THE RISKS OF REPRESENTING DIFFERENT CLIENTS HAVING SIMILAR TECHNOLOGIES IN PATENT PROSECUTION

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CHAPTER 10
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THE RISKS OF REPRESENTING DIFFERENT CLIENTS HAVING SIMILAR TECHNOLOGIES IN PATENT PROSECUTION

I. INTRODUCTION

Patent prosecution is an *ex parte* process conducted before the Patent and Trademark Office (PTO). After a patent application has been received by the PTO, the patent application will be assigned to an examiner to examine the merits of the patent application. During the examination process, the examiner searches the prior art and compares the prior art found to the claims listed in the patent application to determine whether or not the claims disclose a patentable invention. To be patentable, the claims to the invention must be useful, novel and unobvious.

By hiring a patent attorney to prosecute a patent application, a patent applicant necessarily expands the scope of the duty of disclosure regarding the patent application to the PTO to include all material information known to the patent attorney. In most instances, such duty simply involves disclosing relevant prior art to the PTO that the patent attorney has actual knowledge. By definition, prior art is public information, and the fact of which a patent attorney knows this public information does not make the information privileged or confidential. In other words, public information normally does not become "secret" or "confidential" merely because a patent attorney learns of it during the course of representation of a different client. Therefore, when a patent attorney becomes aware of certain public information that is material to a patent application the patent attorney is prosecuting on behalf of a client, the patent attorney must disclose such public information even if the patent attorney became aware of the public information during the course of representing a different client.

Troubling issues arise when a patent attorney becomes aware of certain "secret" information in a first client's patent application, and such "secret" information may be material to the second client's patent application. For example, when a patent attorney is prosecuting two patent applications for two different clients, the first client may disclose "secret" information that is material to the patentability of the second client's patent application. In order to fulfill the patent attorney's duty of candor to the PTO, the patent attorney must disclose the "secret" information to the PTO; but in order to fulfill the patent attorney's duty of confidentiality to the first client, the patent attorney must keep the "secret" information confidential. Thus, the conundrum: disclosing the "secret" information would breach the patent attorney's duty of confidentiality to the first client, but failing to disclose the "secret" information may lead to unenforceability of the second client's patent.

The most difficult type of conflict in patent prosecution practice can arise when multiple patent attorneys in a law firm simultaneously represent different clients in the same or similar technology fields. In fact, clients in the same technology field are most likely business competitors. Ordinarily, there is no actual ethical problem with representing business competitors in patent prosecution even though their business interests are generally adverse. But if both business competitors have retained the same law firm to prosecute patent applications for competitive products, the ethical issues stemming from the tension between the duty of confidentiality to the clients and the duty of candor to the PTO become more complex.

This article analyzes: (1) Whether a patent attorney who is aware of certain "secret" information in one client's patent application has a duty to disclose the "secret" information to the PTO when the "secret" information is material to the patentability of another client's patent application; (2) Whether the knowledge of patent attorneys practicing in the same law firm is imputed to all attorneys in the law firm for the purpose of determining the existence of conflicts of interest, or fulfilling the duty of disclosure to the PTO; and (3) Whether the creation of an Ethical Screen (formerly known as Chinese Wall) within a law firm is an effective way to preclude the need for patent attorneys in a law firm prosecuting patents for different clients in the same or similar technology fields to disclose all material and confidential information known to each patent attorney.

II. ETHICAL PRINCIPLES UNDER THE PTO CODE

The practice of patent and trademark law before the PTO is generally governed by the Patent and Trademark Office Code of Professional Responsibility (PTO Code). A patent attorney cannot undertake or continue to represent a client when doing so would violate the PTO Code. The three ethical principles codified in the PTO Code that are particularly relevant to patent attorneys who prosecute patent applications for multiple clients in the same or similar technology fields include: (1) conflicts of interest; (2) client confidentiality; and (3) duty of candor to the PTO.
A. Conflicts of Interest

The relevant provision of the PTO Code governing conflicts of interest provides:

(a) A practitioner shall decline proffered employment if the exercise of the practitioner's independent professional judgment in behalf of a client will be or is likely to be adversely affected by the acceptance of the proffered employment, or if it would be likely to involve the practitioner in representing differing interests, except to the extent permitted under paragraph (c) of this section.

