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Patent-Holding Patent Attorneys: Conflicts of Interests, Confidentiality, and Employment Issues Comment.

Ashley R. Presson

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COMMENT

PATENT-HOLDING PATENT ATTORNEYS: CONFLICTS OF INTEREST, CONFIDENTIALITY, AND EMPLOYMENT ISSUES

ASHLEY R. PRESSON

I. Introduction	1040
II. Background	1044
III. Duty of Confidentiality Compromised by Patent Attorneys' Personal Patent Activity	1051
IV. Conflicts of Interest Arising from Patent Attorneys' Personal Patent Activity	1056
A. Duties to Current Clients	1056
B. Imputation of Attorney-Client Conflicts of Interest to Entire Law Firms	1062
V. Trends Making Conflicts of Interest Difficult for Law Firms to Prevent.	1066
A. Increasing Number of Patents Granted by the USPTO.	1066
B. Amendment to the Length of Patent Terms	1068
C. Variations in Rights Conveyed to Licensees by Different Licensing Agreements	1069
D. Number of Defendants Named in Patent Litigation on the Rise.	1073
VI. Societal Value of Patents and Ways to Allow Patent Attorneys to Continue to Obtain Personal Patents	1074
VII. Conclusion	1078

I. INTRODUCTION

Imagine this: You are a patent attorney who has devoted years of your life to pursuing an education in engineering and law, as well as developing, patenting, and licensing your own inventions. After finding in patent law the perfect coexistence for your two professional passions, invention and law, you are seemingly at the height of your career when you become one of the highest-paid partners of a well-known national law firm. You have found a way to profit from pursuing what you love—something that most only dream about; what could be better? Next, imagine how you would feel, in light of all of your professional achievement and success, to have everything taken away when your employer asks you to resign from your position as a patent attorney due to a patent that you developed and sold to someone else. This very situation occurred when, on September 12, 2007, patent attorney Scott Harris was forced to resign by his employer, Fish & Richardson P.C.¹ Harris's forced resignation occurred after one of his personal patents, which he sold to a company called Illinois Computer Research (ICR), was used by ICR to bring a patent infringement lawsuit against one of Fish & Richardson's current clients, Google, Inc.² In addition, Fish & Richardson filed a breach of contract suit against Harris for allegedly "misusing firm resources and engaging in unauthorized legal work."³ Harris

1. See Scott Harris' Counterclaim Against Fish & Richardson P.C. at 11, *Ill. Computer Research, L.L.C. v. Google, Inc.*, No. 1:07-cv-05081 (N.D. Ill. filed Oct. 31, 2007) (Stan. IP Litig. Clearinghouse) (stating that on September 12, 2007, Fish & Richardson demanded Scott Harris's resignation within twenty-four hours due to his personal patent activity); Jessie Seyfer, *Former Fish Partner Speaks out on Patent Dispute*, RECORDER, Oct. 19, 2007, <http://www.law.com/jsp/article.jsp?id=1192698213484#> (detailing the professional background of Scott Harris and the reasoning asserted by his former employer, Fish & Richardson, for asking him to resign).

2. See Fish & Richardson P.C.'s Counterclaim Against ICR & Third-Party Complaint Against Scott C. Harris at 2, *Ill. Computer Research*, No. 1:07-cv-05081 (stating that shortly after Harris assigned his patent to ICR, the company brought a patent infringement lawsuit on the patent it obtained from Harris against Google, a client represented at the time by Harris's employer, Fish & Richardson); see also Jessie Seyfer, *Former Fish Partner Speaks out on Patent Dispute*, RECORDER, Oct. 19, 2007, <http://www.law.com/jsp/article.jsp?id=1192698213484#> (providing information regarding Harris's sale of his patent to ICR and the subsequent suit for patent infringement against Harris's employer's client, Google).

3. Fish & Richardson P.C.'s Counterclaim Against ICR & Third-Party Complaint Against Scott C. Harris at 1, *Ill. Computer Research*, No. 1:07-cv-05081 (accusing Scott

denied all allegations against him and asserted the defense that although he signed an employment contract with Fish & Richardson, there was no provision specifically forbidding its attorneys from engaging in their own personal patent activity.⁴

Scott Harris is not alone in facing legal issues resulting from owning and enforcing personal patents while working as a patent attorney for a law firm.⁵ Due to the specialized requirements patent attorneys must fulfill prior to being licensed to practice before the United States Patent and Trademark Office (USPTO),⁶ many patent attorneys have technical and scientific backgrounds that have allowed them to invent and patent their own ideas outside of their employment as patent attorneys.⁷ Recently, at

Harris of inappropriately obtaining a portfolio of personal patents, which Harris knew would be asserted against his employer's clients after he assigned the patent rights to each patent to other companies); *see also* Jessie Seyfer, *Former Fish Partner Speaks out on Patent Dispute*, RECORDER, Oct. 19, 2007, <http://www.law.com/jsp/article.jsp?id=1192698213484#> (explaining Fish & Richardson's assertion that Harris used the firm's time and resources to develop his own patents rather than work on billable client matters).

4. *See* Scott Harris' Counterclaim Against Fish & Richardson P.C. at 7, *Ill. Computer Research*, No. 1:07-cv-05081 (stating that all employment agreements and firm policies for Fish & Richardson principals, both written and unwritten, were devoid of any provision prohibiting Fish & Richardson's employees from inventing or obtaining their own patents); *see also* Jessie Seyfer, *Former Fish Partner Speaks out on Patent Dispute*, RECORDER, Oct. 19, 2007, <http://www.law.com/jsp/article.jsp?id=1192698213484#> (illuminating the lack of a specific provision in Fish & Richardson's employment contract forbidding attorneys from conducting their own personal patent activity).

5. *See* Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, *available at* <http://www.law.com/jsp/article.jsp?id=1202424282231> (tracing the recent trend of patent attorneys enforcing their own patents through litigation while concurrently working as a patent attorney for a law firm); *see also* Joe Mullin, "Patent Hawk" Lawsuit Was an Inside Job, Says Microsoft, PRIOR ART, Dec. 2, 2008, http://thepriorart.typepad.com/the_prior_art/2008/12/gary-odom-sues-microsoft.html (reporting that patent attorney Gary Odom sued his former client, Microsoft Corporation, over a patent he obtained in spite of the fact that he had agreed with his former employer, Klarquist Sparkman, L.L.P., not to obtain any personal patents during the time of his employment).

6. *See* 35 U.S.C. § 2 (2006) (charging the USPTO with the duty of evaluating patent applications, granting patents to inventors, and publishing information regarding patents for the benefit and use of the public); A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 6-7 (2006) (stating that the USPTO issues patents to inventors based on the patent applications it receives and maintains a collection of all patents issued in the United States); United States Patent and Trademark Office, <http://patft.uspto.gov/> (last visited May 8, 2009) (providing a searchable public database of all patents issued in the United States since 1790).

