



David has served as both in-house and outside counsel to some of the largest and most recognizable Fortune 500 companies. In these positions, he has been responsible for developing, coordinating and executing all aspects of patent protection strategies among global teams of business and technology hubs. In addition, he has developed objectives and procedures for identifying and protecting high value technology assets, and organized and led teams of

technology leaders, who assisted in coordinating enterprise-wide protection efforts. David also managed patent procurement efforts by in-house and outside counsel.

David has drafted and prosecuted patent applications in the mechanical, electro-mechanical, telecommunication arts, to name a few, and participated in various post grant reviews. David also has extensive experience in procuring design patents for his clients. He has also drafted many freedom-to-operate opinions and patentability opinions for his clients. Further, David has protected his clients' interests in litigation matters via various Examination Before Trial (EBT) proceedings, including taking and defending depositions, preparing and examining infringement claim charts, preparing Markman briefs and assisting in Markman hearings.

David enjoys lecturing about intellectual property and technical subject matter, and has participated in and chaired many industry conferences and panels. David has lectured about patents, including utility and design patents, as well as other forms of intellectual property, to clients, startups, and to other attorneys via local and regional committee activities. He taught Cyber Law at Quinnipiac University School of Law as an Adjunct Professor for several years. He also taught mechanical and aerospace engineering courses to undergraduate and graduate students at the NYU Tandon School of Engineering (formerly known as Brooklyn Polytechnic University) as an Adjunct Professor for several years.

Lynn Russo
Associate
Hughes Hubbard & Reed LLP



Lynn Russo is an associate in Hughes Hubbard & Reed's Intellectual Property practice. She has extensive experience in preparation and prosecution of patent applications, as well as in litigation and arbitration.

Lynn also has experience in invalidity and non-infringement opinions, due diligence, portfolio management and client counseling in areas including:

- Antibodies/proteins
- Medical devices
- Next-generation sequencing technologies
- Cancer biology/immunology/vaccine/stem cell research
- Microbiology/biofuel production
- Industrial processes and plants/foods and food supplements
- Pharmaceuticals/small molecules
- Biologically implantable microchip devices
- Diagnostics/microarray technologies/biological assay multiwell cartridges

Prior to joining Hughes Hubbard, Lynn worked at both large general practice and intellectual property boutique law firms. During Lynn's graduate studies, she identified and characterized novel genes involved in nervous system development and neurodegeneration.

NYIPLA



Lynn M. Russo
Associate
Hughes Hubbard & Reed LLP

David Bomzer
Partner
Cantor Colburn LLP

Interactive Ethics Presentation
Fall One Day Program 2022

Agenda

- Communicating with a Counterparty
- Communicating with an Unrepresented Counterparty
- Representing Multiple Parties
- Correcting Misinformation
- Advising Clients: Choice of Law
- Diligence and Client Communications
- Outsourcing Services
- Working Remotely
- Duty of Disclosure to USPTO
- How to Get Disbarred
- Summary of Core Ethical Rules

New York Rules of Professional Conduct

- Governs New York licensed attorneys
- Modified version of the ABA Model Rules of Professional Conduct
- Helpful guidance on the NY Rules of Conduct:
 - NYSBA website has comments on NY Rules
 - NY City Bar Assoc. Opinions

Communicating with Counterparty (i)

- A counterparty's attorney emails you regarding an ongoing transaction. The counterparty is copied on the email, although you have never spoken with them. Which of the following is correct :
 - (a) You have implied authorization to leave the counterparty cc'd in a "reply to all" email, though the email should be directed to the counterparty's attorney.
 - (b) You have implied authorization to communicate directly with the counterparty in a "reply to all" email.
 - (c) You cannot reply to the email. You must contact the counterparty's attorney and seek consent before going forward.

Communicating with Counterparty (i)

- A counterparty's attorney emails you regarding an ongoing transaction. The counterparty is copied on the email, although you have never spoken with them. Which of the following is correct:
 - (a) You have implied authorization to leave the counterparty cc'd in a "reply to all" email, though the email should be directed to the counterparty's attorney.**
 - (b) You have implied authorization to communicate directly with the counterparty in a "reply to all" email
 - (c) You cannot reply to the email. You must contact the counterparty's attorney and seek consent before going forward.