(b) A practitioner shall not continue multiple employment if the exercise of the practitioner's independent professional judgment in behalf of a client will be or is likely to be adversely affected by the practitioner's representation of another client, or if it would be likely to involve the practitioner in representing differing interests, except to the extent permitted under paragraph (c) of this section.

(c) In the situations covered by paragraphs (a) and (b) of this section a practitioner may represent multiple clients if it is obvious that the practitioner can adequately represent the interest of each and if each consents to the representation after full disclosure of the possible effect of such representation on the exercise of the practitioner's independent professional judgment on behalf of each.

(d) If a practitioner is required to decline employment or to withdraw from employment under a Disciplinary Rule, no partner, or associate, or any other practitioner affiliated with the practitioner or the practitioner's firm, may accept or continue such employment unless otherwise ordered by the Director or Commissioner.

B. Client Confidentiality

The PTO Code requires a patent attorney to preserve "the confidences and secrets of a client." The term "confidences" is defined as "information protected by the attorney-client or agent-client privilege under applicable law." The term "secret" refers to other information gained in the professional relationship that the client has requested be held inviolate or the disclosure of which would be embarrassing or would be likely to be detrimental to the client. Thus, the PTO Code prohibits revealing confidences or secrets, or using them to the disadvantage of a client, or to the advantage of the patent attorney or a third person, unless the client consents.

However, the PTO Code does permit revelation of confidences under specific circumstances, such as:

1. Confidences or secrets that affect the client, but only after full disclosure to and the consent of the client;
2. Confidences or secrets that may be disclosed under the Disciplinary Rules or as required by law or court order;
3. Confidences or secrets of a client intending to commit a crime if the information is necessary to prevent the crime; and
4. Confidences or secrets necessary to establish or collect the practitioner's fee or to defend the practitioner or the practitioner's employees or associates against an accusation of wrongful conduct.

C. Duty of Candor to the PTO

The duty of candor owed by all persons substantively involved in the prosecution of patent applications is enumerated under 37 C.F.R. § 1.56. Section 1.56 provides in part:

A patent by its very nature is affected with a public interest. The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware, of and evaluates the teachings of all information material to patentability. Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section.

All persons involved in the merits of prosecuting a patent application—excluding clerical workers and the like—have a duty to disclose information that a reasonable examiner would consider important in determining whether the claimed invention is patentable. This duty, for example, would include disclosing to the examiner any relevant non-cumulative prior art that a person is aware of, and other relevant information, such as sales or offers for sale.

Several provisions of the PTO Code require honesty and full disclosure, and thus represent rules that would permit a patent attorney to disclose client
confidences to the PTO. It is "misconduct" for a patent attorney to "[e]ngage in conduct involving dishonesty, fraud, deceit, or misrepresentation." Such conduct is specifically defined to include "[k]nowingly giving false or misleading information or knowingly participating in a material way in giving false or misleading information [to the PTO]," as well as "[k]nowingly violating or causing to be violated the requirements of [37 C.F.R. § 1.56]."

A violation of 37 C.F.R. § 1.56 can constitute inequitable conduct—a form of unenforceability—that by statute, is an affirmative defense to patent infringement. In order to prove inequitable conduct, the accused infringer must show by clear and convincing evidence that a person involved with the prosecution of a patent application made an "affirmative misrepresentation of a material fact, [failed] to disclose material information, or [submitted] false material information, coupled with an intent to deceive." If only a single instance of inequitable conduct is proven, the entire patent is deemed unenforceable, and is therefore worthless. Thus, a patent attorney's failure to comply with the duty of candor can constitute a complete defense to the enforcement of a patent that belongs to the patent attorney's client.

III. SINGLE ATTORNEY REPRESENTING MULTIPLE CLIENTS

The conflict of interest rule is relatively straightforward. It is clear that a patent attorney cannot prosecute competing patent applications for different clients, at least not without both clients' informed consent, lest the patent attorney would plainly be "representing differing interests."