7. *See* CARL W. BATTLE, THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS 48-49 (1997) (explaining that the USPTO requires patent attorneys to show that they possess "good moral character and good

least ten U.S. patent attorneys employed by law firms have filed patent infringement lawsuits to protect their inventions.⁸ This trend of patent attorneys litigating to enforce and protect their own patents,⁹ while beneficial to the attorneys themselves,¹⁰ has

repute” and have the “legal, scientific, and technical qualifications necessary” for providing valuable assistance to clients); Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (“Creating a blanket policy for lawyers and their personal patents is difficult for a firm heavy with IP lawyers who hold science degrees.”). William Lee, head of Wilmer Cutler Pickering Hale and Dorr’s IP practice, characterizes the extensive scientific backgrounds of many IP attorneys by saying: “We have 120 scientists throughout the firm, many of whom have postdocs and Ph.D.’s.” Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231>.

8. Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231>. Pitchware, Inc., an Internet business owned by Quinn Emanuel attorney Michael Powell, filed a patent infringement suit against six companies, including one client of his former employer. *Id.*; see also Complaint for Patent Infringement; Demand for Jury Trial at 1–3, Pitchware, Inc. v. Monster Worldwide, Inc., No. 4:08-cv-01848-CW (N.D. Cal. filed Apr. 7, 2008) (Stan. IP Litig. Clearinghouse) (providing an example of a patent infringement lawsuit filed to protect a patent for an online marketplace for selling ideas by patent-holding attorney Michael Powell’s company, Pitchware, during the time Powell worked for the law firm Quinn Emanuel). Recently, other attorneys or their assignees also have filed suit to protect patents originally obtained by the attorneys. See, e.g., Answer & Counterclaims of Microsoft Corp. in Reply to Complaint at 5–8, Odom v. Microsoft Corp., No. 6:08-CV-00331 (E.D. Tex. filed Oct. 24, 2008) (Stan. IP Litig. Clearinghouse) (providing a response to a claim of patent infringement brought by patent attorney Gary Odom against a client of his former employer, Klarquist Sparkman, L.L.P.); Defendant General Motors Corp.’s Answer & Counterclaims at 5, Mobile Micromedia Solutions L.L.C. v. Gen. Motors Corp., No. 2:07-cv-00455-DF (E.D. Tex. filed Dec. 21, 2007) (Stan. IP Litig. Clearinghouse) (containing the defendant’s answer and affirmative defenses to a suit brought by the assignee of a patent previously held by patent attorney Irah Donner against General Motors Corporation for infringement of a patent protecting the right to exclude others from producing and selling a type of automotive entertainment system); Amended Complaint at 3–5, *Ill. Computer Research*, No. 1:07-cv-05081 (demonstrating an example of a patent infringement suit naming a patent-holding attorney as original patentee, even though he had previously assigned his patent to another company and claimed to have nothing to do with the current litigation); Complaint for Patent Infringement & Willful Patent Infringement at 1–2, Cybergym Research, L.L.C. v. ICON Health & Fitness, Inc., No. 2:05-cv-00527-DF (E.D. Tex. filed Nov. 18, 2005) (Stan. IP Litig. Clearinghouse) (providing an example of a patent infringement suit brought by Cybergym Research, L.L.C.). Cybergym is owned by attorney Paul Hickman, who “was a partner at Perkins Coie when he filed” the suit against ICON asserting infringement of a patent “Hickman had won for a computerized personal trainer.” Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231>.

9. See Posting of Michelle Lee to Google Public Policy Blog, <http://googlepublicpolicy.blogspot.com/2009/03/patent-reform-needed-more-than-ever.html> (Mar. 3, 2009,

caught law firms around the nation and the legal community as a whole off guard.¹¹ Virtually every law firm has a protocol in its employment contracts for preventing conflicts of interest between the firm's attorneys and its past, current, and future clients.¹² Until recently, however, law firms have not needed to develop specific procedures for avoiding conflicts of interest caused by their patent attorneys' acquisition of patents for their own personal inventions.¹³ Altogether, the legal problems faced by

11:53 A.M.) (“[T]he patents being asserted against [Google] are owned by—and in a surprising number of cases, are even ‘invented’ by—patent lawyers themselves.”); *see also* Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (noting the growing “number of patent lawyers using their own patents for profit” and quoting patent attorney John Caracappa as saying the patent law community has “seen [this practice] develop as a trend”).

10. *See* Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (paraphrasing patent-holding attorney Irah Donner's claim that by late 2004, before settling patent infringement suits with corporations such as Honda Motor Company, he “had earned \$400,000 to \$500,000 by asserting his patents”).

11. *See id.* (asserting that many law firms lack specific provisions or protocols for dealing with the possible conflicts of interest arising from their employees' personal patent activity).

12. *See* MODEL RULES OF PROF'L CONDUCT R. 1.7 cmt. 3 (2008) (stating that law firms should “adopt reasonable procedures, appropriate for the size and type of firm and practice” in order to prevent conflicts of interest from arising between their attorneys and clients before representation is undertaken); Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (explaining that most law firms have systems in place for the purpose of avoiding generalized conflicts of interest).

13. *See* Burlington Indus. v. Exxon Corp., 65 F.R.D. 26, 33 (D. Md. 1974) (holding that the attorney-client privilege does not apply to patent attorneys engaging in non-legal work such as drafting patent applications because, in undertaking such an activity, the patent attorney is not acting in his capacity as a lawyer); Zenith Radio Corp. v. Radio Corp. of Am., 121 F. Supp. 792, 794 (D. Del. 1954) (holding that unless patent attorneys specifically are engaging in a legal activity, they are not considered to be acting as lawyers when undertaking such tasks as drafting or preparing patent specifications or applications); Gregg F. LoCascio, Note, *Reassessing Attorney-Client Privileged Legal Advice in Patent Litigation*, 69 NOTRE DAME L. REV. 1203, 1210 (1994) (stating that because patent attorneys were historically thought of “as a lower caste of lawyer[s],” normal ethical considerations such as the duty of confidentiality were not thought to apply to them in most situations); Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (asserting that until the rise in the number of patent infringement lawsuits brought by patent-holding attorneys to protect their own patents, law firms did not need systems that helped avoid conflicts of interest from arising due to their attorneys' personal patents). *But see* Sperry v. Fla. ex rel. Fla. Bar, 373 U.S. 379, 383 (1963) (agreeing with the Supreme Court of Florida, despite overturning the court's decision, that the

Scott Harris and other patent-holding attorneys around the nation beg the question: Are law firms justified in terminating the employment of an attorney based solely on the attorney's personal patent activity?

This Comment discusses developments and trends in patent law in tandem with canons and disciplinary rules provided by the Patent and Trademark Office Code of Professional Responsibility and several ethical standards for attorneys set forth in the American Bar Association's (ABA) Model Rules of Professional Conduct. When viewed together, these considerations show that patent attorneys who hold and litigate their own personal patents while obtaining and enforcing patents on behalf of their clients flirt with entering a gray area of impropriety, which may look to the outside world like legal malpractice. Such an appearance of impropriety has potentially damaging effects on law firms employing patent-holding attorneys and the legal profession as a whole. While emphasizing the importance of, and need for, the inclusion of specific provisions governing the personal patent activity of patent attorneys in law firm employment contracts, this Comment also recognizes the societal value derived from a less regulated patent system. To reach a middle ground, this Comment proposes a solution that allows law firms to guard against problems resulting from their patent-holding attorneys litigating to enforce their own patents without calling for a stop to this increasing practice.

II. BACKGROUND

Patents are grants issued by the USPTO¹⁴ that confer upon their holder, the patentee,¹⁵ patent rights to such intellectual property as inventions, technologies, and processes.¹⁶ Patent

process of drafting patent applications and specifications, referred to as patent prosecution, "constitutes the practice of law").