ABA Rule 4.2: Communication with Person Represented by Counsel

- In representing a client, a lawyer shall not communicate about the subject of the representation with a person the lawyer knows to be represented by another lawyer in the matter, unless the lawyer has the consent of the other lawyer or is authorized to do so by law or a court order.
- **Express Consent:**
 - You cannot communicate directly with the other party without consent.
 - “[S]ending a letter or email to a represented person, and simultaneously sending a copy of the communication to counsel, is impermissible under DR 7-104(A)(1) unless the represented person’s lawyer has provided prior consent to the communication or the communication is otherwise authorized by law.”
- **Implied consent:**
 - An objective test is applied when determining whether you have **implied consent** to leave the counterparty in the email chain when communicating with their attorney.
- NYC Eth. Op. 2009-1 (N.Y.C.Assn.B.Comm.Prof.Jud.Eth.), 2009 WL 399764

ABA on the “Reply All” Conundrum

- “In the absence of special circumstances, lawyers who copy their clients on an electronic communication sent to counsel representing another person in the matter impliedly consent to receiving counsel’s “reply all” to the communication.”
- Note that implied consent is not the rule in all jurisdictions; seek guidance if you are unsure of the rule in a particular district
 - No implied consent in WA, SC
 - Implied consent in NJ, NY, VA
- Implied consent places the burden, e.g. to show that consent to include the counterparty in the reply-all email was not given, on the attorney who copies their own client on an email to opposing counsel.
- ABA Formal Opinion 503, November 2, 2022

Communicating with Counterparty (ii)

- Your implied authorization to “reply to all” covers what subject matter:
 - (a) Only the subject matter in the original email.
 - (b) Only that in the original email, and subject matter that would be considered reasonably related by one of ordinary skill.
 - (c) All subject matter to which the counterparty’s attorney represents the counterparty.

Communicating with Counterparty (ii)

- Your implied authorization to “reply to all” covers what subject matter:
 - Only the subject matter in the original email.**
 - Only that in the original email, and subject matter that would be considered reasonably related by one of ordinary skill.
 - All subject matter to which the counterparty’s attorney represents the counterparty.

Implied Consent is Limited in Scope

“An email sent by a lawyer to opposing counsel, with a copy to the client, would imply the lawyer’s consent to a ‘reply to all’ response **limited to the subject matter of the initial email** (unless otherwise clearly indicated).”

NYC Eth. Op. 2009-1 (N.Y.C.Assn.B.Comm.Prof.Jud.Eth.), 2009 WL 399764

Communicating with Counterparty (iii)

- Your implied authorization to “reply to all” lasts:
 - (a) For a reasonable time based on the circumstances.
 - (b) For as long as needed to address any related issue.
 - (c) Two weeks.

Communicating with Counterparty (iii)

- Your implied authorization to “reply to all” lasts:

(a) **For a reasonable time based on the circumstances.**

(b) For as long as needed to address any related issue.

(c) Two weeks.

Communicating with Unrepresented Counterparty (i)

- You receive a communication from a counterparty who you believe is not represented. They want to execute your circulated agreement. Which of the following is correct:
 - (a) You have a duty to confirm they remain unrepresented before going forward.
 - (b) There is no duty to confirm they remain unrepresented before going forward.

Communicating with Unrepresented Counterparty (i)

- You receive communication from a counterparty who you believe is not represented. They want to execute your circulated agreement. Which of the following is correct:
 - (a) You have a duty to confirm they remain unrepresented before going forward.
 - (b) There is no duty to confirm they remain unrepresented before going forward.**

- Roy Simon, Simon's N.Y. Code of Prof'l Resp. Ann. at 974 (2005 ed.)

Communicating with Unrepresented Counterparty (ii)

- You receive a communication from a counterparty who you know is not represented. They ask you whether the terms of a proposed agreement are reasonable. You believe they are. You should:
 - (a) Be honest and let them know the terms are fair and they should sign the agreement before missing out if that's how you feel.
 - (b) Seek a waiver from your client regarding whether you can answer the question. Once you secure the waiver, give your honest opinion.
 - (c) Let them know they must seek counsel from another attorney on the matter.