However, there is tension between the PTO Code mandating confidentiality and Rule 1.56 mandating disclosure. For example, when a patent attorney working for a first client gains confidential information material to a second client's patent application, Rule 1.56 requires the patent attorney to disclose such material information to the PTO when prosecuting the second client's patent application. But on the other hand, the PTO Code prohibits the patent attorney from disclosing the first client's confidential information without the first client's informed consent.

The leading case on the question of whether or not a patent attorney who becomes aware of a first client's patent application has a duty to disclose that patent application and any associated relevant information to the PTO if they are material to the patentability of a second client's patent application is Molins PLC v. Textron, Inc., 48 F.3d 1172 (Fed. Cir. 1995). In Molins PLC v. Textron, Inc., Molins sued Textron for patent infringement. Textron filed a counterclaim alleging that the Molins patents were unenforceable because Molins had engaged in inequitable conduct when applying for the patents. Specifically, Textron charged that Molins' attorney, Smith, had intentionally neglected to disclose relevant prior art by another of Smith's clients, an inventor named Lemelson, to the PTO. The district court agreed with Textron, and ruled that the undisclosed prior art was material and that the Molins patents were unenforceable. Molins appealed to the Federal Circuit.

A. The Federal Court's Decision

On appeal, the Federal Circuit reversed the decision of the district court, holding that the information was not material, and that the conduct of Molins' attorney was not inequitable. The three-judge panel of the Molins court split on the result and the rationale set forth in the district court's opinion. While avoiding ruling on the ethical dilemma, Judge Lourie and Judge Newman together formed the majority opinion and reasoned:

The position in which placed himself was one fraught with possible conflict of interest because [the attorney's] dual representation of two clients seeking patents in closely-related technologies created a risk of sacrificing the interest of one client for that of the other and of failing to discharge his duty of candor to the PTO with respect to each client. Whether or not there was a conflict of interest, however, is not before us, and we express no opinion thereon. Nor do we express any opinion regarding the apparent conflict between an attorney's obligations to the PTO and the attorney's obligations to clients.

Judge Lourie concluded that the information was not material because the undisclosed information was merely cumulative to information that had already been brought to the examiner's attention. While concurring in the result, Judge Newman stated that the court should not have reached the issue of whether the information was cumulative with the patent that had been brought to the examiner's attention because there was no duty to disclose it in the first place. Judge Newman argued that a patent attorney's sweeping duty of confidentiality under the Code of Professional Responsibility took precedence over the PTO's rules and regulations mandating disclosure of material information. Citing the ethical rules that govern lawyer confidentiality, Judge Newman wrote:
The majority appears to assume that [the patent attorney] was required to disclose [the confidential information] to the PTO, but for the fact that this subject matter was cumulative... I do not see that [the patent attorney] had such an obligation. Indeed, his obligation to preserve the confidentiality of his client was absolute. [The patent attorney] had neither the authority nor obligation to breach the confidentiality of that client's [confidential information], on behalf of a different client.

An attorney's ethical obligations to each client are not erased when a possible conflict occurs in the PTO. That privilege is the client's not the lawyers. The PTO rules cannot be interpreted to require otherwise.

Thus, although I share the conclusion that there was no breach of [the patent attorney's] duty to the PTO, I reach that conclusion not because of the substantive differences between the [first client's] and [second client's] subject matter, but because [the patent attorney] and [the second client] could not have been charged with improper behavior and the consequences thereof, simply because [the patent attorney] respected [the first client's] confidences.xxii

In essence, Judge Newman emphasized that disclosure of another client's confidences by a patent attorney would have been contrary to the PTO Code.