14. *See generally* 35 U.S.C. § 1(a) (2006) (establishing the USPTO within the United States Department of Commerce); 35 U.S.C. § 2(a)(1)–(2) (2006) (granting the USPTO the authority to grant and issue patents and provide to the public information regarding patents); ALAN L. DURHAM, *PATENT LAW ESSENTIALS: A CONCISE GUIDE* 2 (1999) (stating that the USPTO was created in 1836 as "a division of the Department of Commerce").

15. *See* 35 U.S.C. § 100(d) (2006) (stating that the term *patentee* also includes "successors in title to the patentee").

16. *See generally* 35 U.S.C. § 101 (2006) (expressing that a patentable invention may

rights, which have many similarities to property rights, include the right to exclude others from “making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States.”¹⁷ The right to exclude others from producing or importing a patented invention or process lasts through the patent term, or life of the patent, which is generally twenty years from the date on which the patentee filed his application with the USPTO.¹⁸

Once the USPTO grants a patent to an inventor,¹⁹ the inventor may exploit and market his patented product in order to profit from his invention.²⁰ Nonetheless, if a patentee does not have the time or money to adequately market his product,²¹ he may also

be “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”); A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 5 (2006) (providing the basic definition of the term *patent* and the rights that patents convey to patentees).

17. 35 U.S.C. § 154(a)(1) (2006). *See generally* 35 U.S.C. § 261 (2006) (explaining that because patent rights are similar to property rights, patentees may freely assign their patent rights to others); A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 5 (2006) (stating that the most important patent right held by a patentee is the right to exclude others from practicing his patented invention); CARL W. BATTLE, THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS 169 (1997) (comparing patent rights to personal property in that they can be “bought, sold, and exploited”).

18. *See* 35 U.S.C. § 154(a)(2) (2006) (stating that the life of a patent is twenty years “from the date on which the application for the patent was filed” with the USPTO, but noting that additional exceptions and adjustment periods might apply in determining the length of the correct patent term); Uruguay Round Agreements Act, Pub. L. No. 103-465, § 532, 108 Stat. 4809, 4984 (1994) (amending the length of patent terms from seventeen to twenty years from the date of application); *see also* CARL W. BATTLE, THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS, at viii (1997) (explaining that the difference in length of patent terms depends on whether a patent application was filed before or after June 8, 1995).

19. *See generally* 35 U.S.C. § 103(a) (2006) (requiring all patent applications to show that an invention is non-obvious and different than all prior art relating to the subject matter of the invention before a patent will be issued by the USPTO); 35 U.S.C. § 131 (2006) (explaining that after an examination of a patent application shows that the applicant is entitled to a patent under the requirements of the law, the commissioner of the USPTO shall issue a patent to the applicant); *Graham v. John Deere Co.*, 383 U.S. 1, 17–18, 37 (1966) (holding that a patent that did not meet the requirements set forth in 35 U.S.C. § 103 regarding the novelty and non-obviousness of the patented invention did not pass the test of patentability and was not properly issued by the USPTO).

20. *See* A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 21 (2006) (suggesting that the ability to profit from a patented invention does not automatically begin with the issuance of a patent from the USPTO because the patentee must work diligently to find a ready market for his invention).

21. *See eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393 (2006) (rationalizing

profit by assigning, granting, or conveying the legal rights conferred on him by his patent to another individual through an instrument in writing.²² Patentees also have the financially lucrative option of licensing their patents so that they maintain ownership of the patent while allowing a licensee to use the patented invention in exchange for some form of consideration.²³ Several different types of licensing agreements are available, including exclusive,²⁴ nonexclusive,²⁵ and implied licensing agreements.²⁶ Each type of licensing agreement divides the patent

an inventor's choice to assign or license his patent for use by another by explaining that the effort to obtain the financing needed to market an invention is sometimes not a viable option for inventors); *see also* CARL W. BATTLE, *THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS* 33–34 (1997) (providing that inventors who hire patent attorneys to license and enforce their patent rights must pay fees ranging from \$3,000 to \$10,000 in addition to fees and costs for marketing the invention once a patent is granted to the inventor); Rebecca S. Eisenberg, *Patents and the Progress of Science: Exclusive Rights and Experimental Use*, 56 U. CHI. L. REV. 1017, 1037 (1989) (explaining that after an invention has been patented, considerable investments and expenditures must still be made on the research and development necessary to prepare the patented product for commercial exploitation).

22. *See* 35 U.S.C. § 261 (2006) (stating that patentees may transfer their right to exclude others from practicing their patented invention by assigning, conveying, or granting the right to another through an instrument in writing); CARL W. BATTLE, *THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS*, at ix (1997) (suggesting the motivations behind assigning, granting, or conveying patented ideas to a new owner).

23. *See generally* *Levenger Co. v. Feldman*, 516 F. Supp. 2d 1272, 1291 (S.D. Fla. 2007) (holding that the complete failure of consideration renders a licensing agreement unenforceable); CARL W. BATTLE, *THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS* 169 (1997) (illustrating the popularity of creating licensing agreements among patentees due to the possible financial value of patent exploitation and the reservation of ownership rights); Elizabeth D. Ferrill, Comment, *Patent Investment Trusts: Let's Build a PIT to Catch the Patent Trolls*, 6 N.C. J. L. & TECH. 367, 371–72 (2005) (stating licensing agreements are beneficial to patent holders because they allow the patentee to retain ownership of the patent and allow them to extract additional value from their patents in the form of licensing fees or royalties).

24. *See generally* *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1552 (Fed. Cir. 1995) (defining an exclusive license as a conveyance from a patentee to a licensee granting “the right to practice the invention within a given territory” with a promise “that others shall be excluded from practicing the invention within that territory”).

25. *See id.* (defining a nonexclusive, or bare, license as a conveyance only of the patentee's “promise that the [licensee] will not be sued for [patent] infringement” for practicing a patented invention).

26. *See generally* *Carborundum Co. v. Molten Metal Equip. Innovations, Inc.*, 72 F.3d 872, 878 (Fed. Cir. 1995) (stating that a license may be either express or implied and that both are valid defenses to patent infringement); *McCoy v. Mitsuboshi Cutlery, Inc.*, 67 F.3d 917, 920 (Fed. Cir. 1995) (explaining that an implied license may arise from “the entire course of conduct between a patent or trademark owner and an accused infringer”).

rights conveyed by the patent differently among the patent owner and licensee.²⁷

A patentee, whether maintaining his patent rights himself or licensing them to someone else, may enforce his rights against someone who has infringed upon them²⁸ through patent litigation in a federal district court.²⁹ Typically, the remedies sought for patent infringement are damages for loss of sales or royalties and injunctions to prevent further infringement.³⁰ In recent years, patent litigation has become highly publicized due to the large amounts of monetary damages obtained by patent holders who, rather than developing their patents themselves, hold their patents and wait to sue large corporate entities with deep pockets for infringing upon their patented inventions.³¹ This practice, which has negative connotations for the patent law community, has been

27. See generally *Abbott Labs. v. Diamedix Corp.*, 47 F.3d 1128, 1130–32 (Fed. Cir. 1995) (explaining that a court’s determination of whether a licensee has standing to sue for patent infringement by himself depends on the types of rights the licensor has retained for himself according to their licensing agreement); ALAN L. DURHAM, *PATENT LAW ESSENTIALS: A CONCISE GUIDE* 44–46 (1999) (enumerating different types of licensing agreements and explaining the differences in the distribution of patent rights each produces between the licensor and licensee).