Communicating with Unrepresented Counterparty (ii)

- You receive a communication from a counterparty who you know is not represented. They ask you whether the terms of a proposed agreement are reasonable. You believe they are. You should:
 - (a) Be honest and let them know the terms are fair and they should sign the agreement before missing out if that's how you feel.
 - (b) Seek a waiver from your client regarding whether you can answer the question. Once you secure the waiver, give your honest opinion.
 - (c) **Let them know they must seek counsel from another attorney on the matter.**

ABA Rule 4.3: Dealing With Unrepresented Person

- In dealing on behalf of a client with a person who is not represented by counsel, **a lawyer shall not state or imply that the lawyer is disinterested**. When the lawyer knows or reasonably should know that the unrepresented person misunderstands the lawyer's role in the matter, the lawyer shall make reasonable efforts to correct the misunderstanding.
- **The lawyer shall not give legal advice to an unrepresented person, other than the advice to secure counsel**, if the lawyer knows or reasonably should know that the interests of such a person are or have a reasonable possibility of being in conflict with the interests of the client.
- The rule “prohibits a lawyer from telling an unrepresented person (or from giving the person the impression) that the lawyer is a neutral, objective, disinterested actor. For example, when a lawyer interviews a witness who has no counsel, the lawyer may not pretend to be an investigator who has no personal or professional interest in the matter.”

Representing Multiple Parties

- You represent two parties who decide to enter into an agreement with each other. Which of the following is correct:
 - (a) You cannot ever do this.
 - (b) You can represent both parties provided you have authorization and consent.

Representing Multiple Parties

- You represent two parties who decide to enter into an agreement with each other. Which of the following is correct:

(a) You cannot ever do this.

(b) You can represent both parties provided you have authorization and consent.

ABA Rule 1.7: Conflict of Interest: Current Clients

- A lawyer shall not represent a client if there is a conflict of interest, e.g.:
 - (1) the representation will be directly adverse to the lawyers' client; or
 - (2) there is a significant risk that the representation will be materially limited by responsibilities to the lawyer's client, a former client or a third person or by a personal interest of the lawyer.
- Exceptions to the above:
 - the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation to each affected client;
 - the representation is not prohibited by law;
 - the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation or other proceeding before a tribunal;
 - each affected client gives informed consent, confirmed in writing.

ABA Rule 1.7: Conflict of Interest: Current Clients

- Note: when an attorney represents multiple clients, the attorney has a duty of loyalty to each client.
- The lawyer may share information discussed with each client, compromising the attorney-client privilege.
- “[I]t must be assumed that if litigation eventuates between the clients, the privilege will not protect any such communications, and the **clients should be so advised.**”
 - ABA Rule 1.7 note 30

Correcting Misinformation (i)

- During communications, you become aware that the counterparty is mistaken as to a material fact. Which of the following is correct:
 - (a) You are allowed to adopt and promote the mistake because it did not originate from you or your client.
 - (b) You have no obligation to clear up the misunderstanding provided your actions do not intentionally adopt or promote the misrepresentation.

Correcting Misinformation (i)

- During communications, you become aware that the counterparty is mistaken as to a material fact. Which of the following is correct:
 - (a) You are allowed to adopt and promote the mistake because it did not originate from you or your client.
 - (b) You have no obligation to clear up the misunderstanding provided your actions do not intentionally adopt or promote the misrepresentation.**

Correcting Misinformation (ii)

- During communications, you become aware that your client has misrepresented certain facts to the counterparty. Which of the following is correct:
 - (a) Regardless of the issue, you are not obligated to correct your client, you may remain silent.
 - (b) Regardless of the issue, you are allowed to adopt and promote the mistake because it did not originate from you.
 - (c) If the misrepresentation represents puffery or exaggeration, you may be able to remain silent on the issue.

Correcting Misinformation (ii)

- During communications, you become aware that your client has misrepresented certain facts to the counterparty. Which of the following is correct:
 - (a) Regardless of the issue, you are not obligated to correct your client, you may remain silent.
 - (b) Regardless of the issue, you are allowed to adopt and promote the mistake because it did not originate from you.
 - (c) **If the misrepresentation represents puffery or exaggeration, you may be able to remain silent on the issue.**

ABA Rule 4.1: Truthfulness in Statements to Others

- In the course of representing a client a lawyer shall not knowingly:
 - (a) make a false statement of material fact or law to a third person; or
 - (b) fail to disclose a material fact to a third person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited by Rule 1.6 (confidentiality).
- A lawyer does not have to correct misstatements by others so long as you don't adopt or promote a misrepresentation.
 - “Puffery and exaggeration... is not prohibited per se. . . .”
 - *N.Y. County Lawyers Ass’n Comm. On Prof’l Ethics*, Op. 731 (2003).
- The lawyer may **not** be silent if doing so assists a client in perpetrating a fraud.
 - *See In re Westreich*, 212 A.D.2d 109, 112 (N.Y. App. Div. 1995).

