attorney of record;
- v. Trademark Application Registration Number 3,114,623 – Respondent filed a Combined Declaration of Use and Incontestability Under Sections 8 & 15 on behalf of the owner, Flexabar Corporation, on August 24, 2015, and Respondent is listed as attorney of record in the application;
- w. Trademark Registration Number 3,124,115 – Respondent filed a Combined Affidavit of Use and Incontestability Under Sections 8 and 15 on behalf of the owner, Ozane Pest Control, Inc., on September 14, 2015, and Respondent is listed as attorney of record in the application; and

- x. Trademark Application Serial Number 76/718,566 – filed by Respondent on behalf of the applicant/owner, Manley Performance Products, Inc, on October 16, 2015, and listing Respondent as the attorney of record.⁴

At no time between August 25, 2014, and October 16, 2015, did Respondent inform his clients of his ineligible status or withdraw from the representation of his clients in the applications listed in paragraphs a-x, above.

CONCLUSIONS OF LAW

Violations of the USPTO Code of Professional Responsibility

1. 37 C.F.R. § 10.23(b)(4) proscribes conduct involving dishonesty, fraud, deceit, or misrepresentation. Respondent filed the [REDACTED] application even though he knew, or should have known, that a patent was statutorily bared pursuant to 35 U.S.C. 102(b).
2. 37 C.F.R. § 10.23(b)(5) proscribes conduct prejudicial to the administration of justice. Respondent submitted the [REDACTED] application to the USPTO even though he knew, or should have known, that a patent was statutorily barred pursuant to 35 U.S.C. § 102(b).
3. 37 C.F.R. §§ 10.23(a) and (b) via 10.23(c)(15) proscribes signing a paper filed in the Office in violation of the provisions of § 11.18, which requires practitioners to conduct a reasonable inquiry and certify, in part, that the legal contentions contained in the paper are warranted by existing law. Respondent signed a Utility Patent Application Transmittal in the [REDACTED] application when he knew, or failed to conduct an inquiry reasonable under the circumstances to determine, that a patent was statutorily barred pursuant to 35 U.S.C. § 102(b).
4. 37 C.F.R. § 10.77(b) proscribes handling a legal matter without preparation adequate in the circumstances. Respondent filed the [REDACTED] application when he knew, or should have known, that a patent was statutorily barred pursuant to 35 U.S.C. § 102(b).

Violations of the USPTO Rules of Professional Conduct

1. 37 C.F.R. § 11.804(h)(1) states that it is professional misconduct for a practitioner to be publicly disciplined on ethical or professional misconduct grounds by any duly constituted authority of a state. As evidenced by the October 24, 2014 Order of the Supreme Court of New Jersey in In the Matter of Clifford G. Frayne, which publicly reprimanded Respondent, Respondent has committed professional misconduct in violation of 37 C.F.R. § 11.804(h)(1).
2. 37 C.F.R. § 11.116(a)(1) proscribes failing to withdraw from the representation of a client when the representation will result in a violation of the USPTO Rules of Professional Conduct. Respondent failed to withdraw his representation from

⁴ By filing this trademark application on October 16, 2015, Respondent was engaging in the practice of trademark law before the Office after receiving OED's cease and desist letter on October 5, 2015.

pending trademark matters while he was not authorized to practice before the Office. In failing to withdraw his representation, Respondent violated 37 C.F.R. § 11.116(a)(1).

3. 37 C.F.R. § 11.505 proscribes engaging in the unauthorized practice of law. Respondent represented others before the Office in trademark matters from August 25, 2014 through October 16, 2015, while ineligible to practice law in the State of New Jersey or any other state. In doing so, Respondent violated this disciplinary rule.
4. 37 C.F.R. § 11.804(c) proscribes engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation. Respondent falsely represented himself to his clients and to the Office to be a person who is authorized to practice before the Office in trademark matters, when in reality, Respondent was ineligible to practice law in the State of New Jersey or any other state. Such conduct violates 37 C.F.R. § 11.804(c).
5. 37 C.F.R. § 11.804(d) proscribes engaging in conduct that is prejudicial to the administration of justice. Respondent falsely represented himself to the Office to be a person who was authorized to practice before the Office in trademark matters during a period which he was ineligible to practice law in the State of New Jersey or any other state. Respondent's conduct violates 37 C.F.R. § 11.804(d).

SANCTIONS

Having found Respondent violated the USPTO Code of Professional Responsibility for misconduct occurring before May 3, 2013, and the USPTO Rules of Professional Conduct for misconduct occurring on or after May 3, 2013, the Court must determine an appropriate sanction. Before sanctioning a practitioner, the Court must consider the following four factors:

- (1) whether the practitioner has violated a duty owed to 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)

1. Respondent violated his duties to his clients, and the patent bar.

Respondent entered into an agreement with Ms. Nagy to represent her in the preparation and filing of a patent application for her invention. In doing so, Respondent owed a fiduciary duty to Ms. Nagy. He violated this duty by failing to conduct a reasonable inquiry into whether a patent on the application would be barred by 35 U.S.C. § 102(b). Respondent also violated his duties to his trademark clients by falsely holding himself out as being authorized to practice in

trademark matters before the USPTO when, in reality, he did not hold a valid license to practice law.