At the opposite end of the spectrum, a dissenting opinion by Judge Nies reasoned that the information withheld by Smith was "highly material," not merely cumulative, and that Molins had therefore engaged in inequitable conduct that renders his patents unenforceable. Turning to the ethical dilemma, Judge Nies wrote that "Smith's representation of clients with conflicting interests provides no justification for deceiving the PTO. Ethics required him to withdraw."xxxv In other words, Judge Nies believed that a patent attorney prosecuting a patent application for a first client must disclose all material information pursuant to Rule 1.56, and if the ethics rules prohibit the patent attorney from disclosing material information learned from a second client, then the patent attorney must withdraw from representing the first client. If the patent attorney does not withdraw from representing the first client, and fails to disclose the relevant information to the PTO, then the first client's patent should be unenforceable.

In sum, all judges except Judge Newman in the Molins court apparently assumed that a patent attorney's duty of disclosure to the PTO under Rule 1.56 should trump the patent attorney's obligation to maintain the other client's confidences under the PTO Code and/or other ethics rules.

B. The PTO's Tentative Answer

The PTO has at least informally taken the position that the patent attorney's only option is to "noisily withdraw" from both of the conflicting representations by advising the PTO that it is withdrawing and that the PTO should not rely upon the filings made by the law firm.xxiv

The PTO's approach is an attempt to strike a balance between the need of the PTO to issue valid patents and the need for client confidentiality. Arguably, the PTO's approach may harm an "innocent" client who would obtain a patent except for the conflict created by the patent attorney. That point, however, underscores the need for practitioners to monitor against informational conflicts because it could cause loss of rights to a client.

C. Analysis of the Ethical Dilemma

To put the differing views of the Molins court in context, under Judge Newman's approach, a patent attorney does not need to disclose a client's confidential information to the PTO when prosecuting another client's patent application. In contrast, Judge Nies essentially concluded that the duty of candor to the PTO always trumps the duty of confidentiality, and so a patent attorney may never withhold material information from the PTO when prosecuting a patent application.

Although confronting that similar issue in other cases, the Federal Circuit has yet to provide a clear answer to the question of whether or not a patent attorney must, cannot, or should disclose the confidential information of one client when they are material to another client's patent application.xxv The only decision the Federal Circuit had definitely made was that a patent attorney need not disclose to the PTO information that is not material to pending patent applications.

Much has been written about the decision in the Molins case and other similar cases in which the Federal Circuit addressed whether practitioners must disclose the patent application (and any associated relevant information) of one client during the prosecution of another client's patent application where the failure to do so would violate the duty of candor to the PTO. Similar to the Molins court, commentators have likewise split opinions on this ethical dilemma. In one article addressing this ethical dilemma, some scholars
concluded that "Judge Newman's concurrence is the better view" and that "preserving confidentiality must remain paramount in the practice of all areas of law, including patent prosecution." These scholars concluded that putting the duty of confidentiality ahead of the duty of candor "ensures more efficient prosecution at the PTO and increases the likelihood that issued patents indeed meet the statutory requirements of novelty and non-obviousness, without the existence of hidden prior art or other fraud on the Patent Office." But there were others who concluded that Judge Newman was wrong, and Judge Nies was right.

On its face, the PTO Code requires a patent attorney to comply with the substantive duty of candor set forth under 37 C.F.R. § 1.56, regardless of the source of the prior art. In other words, since Rule 1.56 determines what must be disclosed to the PTO, if Rule 1.56 is not violated, then neither is the PTO Code. Thus, in a sense, the duty of candor to the PTO may have a slight edge over the duty of confidentiality even though the duty of candor to the PTO does not trump the duty of confidentiality per se.

Furthermore, unlike most other areas of legal practice, patent prosecution is an ex parte proceeding. Contrary to the poker game-like mentality of litigation, patent prosecution can be likened to a chess game with all the game pieces visible on a game board. The relationships between practitioners and examiners are expected to be cordial and respectful instead of adversarial. Thus, the duty of candor to the PTO under Rule 1.56, which requires a practitioner to provide the PTO all known non-cumulative information material to a patent application takes on a higher significance than simply being "honest" to a tribunal.

Importantly, rather than wrestling with the ethical dilemma of whether or not the duty of candor to the PTO can trump the obligation of confidentiality owed to a client, a practitioner should withdraw from at least one of the representations in order to satisfy both the duty of candor to the PTO and the confidentiality requirement, if not to maintain a higher standard of legal ethics.