ABA Rule 4.1: Truthfulness in Statements to Others

- Rule 4.1 applies to reps and warranties in agreements.
- Reps and warranties serve as assurances to the other party of the current condition of the business and its IP assets, for example:
 - Target/Seller is the owner of the subject patents, trademarks, and other IP, which are valid and enforceable;
 - Target/Seller is not aware of any violation of the IP rights of others; and
 - Target/Seller has no knowledge of any third parties violating Target's IP rights.
- The representing party may be held accountable for the accuracy of those statements.

Advising Clients: Choice of Law (i)

- While working on an agreement, your client requests a choice of law for a jurisdiction in which you are not licensed to practice as required by counterparty. Which of the following is correct:
 - (a) You must inform your client that you cannot represent them if they continue down that dangerous path.
 - (b) You can work on the agreement provided you inform the client you are not licensed to practice in the other jurisdiction and advise them to have the agreement reviewed by an attorney licensed in that jurisdiction.

Advising Clients: Choice of Law (i)

- While working on an agreement, your client requests a choice of law for a jurisdiction in which you are not licensed to practice as required by counterparty. Which of the following is correct:
 - (a) You must inform your client that you cannot represent them if they continue down that dangerous path.
 - (b) You can work on the agreement provided you inform the client you are not licensed to practice in the other jurisdiction and advise them to have the agreement reviewed by an attorney licensed in that jurisdiction.**

Advising Clients: Choice of Law (ii)

- By negotiating with counterparty in the other jurisdiction, you:

(a) can be subject to disciplinary action only in that jurisdiction, there is no double jeopardy.

(b) can be subject to disciplinary action only in your licensed jurisdiction, only it has jurisdiction over your ethical missteps.

(c) can be subject to disciplinary action in both your licensed jurisdiction and the other jurisdiction.

Advising Clients: Choice of Law (ii)

- By negotiating with counterparty in the other jurisdiction, you:

(a) can be subject to disciplinary action only in that jurisdiction, there is no double jeopardy.

(b) can be subject to disciplinary action only in your licensed jurisdiction, only it has jurisdiction over your ethical missteps.

(c) can be subject to disciplinary action in both your licensed jurisdiction and the other jurisdiction.

ABA Rule 8.5: Disciplinary Authority; Choice of Law

- (a) **Disciplinary Authority.** You can be subject to discipline where you are licensed and where the conduct occurs.
- (b) **Choice of Law.** When being disciplined, the following rules of professional conduct are applied:
 - (1) for conduct before a tribunal, the rules of the jurisdiction in which the tribunal sits, unless the rules of the tribunal provide otherwise; and
 - (2) for any other conduct, the rules of the jurisdiction in which the lawyer's conduct occurred, or, if the predominant effect of the conduct is in a different jurisdiction, the rules of that jurisdiction shall be applied to the conduct.

ABA Rule 8.5: Disciplinary Authority; Choice of Law

- **Safe Harbor:**

- Protects lawyers who act upon a **reasonable belief** that the conduct would not violate the rules of the relevant jurisdiction in which the conduct occurred.
- Rule 8.5, cmt. 5

Outsourcing Services (i)

- You are asked to consider the strength of a patent in a diligence review. You want to outsource an invalidity search. You should:
 - (a) Just do it, no need to get consent.
 - (b) Never do it, it's *per se* malpractice.
 - (c) Seek client's informed consent before you do it.

Outsourcing Services (i)

- You are asked to consider the strength of a patent in a diligence review. You want to outsource an invalidity search. You should:

(a) Just do it, no need to get consent.

(b) Never do it, it's *per se* malpractice.

(c) Seek client's informed consent before you do it.

ABA Rule 1.4: Communications

- (a) A lawyer shall:
 - (1) promptly inform the client of any decision or circumstance with respect to which the client's informed consent, as defined in Rule 1.0(e), is required by these Rules;
 - (2) reasonably consult with the client about the means by which the client's objectives are to be accomplished;
 - (3) keep the client reasonably informed about the status of the matter;
 - (4) promptly comply with reasonable requests for information; and
 - (5) consult with the client about any relevant limitation on the lawyer's conduct when the lawyer knows that the client expects assistance not permitted by the Rules of Professional Conduct or other law.
- (b) A lawyer shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation.