28. See 35 U.S.C. § 271(a)–(b) (2006) (defining the act of infringement as “mak[ing], us[ing], offer[ing] to sell, or sell[ing] any patented invention” without the permission of the patent owner, and holding liable as an infringer “[w]hoever actively induces infringement”).

29. See 28 U.S.C. § 1338(a) (2006) (stating that federal district courts have original jurisdiction over all civil claims involving patents); 35 U.S.C. § 281 (2006) (“A patentee shall have remedy by civil action for infringement of his patent.”); see also ALAN L. DURHAM, *PATENT LAW ESSENTIALS: A CONCISE GUIDE* 151 (1999) (explaining that patent litigation in federal district court, or threatening such litigation, is the true power a patentee derives from his patent).

30. A.B.A. SECTION OF INTELLECTUAL PROP. LAW, *WHAT IS A PATENT?* 22 (2006); see Larry Coury, Note, *C’est What? Saisie! A Comparison of Patent Infringement Remedies Among the G7 Economic Nations*, 13 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 1101, 1106 (2003) (stating that, in addition to civil infringement remedies such as injunctive relief and damages, criminal penalties can be imposed as a consequence for patent infringement).

31. See generally Robin M. Davis, Note, *Failed Attempts to Dwarf the Patent Trolls: Permanent Injunctions in Patent Infringement Cases Under the Proposed Patent Reform Act of 2005 and eBay v. MercExchange*, 17 *CORNELL J.L. & PUB. POL’Y* 431, 437–39 (2008) (providing background information on the development of the term “patent trolling” and explaining the type of practice the term encompasses); Jennifer Kahalelio Gregory, Comment, *The Troll Next Door*, 6 *J. MARSHALL REV. INTELL. PROP. L.* 292, 292 (2007) (defining patent trolling as the act of “mak[ing] money from a patent solely through [infringement] litigation or licensing and not from manufacturing or developing the patented invention”).

coined as “patent trolling”³² and has led to efforts to reform the Patent Act of 1952,³³ which governs the arena of patent law.³⁴

The term “patent trolling” has largely been regarded by the legal community as a derogatory description.³⁵ A patent-holding attorney such as Scott Harris, who also represents clients in their endeavors to obtain and protect their own patents, could easily be categorized as a “patent troll.”³⁶ Patented inventions are only as profitable to their holder as the patented inventions are desired by the commercial marketplace.³⁷ The process of successfully marketing a patented product to potential buyers or investors

32. See Jennifer Kahalelio Gregory, Comment, *The Troll Next Door*, 6 J. MARSHALL REV. INTELL. PROP. L. 292, 292 (2007) (crediting Peter Detkin, assistant general counsel for Intel, with coining the term “patent troll” in 2001).

33. Patent Act of 1952, Pub. L. No. 82-593, 66 Stat. 792 (codified as amended in scattered sections of 35 U.S.C.).

34. See Patent Reform Act of 2006, S. 3818, 109th Cong. §§ 5, 7 (as submitted to S. Comm. on the Judiciary, Aug. 3, 2006) (proposing revisions to the Patent Act of 1952 to allow increased damages for willful patent infringement and an award of attorney’s fees to prevailing parties in patent litigation, to modify the application for the granting of patents, and to increase the power of third parties in submitting patent applications); Patent Reform Act of 2005, H.R. 2795, 109th Cong. §§ 6–10 (as submitted to H.R. Comm. on the Judiciary, June 8, 2005) (outlining changes to the Patent Act of 1952 regarding inventors’ right to obtain damages and injunctions, and governing continuation applications, post-grant procedures, and submissions by third parties); see also Robin M. Davis, Note, *Failed Attempts to Dwarf the Patent Trolls: Permanent Injunctions in Patent Infringement Cases Under the Proposed Patent Reform Act of 2005 and eBay v. MercExchange*, 17 CORNELL J.L. & PUB. POL’Y 431, 434 (2008) (explaining that while the Patent Reform Acts aimed to stifle the negative influences of patent trolls, they never were enacted). As a result, “courts have not implemented [the Patent Reform Acts’] guidelines for granting injunctions in infringement cases.” *Id.*

35. See Brenda Sandburg, *Trolling for Dollars*, RECORDER, July 30, 2001, <http://www.law.com/jsp/PubArticle.jsp?id=900005370205> (stating that prior to coining the term “patent troll,” Peter Detkin was sued for libel for using the term “patent extortionist” to describe the same activity); see also Jennifer Kahalelio Gregory, Comment, *The Troll Next Door*, 6 J. MARSHALL REV. INTELL. PROP. L. 292, 292–93 (2007) (analogizing the image of a patent troll to a villainous, “archaic ogre-like monster” who uses unfounded patent infringement litigation purely for pecuniary gain).

36. See Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (paraphrasing patent attorney John Caracappa’s claim that more patent lawyers are “using their own patents for profit”). According to Caracappa, patent attorneys “see that these patent trolls are making a lot of money, and they’re missing out.” *Id.*

37. E.g., A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 7 (2006) (“[T]he value of the patent itself can be no greater than the commercial value of the invention covered by the patent.”).

requires large amounts of time, money, and devotion.³⁸ For even the most experienced inventors, this time-consuming process is fraught with difficulty, and the chances for commercial success are statistically poor.³⁹ Based on these considerations, it is unlikely that a patent-holding attorney could both successfully market his patented products and represent his own clients to the best of his professional ability.⁴⁰ Unless a patent-holding attorney has licensed or sold the rights to his patent to another person or entity, he may be regarded by the public and legal community as a patent troll if he later attempts to protect his patent from infringement through litigation.⁴¹

In addition to resembling patent trolls, patent-holding attorneys litigating to enforce patent rights to personal patents may flirt with violating several canons and disciplinary rules set forth by the Patent and Trademark Office Code of Professional Responsibility,⁴² as well as several of the ABA's Model Rules of Professional Conduct.⁴³ While the canons set forth by the

38. *See id.* at 21 (stating that the process of successfully exploiting a patented product “requires an innovative and intense effort”); CARL W. BATTLE, *THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS* 33–34 (1997) (recognizing that while inventors have been able to market their inventions on their own, many hire patent attorneys, invention promoters, or brokers for help in successfully marketing their inventions in a profitable manner).

39. A.B.A. SECTION OF INTELLECTUAL PROP. LAW, *WHAT IS A PATENT?* 21 (2006).

40. *Cf. id.* (discussing the effort and creativity necessary to successfully market an invention or its resulting product).

41. *Cf.* Jennifer Kahalelio Gregory, Comment, *The Troll Next Door*, 6 J. MARSHALL REV. INTEL. PROP. L. 292, 292–93 (2007) (defining “patent trolling” as “acquiring unused patents to enforce against any company using similar technology to the patent”); Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (paraphrasing attorney Chris Graham's view that a negative impression “can be made on the public when lawyers turn up behind shell companies that exist only to file [patent infringement] lawsuits”).