IV. MULTIPLE ATTORNEYS OF THE SAME FIRM REPRESENTING MULTIPLE CLIENTS

The tension between the duty to keep one client's information confidential and the duty to disclose material information to the PTO for another client's patent application increases geometrically with multiple attorneys working in the same law firm. This is because when one attorney's representation generates a rule violation, the knowledge of that attorney can be imputed to other attorneys in the law firm as well.

A. Doctrine of Imputed Disqualification

The doctrine of imputed (or vicarious) disqualification treats the entire firm as if it were a single lawyer. The PTO Code follows the principle of imputed disqualification and imputes one attorney's disqualification to all attorneys affiliated within the same firm. Thus, if one attorney in a law firm cannot represent a client, all other attorneys in the law firm are precluded from representing that client also.

Under the PTO Code, if one attorney in a law firm is prosecuting a patent application on an invention for a first client, that attorney cannot prosecute a patent application for the same invention for a second client, since only one client is entitled to the patent for a particular invention. Under the PTO's rule of imputed disqualification, no attorney in the law firm can represent the second client either. Likewise, in light of the above-mentioned discussion concerning Molins, if one attorney in a law firm is prosecuting a patent application for a first client and is aware of information that should be disclosed, but is not in a position to do so because it is confidential information of a second client who will not consent to its disclosure, no other attorney in the law firm may prosecute that patent application either because the conflict is imputed to all attorneys in the law firm.

However, the PTO Code also provides certain limitations on imputed disqualification. If a patent attorney who possesses the information has no knowledge or involvement with the prosecution of the patent application to which that information is material, no conflict arises. The limitation also applies when the patent attorney prosecuting the patent application is not aware that another attorney in the law firm possesses information material to the patent prosecution. In essence, whether or not a violation under Rule 1.56 occurs depends upon if the prosecuting attorney has actual knowledge of material information. The information cannot first be imputed to the attorney to determine whether or not his/her representation would violate Rule 1.56, since that would effectively impute knowledge for purposes of Rule 1.56, which is incorrect as a matter of law.

B. Imputation of Knowledge May Be Applied Broadly

There are still some grey areas regarding imputed disqualification. For example, when a patent attorney possessing certain information, knows that it is material to a patent application being prosecuted by another patent attorney in a law firm, or when a patent attorney prosecuting a patent application knows that another patent attorney in a law firm possesses material
information (but does not know what it is), a closer question is presented. A disciplinary violation may occur if the patent attorney is deemed to be "circumventing" the disclosure requirements of Rule 1.56,xxxvi or if the patent attorney is deemed to be "knowingly participating in a material way in giving false or misleading information" to the PTO;xxxvii or if the patent attorney is deemed to be "adversely reflects on the practitioner's fitness to practice before the PTO."xxxviii Significantly, some of those rules may be violated unknowingly because, unlike Rule 1.56, they do not require that an attorney acts with scienter or even knowledge.xxxxix

In addition, it is clear that if a person substantively involved in prosecuting a patent application has "actual knowledge" of facts material to that application and fails to disclose that information to the PTO, any patent issued from the patent application can be held unenforceable. It is also clear that a person has no duty to investigate the prior art for material information; i.e., proof of actual knowledge, rather than proof that the person could have or should have known the information, is required. Thus, merely because one attorney in a law firm knows a fact material to the prosecution of a patent application currently being prosecuted by another attorney in that firm is of no consequence to the enforceability of the resulting patent, even if the first attorney's knowledge makes it unethical for the law firm to prosecute the application. In other words, if an attorney prosecuting a patent application does not have actual knowledge of information material to the prosecution of the patent application, nondisclosure of this information does not violate the PTO Code, even if another attorney in the law firm is aware of the information.