Outsourcing Services (ii)

- Same scenario, should you inquire as to the skillset of the service provider?

(a) No, it's their insurance issue.

(b) Yes, you can be accountable for outsourced services.

Outsourcing Services (ii)

- Same scenario, should you inquire as to the skillset of the service provider?

(a) No, it's their insurance issue.

(b) Yes, you can be accountable for outsourced services.

Outsourcing: ABA Formal Ethics Opinion 08-451

- A lawyer who engages lawyers or nonlawyers to provide outsourced legal or nonlegal services is required to comply with Rules 5.1 and **5.3 [Responsibilities Regarding Nonlawyer Assistance]**.
- Ensure that the conduct of the lawyers or nonlawyers to whom tasks are outsourced is compatible with your professional obligations as a lawyer with "direct supervisory authority" over them.
- Appropriate disclosures should be made to the client regarding the use of lawyers or nonlawyers outside of the lawyer's firm, and client consent should be obtained if those lawyers or nonlawyers will be receiving **information protected by Rule 1.6 [Confidentiality]**.
- Fees charged must be reasonable and in compliance with Rule 1.5, and the outsourcing lawyer must avoid assisting the **unauthorized practice of law under Rule 5.5.**

Outsourcing Implicates Several Ethical Rules

- **Rule 1.1: Competence**

- A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.

- **Rule 1.6: Confidentiality of Information**

- (a) A lawyer shall not reveal information relating to the representation of a client unless the client gives informed consent....

- **Rule 5.3: Responsibilities Regarding Nonlawyer Assistance**

- With respect to a nonlawyer employed or retained by or associated with a lawyer:
 - (b) a lawyer having direct supervisory authority over the nonlawyer shall make reasonable efforts to ensure that the person's conduct is compatible with the professional obligations of the lawyer; and
 - (c) a lawyer shall be responsible for conduct of such a person that would be a violation of the Rules of Professional Conduct if engaged in by a lawyer if:
 - (1) the lawyer orders or, with the knowledge of the specific conduct, ratifies the conduct involved.

Working Remotely (i)

- During a virus lockdown, you work continuously from a jurisdiction in which you are not licensed. Which of the following is correct:
 - (a) According to Federal Law, this is acceptable provided each communication from you includes a disclaimer that you are not licensed *in situ*.
 - (b) This is malpractice.
 - (c) Depends on your state, but in NY this is acceptable provided you only practice law of the jurisdiction in which you are licensed and do not hold yourself out as licensed in the other jurisdiction.

Working Remotely (i)

- During a virus lockdown, you work continuously from a jurisdiction in which you are not licensed. Which of the following is correct:
 - (a) According to Federal Law, this is acceptable provided each communication from you includes a disclaimer that you are not licensed *in situ*.
 - (b) This is malpractice.
 - (c) **Depends on your state, but in NY this is acceptable provided you only practice law of the jurisdiction in which you are licensed and do not hold yourself out as licensed in the other jurisdiction.**

Working Remotely (ii)

- Same scenario, which of these is correct:
 - (a) You can update your signature file to identify your local address as your office address until you return home.
 - (b) You can advertise that your services are available to those in the local jurisdiction.
 - (c) You can solicit new business from others in the local jurisdiction provided they are from your licensed jurisdiction.
 - (d) None of the above.

Working Remotely (ii)

- Same scenario, which of these is correct:
 - (a) You can update your signature file to identify your local address as your office address until you return home.
 - (b) You can advertise that your services are available to those in the local jurisdiction.
 - (c) You can solicit new business from others in the local jurisdiction provided they are from your licensed jurisdiction.
 - (d) **None of the above.**

ABA Rule 5.5(b): Unauthorized Practice of Law; *Multijurisdictional Practice of Law*

- (b) A lawyer who is not admitted to practice in this jurisdiction shall not:
 - (1) except as authorized by these Rules or other law, establish an office or other systematic and continuous presence in this jurisdiction for the practice of law; or
 - (2) hold out to the public or otherwise represent that the lawyer is admitted to practice law in this jurisdiction.
- A lawyer, licensed in one jurisdiction, does not violate Model Rule 5.5(b) by working continuously in another jurisdiction (the “local” jurisdiction), as long as she:
 - Does not establish an office or other systematic presence in that local jurisdiction.
 - Does not “hold out” a presence or availability to perform legal services in that local jurisdiction.
 - Does not actually provide legal services for matters in that local jurisdiction, unless otherwise authorized.
- ABA Formal Opinion 20-495-Lawyers Working Remotely (December 16, 2020)