42. *See generally* 37 C.F.R. § 10.57 (2008) (requiring patent attorneys to maintain confidences disclosed to them by their clients absent the informed consent of the client or an exception requiring the attorney to disclose certain information); 37 C.F.R. § 10.62(a) (2008) (stating that unless a client gives his informed consent, a patent attorney cannot undertake representation of the client if the attorney's professional judgment on behalf of the client will be compromised by the attorney's personal or business interests); 37 C.F.R. § 10.66(d) (2008) (preventing any attorney from representing a client if a lawyer from the attorney's law firm would be disqualified from representing the client due to a conflicting personal or business interest).

43. *See generally* MODEL RULES OF PROF'L CONDUCT R. 1.6 (2008) (discussing the duty of confidentiality owed to clients by their attorneys); MODEL RULES OF PROF'L CONDUCT R. 1.7 (2008) (advancing an attorney's professional responsibility to eliminate

USPTO merely state the general expectations of practitioners before the USPTO,⁴⁴ the disciplinary rules are mandatory, and patent attorneys who fall below the minimum requirements set forth by them will be subject to discipline.⁴⁵ Attorneys might not be subject to professional discipline or disbarment solely for violating one of the Model Rules of Professional Conduct; the rules are moral aspirations set in place by the ABA.⁴⁶ Because lawyers have the duty to police their own actions, and because federal district courts, rather than state courts, have original jurisdiction over patent law matters,⁴⁷ the Model Rules of Professional Conduct provide a valuable point of reference as to standards that all lawyers practicing in the United States should strive to meet.⁴⁸

and prevent concurrent conflicts of interest); MODEL RULES OF PROF'L CONDUCT R. 1.9 (2008) (identifying duties owed by an attorney to his former clients); MODEL RULES OF PROF'L CONDUCT R. 1.10 (2008) (providing that disqualification of an attorney due to a conflict of interest may be imputed to the attorney's entire law firm); MODEL RULES OF PROF'L CONDUCT R. 1.18 (2008) (explaining the duties owed to prospective clients by attorneys).

44. See 37 C.F.R. § 10.20(a) (2008) (stating that canons are "axiomatic norms" that express the general standards of conduct expected of practitioners before the USPTO).

45. *Id.* § 10.20(b).

46. See MODEL RULES OF PROF'L CONDUCT pmb. paras. 16, 19 (2008) (declaring that because the Model Rules of Professional Conduct establish only a framework for ethical conduct, violation of a model rule may invoke the disciplinary process, but the sanctions imposed upon the attorney will depend upon several factors, such as previous violations and extenuating circumstances). For a complete listing of the current Model Rules of Professional Conduct, see American Bar Association Center for Professional Responsibility: Model Rules of Professional Conduct, http://www.abanet.org/cpr/mrpc/mrpc_toc.html (last visited May 8, 2009).

47. 28 U.S.C. § 1338 (2006) (providing that the federal district courts have original jurisdiction over civil claims involving patents, exclusive of the states).

48. See, e.g., MODEL RULES OF PROF'L CONDUCT pmb. paras. 10–13 (2008) (outlining the important role lawyers play in maintaining a functioning society and the need for self-regulation from within the profession in order to preserve the public perception of the legal profession as an ethical practice); Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (paraphrasing Chris Graham's concern for the negative "impression that can be made on the public" by these lawyers). According to Graham, "Lawyers have a trusted and special role in society We have a responsibility to restrict our own activities." Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231>. *But see* RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 1 cmt. b (2000) ("Federal district courts generally have adopted the lawyer code of the jurisdiction in which the court sits, and all federal courts exercise the power to regulate lawyers appearing before them.").

III. DUTY OF CONFIDENTIALITY COMPROMISED BY PATENT ATTORNEYS' PERSONAL PATENT ACTIVITY

Section 10.57 of the Patent and Trademark Office Code of Professional Responsibility states that patent attorneys should not reveal the confidences or secrets of their clients unless certain exceptions are met.⁴⁹ Additionally, Model Rule of Professional Conduct 1.6 explains the duty of attorneys to keep confidential the information relating to the representation of clients.⁵⁰ This duty of confidentiality applies to an attorney's current, prospective, and former clients.⁵¹

The process of applying for a patent is very complicated due to the highly competitive world of intellectual property and the confidential nature of the information inventors hope to protect through obtaining a patent.⁵² To help guide inventors through this arduous process, which requires a painstaking search through countless patents to ensure the idea is not already patented,⁵³ many inventors hire patent attorneys certified to practice before

49. *See* 37 C.F.R. § 10.57(b)–(c) (2008) (stating that an attorney shall not reveal the confidences of a client unless he has obtained the client's full informed consent or the disclosure is required by a disciplinary rule or needed to prevent the commission of a crime); *see also* 37 C.F.R. § 10.56 (2008) (“A practitioner should preserve the confidences and secrets of a client.”).

50. MODEL RULES OF PROF'L CONDUCT R. 1.6(a) (2008).

51. *See* MODEL RULES OF PROF'L CONDUCT R. 1.9(c) (2008) (forbidding attorneys from disclosing confidential information relating to the representation of a former client or using such confidential information in a manner that is adverse to a former client's interests); MODEL RULES OF PROF'L CONDUCT R. 1.18(b) (2008) (“Even when no client-lawyer relationship ensues, a lawyer who has had discussions with a prospective client shall not use or reveal information learned in the consultation . . .”).

52. *Cf.* A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 14–15 (2006) (explaining that it may be in inventors' best interests to hire patent attorneys to draft patent applications due to their proficiency in such matters); CARL W. BATTLE, THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS 48 (1997) (concluding that without the help of an experienced patent attorney, an inventor who tries to prosecute his own patent application may face substantial difficulties because of his unfamiliarity with the application procedures used by the USPTO).

53. *See* 35 U.S.C. § 10(a)(1) (2006) (granting the USPTO the authority to publish and make available to the public all patent applications it receives and all patents it grants to inventors); CARL W. BATTLE, THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS 56–57 (1997) (explaining that in order to determine whether an invention meets the standards of patentability, an inventor, or his patent attorney, must conduct a prior art search to discern whether the invention is similar to any inventions already patented); *see also* United States Patent and Trademark Office, <http://patft.uspto.gov/> (last visited May 8, 2009) (providing a searchable database of all patents issued in the United States since 1790).

the USPTO.⁵⁴ Although an inventor may represent himself in the patent application process,⁵⁵ it is usually advantageous to retain patent attorneys because of their expertise in this specialized area of law, their experience in negotiating and drafting patent licenses, and their knowledge of conducting patent litigation.⁵⁶ In order to obtain the best patent possible, it is necessary for inventors to disclose as much information as possible to their patent attorneys and provide them with a complete understanding of the nature of the product to be patented.⁵⁷

Given the necessity of the full disclosure of information between inventors and patent attorneys, an attorney can become shrouded

54. See 37 C.F.R. § 11.6(a) (2008) (“Any citizen of the United States who is an attorney and who fulfills the requirements of [§ 11.7] may be registered as a patent attorney to practice before the [USPTO].”); 37 C.F.R. § 11.7(a) (2008) (stating that in order to become registered to practice before the USPTO, an attorney must complete and submit in writing an application to the director of the USPTO and possess “good moral character and reputation; . . . the legal, scientific, and technical qualifications necessary . . . to render applicants valuable service; and . . . competen[cy] to advise and assist patent applicants in the presentation and prosecution of their applications before the [o]ffice”); 37 C.F.R. § 11.10 (2008) (limiting the practitioners allowed to practice before the USPTO to those attorneys who have registered under § 11.6 or satisfy a limited exception under § 11.9(a)); A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 14 (2006) (reporting that many inventors opt to hire patent attorneys to aid them in navigating the steps of the patent application process, such as “preparing a disclosure of the invention; conducting a patentability search on the invention . . . ; preparing and filing a formal non-provisional patent application . . . ; [and] prosecuting the application in the [USPTO]”); CARL W. BATTLE, THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS 48 (1997) (detailing the difficulty of the patent application process and stating that many inventors choose to hire a patent attorney registered by the USPTO).