Nevertheless, at least one court had found that a patent is unenforceable as a matter of law because of knowledge could be imputed among corporate employees. For example, in W.R. Grace & Co. v. Western U.S. Industries, Inc., 608 F.2d 1214, 203 U.S.P.Q. 721 (9th Cir. 1979), Grace sought to overcome a rejection during prosecution of the patent at issue by submitting an affidavit showing that its design for car wheels had achieved commercial success.xli In the affidavit, the president of the relevant division, Mr. Merritt, swore that only minor advertising had been done for that particular design.xlii With the affidavit, Grace argued that the commercial success of the design was due to its merits, not advertising. The argument succeeded, and the patent was issued to Grace.

When Grace brought suit for patent infringement, the defendants responded that the affidavit was false because Grace had significantly advertised the design.xliii Accordingly, the defendants asserted that Grace's patent was unenforceable.xliii The district court agreed, and the Ninth Circuit affirmed on appeal. The W.R. Grace court reasoned that "the plaintiff and patent holder here is not Merritt, but a corporation, Grace. Under well established agency doctrines a corporate principal is considered to know what its agents discover concerning those matters in which the agents have the power to bind the principal. And even when an agent has no reason to know the falsity of the representations he or she makes, the principal is liable if it knows the falsity and has reason to know the agent would make the statement."xliv

Despite the holding of the W.R. Grace court, such broad application of knowledge imputation is generally not recognized by other courts.xlv Hence, it is reasonable to rule that information known by one attorney in a law firm should not be imputed to the client of another attorney in the same firm.xlvi Furthermore, Rule 1.56 provides that "[e]ach individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the [PTO], which includes a duty to disclose to the [PTO] all information known to that individual to be material to patentability as defined in this section."xlvii Importantly, Rule 1.56 defines "individuals associated with the filing or prosecution of a patent application" as:

(1) Each inventor named in the application;
(2) Each attorney or agent who prepares or prosecutes the application; and
(3) Every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application.xlviii

Thus, the PTO rules demonstrate that imputation is not appropriate to determine compliance with Rule 1.56, which strongly suggests that inequitable conduct should not be based on imputed knowledge.

In addition, the M.P.E.P. does not extend the duty of disclosure to those who merely belong to an organization that employs: (1) the inventor; (2) the prosecuting attorney; or (3) every person substantively involved in prosecuting the patent. Instead, the M.P.E.P. emphasizes that the:
Consistent with this concept, the M.P.E.P. does not permit an entire firm to appear as counsel for patent applicants. Instead, individuals or a list of attorneys from a firm specifically authorized to transact business with the PTO on behalf of a client must be filed and maintained with the PTO. The PTO does not permit firms to be responsible for prosecuting patents; rather, it requires named individuals to be responsible.

Since the PTO has interpreted the duty of candor to apply only to individuals substantively involved in prosecuting patent applications—not to organizations—by refusing to give organizations the authority to prosecute patents, the PTO essentially rejects the notion of imputation by rejecting the entity theory. Under the PTO's interpretation, the fact that one attorney knows of information material to a client's application prosecuted by another attorney in the firm is simply irrelevant.

Unfortunately, the M.P.E.P.'s clarity is not the final answer. Although the M.P.E.P. "is well known to those registered to practice in the PTO and reflects the presumptions under which the PTO operates," the M.P.E.P. "does not have the force of law." Consistent with the case law, under the PTO Code, a patent attorney "who acts with reckless indifference to whether a representation is true or false is chargeable with knowledge of its falsity." Consistent with the above-mentioned principles in mind, the problem of using Ethical Screens to avoid conflicts during patent prosecution is obvious. A law firm will only use an Ethical Screen to segregate one set of prosecuting attorneys from another set because the first set of attorneys knows information that may be important to the second set. The attorneys screened from the information must have had reason to know that the information is important to their own representations. Indeed, in order for the attorneys to know what they are not to discuss, they must be warned not to discuss the content of patent applications amongst themselves.

There is nothing in the PTO Code prevents a law firm from establishing Ethical Screens around the attorneys who do patent prosecution, to avoid them learning or disclosing information. But prior to adopting the imputed disqualification rule, the PTO, in administrative proceedings, had sometimes permitted law firms to establish internal screens to avoid disqualification, and those administrative decisions apparently constitute an "order" by the Director or Commissioner.