ABA Rule 5.5(c): Safe Harbor For Temporary Practice In Other Jurisdiction

- (c) A lawyer admitted in another U.S. jurisdiction, and not disbarred or suspended from practice in any jurisdiction, **may provide legal services on a temporary basis** in this jurisdiction that are reasonably related to the lawyer's practice in the lawyer's licensed jurisdiction, or are within the lawyer's recognized expertise in an area of law.
- Sending an email in a representative capacity to a jurisdiction may be considered temporary practice in that jurisdiction.
 - *In re Panel File No. 39302*, 884 N.W.2d 661 (Minn. 2016).

In re Panel File 39302 (Minn. 2016)

- Colorado lawyer engaged in negotiations with attorney for condominium association in Minnesota regarding post-judgment dispute involving the condominium of the lawyer's mother
- Around two dozen emails exchanged over four months
- Condo assoc. attorney grew frustrated and filed ethics complaint
- Colorado lawyer was admonished for violation of Rule 5.5 by Minn. ethics board
- Minn. S. Ct. held that sending e-mails constituted practice in Minnesota and "reasonably related" exception in Rule 5.5(c) did not apply because Co. lawyer's practice was primarily environmental and personal injury law, while his mom's situation was a collections matter; upheld admonition

Remote Patent Practice

- A Patent Attorney, reg. no. 78,901, is barred in NYC but not in Florida, and moves to Florida during a pandemic. Which is true:
- (a) the Patent Attorney cannot represent clients before the USPTO without first being licensed to practice in Florida.
- (b) the Patent Attorney can represent clients before the USPTO providing they identify themselves as a patent agent.
- (c) the Patent Attorney can represent clients before the USPTO.

Remote Patent Practice

- A Patent Attorney, reg. no. 56,789, is barred in NY but not in Florida, and moves to Florida during a pandemic. Which is true:
- (a) the Patent Attorney cannot represent clients before the USPTO without first being licensed to practice in Florida.
- (b) the Patent Attorney can represent clients before the USPTO providing they have someone in NY review and sign their documents.
- **(c) the Patent Attorney can represent clients before the USPTO.**
- *See Sperry v. Florida*, 373 U.S. 379 (1963)

Duty of Disclosure to USPTO (i)

- Through a diligence review of your files, you become aware that material art has accidentally not been cited to the USPTO in a pending application.

(a) Only report the art if it has been in possession for less than three months.

(b) Cite the art to the USPTO.

(c) There is no duty to cite art, that's what Examiners get paid for.

Duty of Disclosure to USPTO (i)

- Through a diligence review of your files, you become aware that material art has accidentally not been cited to the USPTO in a pending application.

(a) Only report the art if it has been in possession for less than three months.

(b) Cite the art to the USPTO.

(c) There is no duty to cite art, that's what Examiners get paid for.

Duty of Disclosure to USPTO (ii)

- During a diligence review of an issued patent that your client wants to acquire, you learn art has not been cited and you find a note in the file stating “Have not yet reviewed but could be dangerous—do not disclose, ever!”

(a) There was no duty to cite art, the patent is fine.

(b) The patent is unenforceable, *per se*, due to the inequitable conduct.

(c) Review the art to determine whether it is material to patentability.

Duty of Disclosure to USPTO (ii)

- During a diligence review of an issued patent that your client wants to acquire, you learn art has not been cited and you find a note in the file stating “Have not yet reviewed but could be dangerous—do not disclose, ever!”

(a) There was no duty to cite art, the patent is fine.

(b) The patent is unenforceable, *per se*, due to the inequitable conduct.

(c) Review the art to determine whether it is material to patentability.