55. See 37 C.F.R. § 1.31 (2008) (“An applicant for patent may file and prosecute his or her own case . . .”). *But see* Bender v. Dudas, 490 F.3d 1361, 1362–63 (Fed. Cir. 2007) (stating that inventors should be wary of those seeking to take advantage of their inexperience and the overly simplistic and generalized sources of guidance available to inventors which can often lead to errors), *cert. denied*, 128 S. Ct. 2080 (2008).

56. See A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 17 (2006) (explaining that the most successful patent applications are the result of collaboration between an inventor and a patent attorney); CARL W. BATTLE, THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS 51 (1997) (providing insight into the benefits of retaining patent attorneys in the patent application process due to their specialized expertise in appraising the legal complexity involved in patenting inventions).

57. See A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 17–18 (2006) (analogizing the joint effort of inventor and patent attorney to baking a cake, in that, just as a helper may set out ingredients from which a chef can choose and mix as he pleases, the best patents result from an inventor’s full disclosure of information from which his patent attorney chooses which information to include in the patent application).

in suspicions of impropriety when he engages in personal patent activity while concurrently representing clients with their patents.⁵⁸ A patent-holding attorney, privy to such a vast exchange of information regarding the patents of current, past, and prospective clients, could easily appropriate the work of another for his own personal use.⁵⁹ In 2003, this type of plagiarism by a patent attorney was alleged in a counterclaim filed by Delphi Corporation against patent attorney Irah Donner.⁶⁰ Delphi's counterclaim alleged that parts of a patent that Donner claimed had been infringed by Delphi had been copied by Donner from the patent of a client represented by one of his former employers during the time of his employment.⁶¹ Although the parties to this dispute ultimately settled out of court, this dispute illustrates the potential suspicions raised by a patent attorney holding his own patents.⁶² Additionally, in *Illinois Computer Research, L.L.C. v. Google, Inc.*,⁶³ Fish & Richardson's third-party complaint against its former employee, Scott Harris, demonstrates that the appearance of impropriety can also arise through allegations that a patent-holding attorney could use the confidential information of his employer's clients to gain an advantage in patent infringement

58. See Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (quoting Stanford Law professor Mark Lemley as saying that patent attorneys will find obtaining their own patent "fraught with peril" because of accusations and perceptions that the attorney has copied client information for his own personal use).

59. See *id.* (describing both the risk of appropriating client information and, at a minimum, the risk of the perception of appropriation for those attorneys who obtain patents on their own inventions while representing clients as a patent attorney).

60. See *id.* ("Before Delphi settled, it alleged in a counterclaim filed in 2003 that . . . one of Donner's patents appear[ed] to be plagiarized from an earlier patent . . ."); see also Delphi, LLC, Delphi Automotive Systems, LLC, & Delphi Automotive Systems Services, LLCs' Answer, Affirmative Defenses & Counterclaims at 8, *Donner, Inc. v. Delphi, L.L.C.*, No. 1:03-cv-00869-MHS (N.D. Ga. filed May 21, 2003) (Stan. IP Litig. Clearinghouse) (alleging in a counterclaim for patent invalidity that Donner, Inc.'s patent did not satisfy 35 U.S.C. § 102, which governs novelty of the patented invention and the loss of right to patent).

61. See Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (stating that prior to settlement, Delphi alleged that Donner's patent was invalid because he plagiarized diagrams and text from the patent of a client of Donner's employer).

62. See generally *id.* (summarizing Donner's dispute with Delphi and the mounting pressure law firms face when employing attorneys who also litigate their personal patents).

63. *Ill. Computer Research, L.L.C. v. Google, Inc.*, No. 1:07-cv-05081 (N.D. Ill. dismissed Aug. 14, 2008) (Stan. IP Litig. Clearinghouse).

litigation to enforce his personal patents.⁶⁴

The legal community has always placed a great deal of importance on avoiding the appearance of impropriety through the preservation of confidentiality between clients and their attorneys.⁶⁵ A client's ability to trust that the information he discloses to his attorney will remain confidential is the "hallmark of the [attorney-client] relationship."⁶⁶ Conversely, the possibility that confidential information regarding a patent application could be leaked to the public is a chance that all inventors take during the patent application process.⁶⁷ Logically then, an inventor's faith in a patent attorney's ability to maintain confidential information could be jeopardized if patent attorneys continue to litigate to enforce their own patents. While this is a drastic assumption, it is a valid consideration that law firms employing patent-holding attorneys are encountering more frequently. Allegations of attorneys breaching their duty to maintain client confidentiality, seen in lawsuits such as *Donner, Inc. v. Delphi*,

64. See Fish & Richardson P.C.'s Counterclaim Against ICR & Third-Party Complaint Against Scott C. Harris at 11, *Ill. Computer Research*, No. 1:07-cv-05081 (alleging that while an employee of Fish & Richardson, Scott Harris "target[ed]" clients represented by his employer to sue as potential infringers of his personal patents).

65. See, e.g., *Schloetter v. Railoc of Ind., Inc.*, 546 F.2d 706, 709-10 (7th Cir. 1976) (demonstrating judicial application of the Canons of Professional Responsibility to determine whether an attorney should be disqualified for even appearing to breach the duty of confidence owed to his client); 37 C.F.R. § 10.110 (2008) ("A practitioner should avoid even the appearance of professional impropriety."); MODEL RULES OF PROF'L CONDUCT R. 1.6 (2008) (requiring attorneys to maintain the confidences of their clients unless certain exceptions, such as acquiring a client's informed consent to disclosure, are met); MODEL CODE OF PROF'L RESPONSIBILITY Canon 4 (1981) ("A lawyer should preserve the confidences and secrets of a client."); MODEL CODE OF PROF'L RESPONSIBILITY Canon 9 (1981) ("A lawyer should avoid even the appearance of professional impropriety."); Gregg F. LoCascio, Note, *Reassessing Attorney-Client Privileged Legal Advice in Patent Litigation*, 69 NOTRE DAME L. REV. 1203, 1205 (1994) (noting that while the basis for the attorney-client privilege has changed over the years, it is still "the oldest of the common law privileges for confidential communications").

66. See MODEL RULES OF PROF'L CONDUCT R. 1.6 cmt. 2 (2008) (stating that unless the client gives informed consent, an attorney must maintain the confidences disclosed by his clients); MODEL CODE OF PROF'L RESPONSIBILITY EC 4-1 (1981) (explaining that "the proper functioning of the legal system" depends on attorneys upholding their fiduciary relationships to clients by maintaining the confidentiality of client information).