If a practitioner is required to decline employment or to withdraw from employment under a Disciplinary Rule, no partner, or associate, or any other practitioner affiliated with the practitioner's firm, may accept or continue such employment unless otherwise ordered by the Director or Commissioner.
This mechanism provides a way for law firms to avoid imputed disqualification during administrative proceedings before the PTO.\textsuperscript{lvii}

In light of the above-mentioned provision, where one attorney in a law firm is prosecuting a patent application and actually knows information material to the patent application that is confidential to another client, and the another client refuses to permit disclosure to the PTO, then the law firm may not unilaterally establish an Ethical Screen and permit a different attorney in the law firm to continue prosecution of the patent application. The rule requires law firms to disqualify themselves when one attorney has a conflict, and allows an exception only upon order from the PTO.\textsuperscript{lviii} Because it expressly requires an order from the PTO, by implication this provision eliminates the ability of a firm to go forward where one of its attorneys is disqualified, requiring the law firm to obtain an order from the Director or Commissioner to do so.\textsuperscript{lix}

Also, well-established jurisprudence has found that Ethics Screens cannot effectively function without the attorneys knowing what information they should or should not discuss with their colleagues. For these reasons, Ethics Screens may be considered a mere attempt to "cultivate ignorance" in order to avoid acquiring actual knowledge of material information or prior art. Thus, an alleged infringer may argue that the Ethics Screen implemented by a law firm is simply evidence of an intent to prevent the attorneys in the law firm from fulfilling their duty to the PTO. To the extent that attorneys choose to use Ethics Screens to allow them to prosecute related patents for different clients, attorneys should consider whether to advise their clients of the risks involved, as well as seek appropriate consent of the clients.

V. CONCLUSION

Patent attorneys who represent multiple clients within the same or similar technology field may risk many types of conflicts. On one hand, patent attorneys have the obligation of confidentiality owed to clients. On the other hand, patent attorneys must be candid to the PTO with respect to information material to pending patent applications, and should not represent multiple clients when they are unable to be candid to the PTO. The duty of candor to the PTO set forth in the PTO Code requires nothing less.

Although more than fifteen years have passed since the three-way decision in \textit{Molins}, the tension between PTO rules mandating disclosure and legal ethics rules mandating confidentiality has not been squarely resolved by the courts. Accordingly, the best course is for patent attorneys to avoid prosecuting patent applications for competing clients. A law firm might try to divide its attorneys into two (or more) patent prosecution teams using an Ethical Screen, but that may be impracticable as a business matter and ineffective as a legal matter.
i. "The Commissioner shall cause an examination to be made of the application and the alleged new invention; and if on such examination it appear that the applicant is entitled to a patent under the law, the Commissioner shall issue a patent therefor." 35 U.S.C. § 131.


iii. 37 C.F.R. § 1.56.


v. 37 C.F.R. §§ 10.66(a)-(d).

vi. 37 C.F.R. § 10.56.

vii. 37 C.F.R. § 10.57(a).

viii. Id.

ix. 37 C.F.R. § 10.57(c).

x. 37 C.F.R. § 1.56(a).

xi. 37 C.F.R. § 10.23(b)(4).

xii. 37 C.F.R. § 10.23(c)(2)(ii).

xiii. 37 C.F.R. § 10.23(c)(10).


xvi. 37 C.F.R. § 10.66.

xvii. See also MODEL RULES OF PROFESSIONAL CONDUCT Rule 1.6(a); TEX. DISCIPLINARY R. PROF. CONDUCT Rule 1.05.

xviii. Id.

xix. 48 F.3d at 1185.

xx. Id.
xxi. *Id.* at 1192.

xxii. *Id.* at 1192-93.

xxiii. *Id.* at 1195.