37 C.F.R. § 1.56 Duty to Disclose 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 ...
 - The duty to disclose information exists with respect to each pending claim until the claim is cancelled or withdrawn from consideration, or the application becomes abandoned

Inequitable Conduct

- The patent may be deemed unenforceable due to inequitable conduct if:
 - (a) there was an intent to deceive the patent office; and
 - (b) the prior art is but-for material
 - “prior art is but-for material if the PTO would not have allowed a claim had it been aware of the undisclosed prior art”

Therasense, Inc. v. Becton, Dickinson & Co., 649 F. 3d 1276 (Fed. Cir. 2011)

How to Get Disbarred in Pennsylvania

BEFORE THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

OFFICE OF DISCIPLINARY COUNSEL, Petitioner	:	No. 50 DB 2021
	:	
v.	:	Attorney Registration No. 66669
	:	
ERIK BENJAMIN CHERDAK, Respondent	:	(Out of State)

REPORT AND RECOMMENDATIONS OF
THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

The Disciplinary Board of the Supreme Court of Pennsylvania unanimously recommends that the Respondent, Erik Benjamin Cherdak, be Disbarred from the practice of law in this Commonwealth.

How to Get Disbarred in Pennsylvania, Part 1

20. Separately, on behalf of Ward & Ward, Respondent undertook to prosecute Fitistics' patent portfolio—specifically U.S. Patent Application Numbers 13/507,877, 13/507,876, 13/507,875, and 13/506,781.

21. Respondent routinely assured Fitistics and Ward & Ward that he was handling patent prosecution for these applications, including paying required fees to the USPTO.

22. Because of Respondent's lack of diligence, all the patent applications that Respondent had assured Fitistics and Ward & Ward he was prosecuting were abandoned.

23. Respondent failed to perform any work at all on the '788 and '790 applications through Ward & Ward.

How to Get Disbarred in Pennsylvania, Part 2

29. Pursuant to Respondent's assignment under the CAA, Respondent successfully negotiated settlements with Core Industries and Koko Fitclub totaling \$130,000.

30. Under the express terms of the CAA, Fitistics was entitled to \$84,500 from those settlements.

31. Respondent sent a check to Fitistics President Sean McKirdy for \$42,000, but then:

- a. Respondent placed a stop payment on that check;
- b. Respondent lied to McKirdy about the reason the check didn't clear; and
- c. Respondent blamed the banks.

How to Get Disbarred in Pennsylvania, Part 3

33. In July 2013, Respondent entered into a patent licensing agreement with Garmin International, Inc. ("Garmin").

- a. Respondent licensed Fitistics' patent portfolio to Garmin for \$90,000;
- b. Respondent did so without Fitistics' knowledge and unrelated to the CAA; and
- c. Respondent possessed no legal right to Fitistics' patent portfolio at the time Respondent entered into the license with Garmin.

34. At the time Respondent entered into the patent licensing agreement with Garmin, Respondent knew that licensing agreement covered Fitistics' portfolio.

35. Respondent did not disclose to Fitistics the existence of this license and Respondent has never paid to Fitistics any part of the \$90,000 Respondent received from Garmin.

47. Respondent similarly concealed the existence of Respondent's license agreements with Life Fitness (Brunswick), Technogym, and Johnson Health Tech (Matrix Fitness).

48. Despite having entered into license agreements with these three companies on April 23, 2015, August 4, 2015, and September 23, 2015, Respondent concealed these agreements from Fitistics.

49. On April 22, 2015, McKirdy asked Respondent about the status of the Life Fitness license, to which Respondent responded, "I don't know . . . thinking."

50. On August 7, 2015, McKirdy asked about a potential payment from Technogym. Despite having entered into a license with Technogym just three days prior, Respondent replied that he didn't know the status.

51. When McKirdy repeatedly pressed Respondent about licensing targets, rather than disclose Respondent's deception Respondent evaded the questions in an effort to mislead McKirdy. (Respondent writing to McKirdy: "Did I ever tell you that you ask stupid questions over and over again. Tiring!").

How to Get Disbarred in Pennsylvania, Part 4

81. Respondent retained Steven War, Esquire as an expert in certain cases and failed to pay Mr. War a portion of the fees owed to him. First, Respondent gave Mr. War checks that bounced. Next, Mr. War obtained judgments against Respondent, who then signed a promissory note promising to pay. As of the date of the disciplinary hearing, Respondent had not paid the judgments. N.T. 9/29/21 at 184-190; ODC-S, ODC-T, ODC-U.

82. Respondent falsified emails purporting to have been sent from Mr. War to Respondent, and then offered those false emails into evidence in a proceeding before the Office of Enrollment and Discipline in the U.S. Patent and Trademark Office. N.T. 9/29/21 at 190, 191, 192-196, 197-199, 200-202, 2-3-205, 207-208; ODC-V, ODC-W, ODC-X, ODC-Y.