67. Cf. CARL W. BATTLE, *THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS* 62 (1997) ("To protect and exploit your ideas and inventions from a practical standpoint, you will need to disclose the nature of the ideas and inventions to outside parties, such as witnesses to the invention, model makers, employees, draftspeople, patent attorneys, invention promoters, consultants, and manufacturers.").

*L.L.C.*⁶⁸ and *Illinois Computer Research, L.L.C. v. Google, Inc.*,⁶⁹ raise negative implications for law firms. Because information regarding litigation undertaken by patent-holding attorneys is readily available to the public,⁷⁰ a well-researched inventor understandably might refrain from hiring any patent attorney associated with a patent-holding attorney accused of appropriating client information for his own use. The possible impropriety represented by the personal patent activity of an attorney blurs the boundaries of an attorney's duty of confidentiality and lends support to the decisions of Fish & Richardson, as well as law firms around the nation, to terminate attorneys who acquire and litigate to enforce their own personal patents.⁷¹

68. *Donner, Inc. v. Delphi, L.L.C.*, No. 1:03-cv-00869-MHS (N.D. Ga. filed May 21, 2003).

69. *Cf.* Fish & Richardson P.C.'s Counterclaim Against ICR & Third-Party Complaint Against Scott C. Harris at 11, *Ill. Computer Research*, No. 1:07-cv-05081 (alleging that Scott Harris contemplated a patent infringement suit against a Fish & Richardson client "[n]otwithstanding his fiduciary obligations to Fish & Richardson's clients and his contractual obligations to the [firm]"); Delphi, LLC, Delphi Automotive Systems, LLC, & Delphi Automotive Systems Services, LLCs' Answer, Affirmative Defenses & Counterclaims at 8, *Donner, Inc.*, No. 1:03-cv-00869-MHS (alleging that Donner's patent was not novel, and thereby insinuating that he appropriated the idea from another); Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (suggesting that Donner plagiarized diagrams and text from the patent of a client of Donner's employer).

70. *See generally* The Prior Art: One Reporter's Notes on the IP Beat, http://thepriorart.typepad.com/the_prior_art/ (last visited May 8, 2009) (discussing trends in IP litigation, such as litigation undertaken by patent-holding attorneys to enforce their personal patents); Stanford IP Litigation Clearinghouse, <http://lexmachina.stanford.edu> (last visited May 8, 2009) (providing a public database of IP litigation statistics for use in analyzing various trends in IP litigation).

71. *Cf.* Fish & Richardson P.C.'s Counterclaim Against ICR & Third-Party Complaint Against Scott C. Harris at 11, *Ill. Computer Research*, No. 1:07-cv-05081 (alleging that Scott Harris ignored obligations to his clients when contemplating a patent infringement suit against a Fish & Richardson client); Jessie Seyfer, *Former Fish Partner Speaks out on Patent Dispute*, RECORDER, Oct. 19, 2007, <http://www.law.com/jsp/article.jsp?id=1192698213484#> (discussing the forced resignation of Scott Harris from Fish & Richardson due to his improper use of firm resources while engaging in personal patent activity). Patent attorney Irah Donner faced similar accusations. *See* Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> ("Before Delphi settled, it alleged in a counterclaim filed in 2003 that . . . one of Donner's patents appear[ed] to be plagiarized from an earlier patent acquired by Bell Atlantic Network Services—a client of the law firm where Donner was at that time, Lowe, Price, LeBlanc & Becker.").

IV. CONFLICTS OF INTEREST ARISING FROM PATENT ATTORNEYS' PERSONAL PATENT ACTIVITY

In addition to the duty of confidentiality, one of the most important ethical considerations for attorneys and law firms is the prevention of conflicts of interest between attorneys and their current and former clients.⁷² The area of patent law is a small world,⁷³ and the example set by Scott Harris and his former employer, Fish & Richardson, demonstrates that even if a patent-holding attorney licenses the use of his personal patents and refrains from personally asserting infringement claims against clients represented by his employer, there is a risk that the attorney could be named in future patent infringement litigation against a past or current client.⁷⁴

A. *Duties to Current Clients*

Section 10.62 of the Patent and Trademark Office Code of Professional Responsibility states that patent attorneys must decline employment by a client where the attorney's personal interests may, or will, adversely affect the attorney's personal judgment in representing the client.⁷⁵ Model Rule of Professional Conduct 1.7 prevents a lawyer from representing a client if the representation involves a concurrent conflict of interest.⁷⁶ An

72. See, e.g., 37 C.F.R. § 10.62(a) (2008) (providing that a practitioner shall not represent a client if his personal interests will affect his professional judgment in representing the client); MODEL RULES OF PROF'L CONDUCT R. 1.7(a) (2008) (requiring attorneys to decline and terminate representation of clients when a concurrent conflict of interest exists); MODEL RULES OF PROF'L CONDUCT R. 1.9 (2008) (stating that absent certain exceptions, attorneys may not represent clients "in the same or a substantially related matter" in which they represented a former client).

73. See Jessie Seyfer, *Former Fish Partner Speaks out on Patent Dispute*, RECORDER, Oct. 19, 2007, <http://www.law.com/jsp/article.jsp?id=1192698213484#> (quoting Niro, Scavone, Haller & Niro partner Paul Vickrey as admitting the patent legal community makes up "a 'small world'" to demonstrate that conflicts are likely to arise between inventors and their patent attorneys when the attorneys change law firms).

74. See *id.* (paraphrasing patent litigator Claude Stern's concern that Scott Harris's situation "raises several 'thorny' ethical questions" and hypothesizing that a patent-holding attorney's patent "could one day be asserted against a client").

75. 37 C.F.R. § 10.62(a) (2008); see *Bender v. Dudas*, 490 F.3d 1361, 1367–68 (Fed. Cir. 2007) (excluding an attorney from practicing before the USPTO for failing to disclose to his clients a material pecuniary interest in matters he handled for them due to a side business he conducted with an invention promoter), *cert. denied*, 128 S. Ct. 2080 (2008).

76. See MODEL RULES OF PROF'L CONDUCT R. 1.7(a) (2008) ("[A] lawyer shall not

example of a concurrent conflict of interest that could possibly preclude a patent-holding attorney from representing a client arises when there is a significant risk that the attorney's representation of the client would be materially limited by the attorney's personal interest.⁷⁷ Additionally, Model Rule of Professional Conduct 1.8 specifically states that, absent certain exceptions, a conflict of interest exists between an attorney and his client if the attorney "knowingly acquire[s] an ownership, possessory, security or other pecuniary interest adverse to [his] client."⁷⁸ A patent attorney who owns, develops, or licenses his personal patents runs the risk of creating a conflict of interest with one of his clients because of the pecuniary interest that is inherent in the ownership of patents.⁷⁹

Acquiring a patent from the USPTO confers upon the patentee the right to exclude others from making or selling the patented product.⁸⁰ In the event that these patent rights are infringed, the patentee or licensee may assert a civil action for patent infringement.⁸¹ Over the past several years, the large damages

represent a client if the representation involves a concurrent conflict of interest.").