xxv. *See Akron Polymer Container Corp. v. Excel Container, Inc.*, 148 F.3d 1380 (Fed. Cir. 1998) (holding that a district court erred in failing to give sufficient weight to the fact that, while prosecuting two related applications, it disclosed that fact to one of the two examiners. It thus reversed the district court's finding of inequitable conduct). *See also Lipman v. Dickinson*, 174 F.3d 1363, 1371 (Fed. Cir. 1999) (holding that there is no conflict between the duty of confidentiality and the requirement of candor in dealing with the PTO because no client confidences were involved).


xxvii. *Id.*


xxix. *See* 37 C.F.R. § 1.3; M.P.E.P. § 714.25.

xxx. *See*, e.g., *MODEL RULES OF PROFESSIONAL CONDUCT* Rule 1.10(a); TEX. DISCIPLINARY R. PROF. CONDUCT Rule 1.06(f).

xxxi. *See*, e.g., 37 C.F.R. § 10.23(b)(2); 37 C.F.R. § 10.62(d); 37 C.F.R. § 10.66(b).

xxxii. *See* 37 C.F.R. § 10.23(b)(2); 37 C.F.R. § 10.66(d).

xxxiii. *See* 37 C.F.R. § 10.23(b)(2); 37 C.F.R. § 10.66(d).

xxxiv. The lawyer would not be knowingly engaged in inequitable conduct, in violation of 37 C.F.R. § 10.23(c)(1), and would not be circumventing a Disciplinary Rule in violation of 37 C.F.R. § 10.23(b)(2).

xxxv. Although courts have imputed knowledge for purposes of determining violations of Rule 1.56 and the presence of inequitable conduct, imputation of knowledge is probably not appropriate. If that conclusion is incorrect, then an attorney prosecuting a patent application in a firm where another lawyer knows material information that should be disclosed to the PTO can defend his "nondisclosure" by arguing only that it was done without an intent to deceive.

xxxvi. 37 C.F.R. § 10.23(b)(2).

xxxvii. *Id.*
xxxviii. 37 C.F.R. § 10.23(b)(4)-(6).

xxxix. 37 C.F.R. § 1.56(a).

xli. 608 F.2d 1214; 203 U.S.P.Q. 721 (9th Cir. 1979).

xlii. Id.

xliii. Id.

xliv. Id. at 1216-17, 203 U.S.P.Q. at 723.

xlv. Id. at 1218-19, 203 U.S.P.Q. at 724-25 (citing RESTATEMENT (SECOND) OF AGENCY §§ 272, 256 (1958)).


xlvii. RESTATEMENT (SECOND) OF AGENCY § 275 emt. b (1957) (where knowledge, as opposed to a reason to know, "is the important element in the transaction and the agent who has the knowledge is not one acting for the principal in the transaction, the principal is not affected by the fact that the agent has the knowledge").

xlviii. 37 C.F.R. § 1.56.


l. Id. § 403.

li. The PTO requires a law firm to submit and update a list of attorneys in the law firm who are authorized to act on the client's behalf; it does not permit the law firm to simply list itself.


liv. Golden Valley Microwave Foods, Inc. v. Weaver Popcorn Co., 837 F. Supp. 1444, 1461, 24 U.S.P.Q.2d (BNA) 1801, 1814 (N.D. Ind. 1992) ("Such Cultivated ignorance is not only not credible, it tends to show knowing and deliberate deception."); aff'd, 11 F.3d 1072 (Fed. Cir. 1993); Halliburton Co. v. Schlumberger Tech. Corp., 722 F. Supp. 324, 332, 12 U.S.P.Q.2d (BNA) 1765, 1771 (S. D. Tex. 1989) ("Since an applicant's duty of disclosure is subject to a duty of reasonable inquiry, evidence that an applicant avoided knowledge of the existence or relevance of prior art may negate his attempt to assert subjective good faith as a defense to intent to mislead."); rev'd, 925 F.2d 1435, 17 U.S.P.Q.2d (BNA) 1834 (Fed. Cir. 1991);
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Iv. 37 C.F.R. § 10.23(d).

Ivi. 37 C.F.R. § 10.66(d).


Iviii. 37 C.F.R. § 10.66(d).

Ilix. Id.