90. Respondent has a large number of unpaid judgments outstanding against him, including judgments held by Fitistics/McKirby, Steven War, and Central Roofing and Siding. ODC-A. Respondent has substantial outstanding tax liens held by the IRS and the State of Maryland. *Id.* The total amount of the 27 judgments outstanding against Respondent is more than \$2.3 million.

91. Respondent did not accept responsibility for his misconduct.

92. Respondent failed to show any remorse.

93. Respondent's conduct during the course of the disciplinary proceedings evidenced a lack of respect for the disciplinary system, the Committee, and the Office of Disciplinary Counsel.

How to Get Disbarred

What ethics rules did Respondent violate?

III. CONCLUSIONS OF LAW

Respondent's misconduct took place in connection with court proceedings in Virginia and Massachusetts, and otherwise took place in Maryland (Respondent's state of residence) and Connecticut (Fitistics' state of incorporation and McKirdy's state of residence). Pursuant to Pennsylvania Rules of Professional Conduct 8.5(b)(1) and (b)(2) (pertaining to choice of law), the Rules of Professional Conduct to be applied in this matter are the rules of Connecticut, Maryland, Massachusetts and Virginia.

The record clearly established that Respondent engaged in abysmal misconduct. Respondent's rampant duplicity showcases his lack of character, which underscores the necessity of removing him from the legal profession. The impact of Respondent's misconduct on the profession cannot be understated. Petitioner's witnesses credibly and clearly established that Respondent's misconduct undermined faith in lawyers, the legal profession, and the justice system. Unfortunately, Respondent's egregious behavior at the heart of this disciplinary matter is not the only conduct that gives the Board pause. Many weighty aggravating factors exist that provide further proof of Respondent's dishonest nature and lack of fitness to practice law.

What Rules of Professional Conduct did Chernak Violate?

- Not acting with reasonable diligence (Rule 1.3)
- Failure to promptly inform the client where client's informed consent is required; failure to keep client reasonably informed (Rule 1.4)
- Failure to comply with reasonable requests for information (Rule 1.4)
- Failure to notify client of receipt of funds (Rule 1.5)
- Committing a criminal act (Rule 8.4)
- Engaging in dishonesty, fraud, deceit, misrepresentation (Rule 8.4)
- Bringing a frivolous lawsuit (Cherdak sued the judge who ruled against him in Fitistic's lawsuit for recovery) (Rule 3.1)

Summary of Core Ethical Rules

- **Competence** (Rule 1.1)
 - Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.
 - When outsourcing, work with someone experienced, don't be afraid to say you don't know/ask questions, don't guess.
- **Scope of Representation and Allocation of Authority Between Client and Lawyer** (Rule 1.2)
 - Confirm the expected scope of representation in an engagement letter.
- **Diligence** (Rule 1.3)
 - Act with reasonable diligence and promptness in representing a client.
 - Watch your deadlines.

Source: *The Ethics of Non-Traditional Contract Drafting*, 84 U. Cin. L. Rev. 595

Summary of Core Ethical Rules

- **Communication** (Rule 1.4)
 - Promptly inform the client of any decision or circumstance requiring the client's informed consent.
 - Don't make decisions at the negotiation table that substantively affects your client.
- **Confidentiality of Information** (Rule 1.6)
 - Know what you can and cannot share with the other side during negotiations.
- **Conflict of Interest** (Rule 1.7)
 - Always run a conflicts check.

Source: *The Ethics of Non-Traditional Contract Drafting*, 84 U. Cin. L. Rev. 595

Summary of Core Ethical Rules

- **Truthfulness in Statements to Others (i.e., Duty of Honesty) (Rule 4.1)**
 - Do not withhold material facts during negotiations
- **Communication with Persons Represented by Counsel (Rule 4.2)**
 - Do not communicate with a party if their lawyer is not present, unless the other party's lawyer authorizes
- **Unauthorized Practice of Law (Rule 5.5)**
 - Watch the choice of law provisions—you may need to instruct your client to seek advice from an attorney licensed in the jurisdiction in which substantive issues may arise.
 - E.g., noncompete agreements, trade secret protections
- **Disciplinary Authority and Choice of Law (Rule 8.5)**
 - Where are your actions subject to review? In the jurisdiction in which your conduct occurred, or, if the predominant effect of the conduct is in a different jurisdiction, the rules of that jurisdiction shall be applied to the conduct.

Questions?