Respondent also violated his duty to the patent bar and the legal profession by engaging in misconduct that violates the disciplinary rules Respondent swore to observe. Specifically, Respondent violated his duties to the USPTO by signing and filing papers that he knew were statutorily barred, and by continuing to practice trademark law before the USPTO when he was not authorized to do so. Such misconduct undermines the public's confidence in the integrity and professionalism of patent and trademark practitioners.

2. Respondent acted knowingly and intentionally.

Respondent's actions and omissions were intentional. When Respondent filed the second nonprovisional patent application, Respondent already knew that the patent was statutorily barred by 35 U.S.C. § 102(b), but did not notify Ms. Nagy of that fact. In addition, Respondent continued to represent clients in trademark applications during a time that he should have known that he was not authorized to do so. In fact, Respondent continued practice trademark law on at least two occasions after he receiving the USPTO's cease and desist letter. Such knowing and intentional conduct warrants a severe sanction.

3. Respondent's misconduct caused actual and potential injury.

The OED Director has not proffered evidence of actual injuries caused by Respondent's misconduct. However, the OED Director notes that each of the trademark applications for which Respondent falsely help himself out to be a licensed attorney could be subject to cancellation because they lack the proper declarations or verifications. Although the potential for actual injury is great, there is no evidence actual injuries have occurred. Accordingly, the Court finds that the significant potential injuries warrant a moderate sanction.

4. Aggravating factors exist in this case.

The Court often looks to the American Bar Association's Standards for Imposing Lawyer Sanctions (2005) when determining whether aggravating or mitigating factors exist. See In re Lane, No. D2013-07 at 19 (USPTO Mar. 11, 2014). A review of the record demonstrates that several aggravating factors exist.

First, Respondent engaged in the bad faith obstruction of the disciplinary proceeding by intentionally failing to respond to the Court's orders. Such conduct can be considered to be an aggravating factor and this Court has previously held that a respondent's "failure to appear in this matter and his disregard of the Court's orders demonstrates that Respondent may no longer be capable of professionally representing his clients." In re Joel D. Myers, No. D2015-33 at 9-10 (USPTO Dec. 31, 2015).

Respondent also engaged in multiple counts of USPTO violations that constitute a pattern of misconduct, both of which are aggravating factors. As found *supra*, Respondent represented trademark applicants and registrants before the USPTO in dozens of trademark matters. Respondent knew, or should have known, that he was not authorized to do so but did not inform his clients of that fact. Such conduct continued for a period exceeding one year.

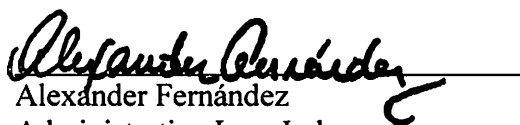
Respondent's substantial experience in the practice of law both before the USPTO and in the State of New Jersey is also an aggravating factor. As a practitioner with over 38 years of experience, Respondent should know how to conduct himself appropriately before the USPTO. His failure to do so is an aggravating factor.

CONCLUSION

Respondent has failed to answer the *Complaint* or otherwise appear in this matter. Respondent is found in **DEFAULT**. On the basis of the facts thereby admitted, the Court finds Respondent has violated the foregoing Code of Professional Responsibility and Rules of Professional Conduct as alleged. The OED Director requests that the Court sanction Respondent by excluding him from practice before the USPTO in patent, trademark, or other non-patent cases or matters. Based upon its foregoing analysis of all four enumerated sanction factors, the Court concludes that Respondent's misconduct warrants the sanction of exclusion.

Accordingly, Respondent shall be **EXCLUDED** from practice before the U.S. Patent and Trademark Office in patent, trademark, and other non-patent matters.

So **ORDERED**,


Alexander Fernández
Administrative Law Judge

Notice of Required Actions by Respondent: Respondent is directed to 37 C.F.R. § 11.58 regarding responsibilities in cases of suspension or exclusion.

Notice of Appeal Rights: Within thirty (30) days of this initial decision, either party may file an appeal to the USPTO Director. 37 C.F.R. § 11.55(a).

Notice of Right to Petition for Reinstatement: 37 C.F.R. § 11.60 concerning petitions for reinstatement.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing **INITIAL DECISION ON DEFAULT JUDGMENT**, issued by Alexander Fernández, Administrative Law Judge, in D2010-09, were sent to the following parties on this 17th day of June, 2016, in the manner indicated:



Iamanadette Jones, Staff Assistant

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