77. See MODEL RULES OF PROF'L CONDUCT R. 1.7(a)(2) (2008) (explaining that an attorney shall not represent a client if his personal interest in the matter would materially limit his representation of the client).

78. MODEL RULES OF PROF'L CONDUCT R. 1.8(a) (2008). The rule states:

A lawyer shall not . . . knowingly acquire . . . [a] pecuniary interest adverse to a client unless: (1) the transaction and terms on which the lawyer acquires the interest are fair and reasonable to the client and are fully disclosed . . . [to] the client; (2) the client is advised in writing of the desirability of seeking . . . the advice of independent legal counsel . . . ; and (3) the client gives informed consent, in a writing signed by the client

Id.

79. See generally A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 22 (2006) (providing that if a patentee's right to exclude others from practicing his patented invention is infringed, he may bring a civil action to recover damages from loss of revenue or obtain a permanent injunction against the infringing party).

80. See 35 U.S.C. § 154(a)(1) (2006) (explaining that for the life of a patent, the patentee maintains the right to exclude others from producing or selling the patented invention); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480–81 (1974) (explaining that the economic value of a patent comes from the "right of exclusion" granted to the patentee through legislation enacted by Congress); A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 5 (2006) (stating that the right granted by Congress to exclude others from exploiting a patented invention or process is an essential feature of any property right).

81. See 35 U.S.C. § 261 (2006) (granting patent holders the same rights as owners of personal property).

awards recovered by patent holders through patent infringement litigation have made national headlines.⁸² In addition to monetary damages, plaintiffs in patent infringement litigation may also obtain permanent injunctions barring the party infringing upon the patent from continuing any form of production or distribution that resembles a process or product covered by the litigated patent.⁸³ Prior to the United States Supreme Court's decision in *eBay, Inc. v. MercExchange, L.L.C.*,⁸⁴ permanent injunctions were granted to plaintiffs "as a matter of course," so long as they could show that they would suffer irreparable harm if infringement of their patent continued.⁸⁵ The patentee's burden of proving irreparable harm was not a difficult one to meet, and for over three decades (much to the chagrin of patent infringement defendants), plaintiffs in patent infringement suits could be assured that after successfully meeting this standard, they would receive a permanent

82. See generally *Company News: U.S. Court Overturns Patent Award Against Medtronic*, N.Y. TIMES, Apr. 2, 2002, at C4 (reporting that a jury awarded \$271.1 million to Johnson & Johnson, Inc. for infringement of one of its patents, which was later overturned by the same court that previously had overturned another jury award of damages to Johnson & Johnson in the amount of \$325.4 million); Saul Hansell, *MP3 Patents in Upheaval After Verdict*, N.Y. TIMES, Feb. 23, 2007, at C1 (relating that following a jury trial for patent infringement, Microsoft Corporation was ordered to pay damages in the amount of \$1.52 billion, which, if upheld on appeal, will be the largest jury award for patent infringement on record); Teresa Riordan, *Nintendo Is Ordered to Pay \$208 Million in Patent Case*, N.Y. TIMES, Aug. 2, 1994, at D1 (reporting that a jury ordered Nintendo of America, Inc. to pay \$203 million—one of the third or fourth largest patent infringement awards ever granted by a jury at the time—to a bankrupt computer company for patent infringement); Brenda Sandburg, *Trolling for Dollars*, RECORDER, July 30, 2001, <http://www.law.com/jsp/PubArticle.jsp?id=900005370205> (noting that in 1999, patent infringement claims against Intel topped \$15 billion).

83. See, e.g., 35 U.S.C. § 283 (2006) (granting federal courts the power to permanently enjoin the act of patent infringement); *Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1577–78 (Fed. Cir. 1983) (noting that without the availability of permanent injunctions, patentees' exclusion rights would be diminished); *Fisher-Price, Inc. v. Safety 1st, Inc.*, 279 F. Supp. 2d 526, 528 (D. Del. 2003) (explaining that the purpose of issuing a permanent injunction "is to preserve the right of the patent owner to exclude others from making, using, selling, or offering to sell the patented invention").

84. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

85. See Robin M. Davis, Note, *Failed Attempts to Dwarf the Patent Trolls: Permanent Injunctions in Patent Infringement Cases Under the Proposed Patent Reform Act of 2005 and eBay v. MercExchange*, 17 CORNELL J.L. & PUB. POL'Y 431, 436 (2008) (citing ADAM B. JAFFE & JOSH LERNER, *INNOVATION AND ITS DISCONTENTS: HOW OUR BROKEN PATENT SYSTEM IS ENDANGERING INNOVATION AND PROGRESS, AND WHAT TO DO ABOUT IT* 112 (2004)) (indicating that the "automatic injunction rule" represented a high likelihood of success for plaintiffs in obtaining permanent injunctions to stop infringement of their patents).

injunction.⁸⁶ In many instances of infringement litigation, the costs of litigation and potential losses in revenue due to permanent injunctions force parties accused of infringing a patent into settlement.⁸⁷ While settlement saves parties the expense of preparation for patent litigation, settlement still is not a desirable option because it is an expensive solution in itself.⁸⁸

In 2006, the Supreme Court weighed in on the problem of forced settlement and sought to limit the number of permanent injunctions granted in patent infringement suits by stating that a four-part test, well established under the principles of equity, also applies to disputes arising under the Patent Act of 1952.⁸⁹ The Court held that the test is applicable regardless of whether a patentee licensed the rights to his patent or maintained the rights

86. *See id.* (explaining that there were few exceptions to the “automatic injunction rule” in which courts might find an excuse to deny the issuance of a permanent injunction).

87. *See, e.g.,* Ashley Chuang, Note, *Fixing the Failures of Software Patent Protection: Detering Patent Trolling by Applying Industry-Specific Patentability Standards*, 16 S. CAL. INTERDISC. L.J. 215, 232 (2006) (contending that the unpredictability of patent litigation leads many companies accused of patent infringement to pursue settlement or licensing as their only viable options); Brenda Sandburg, *Trolling for Dollars*, RECORDER, July 30, 2001, <http://www.law.com/jsp/PubArticle.jsp?id=900005370205> (quoting Peter Detkin, the assistant general counsel for Intel, who claims that the fear of incurring the expense of patent litigation, sometimes reaching upwards of \$2 million, almost always “force[s him] to the settlement table”).

88. *See, e.g.,* Ian Austen & Lisa Guernsey, *Huge Blackberry Settlement Is Grist for Holding Company*, N.Y. TIMES, May 2, 2005, at C1 (reporting that in settling a long-running patent dispute, Canadian company Research In Motion agreed to pay NTP, Inc. \$450 million in a settlement agreement); Barnaby J. Feder, *Kodak Posts a Loss After Job-Cut Costs*, N.Y. TIMES, Oct. 29, 1991, at D5 (stating that Eastman Kodak Co. lost \$206 million in revenue after writing off “\$909 million it paid to the Polaroid Corporation to settle patent infringement litigation”); Brenda Sandburg, *Trolling for Dollars*, RECORDER, July 30, 2001, <http://www.law.com/jsp/PubArticle.jsp?id=900005370205> (stating that a patent litigator has settled or won jury verdicts totaling “in excess of \$400 million” and received a thirty-five to forty-five percent contingency fee for each case).

89. *See eBay*, 547 U.S. at 391 (requiring a plaintiff seeking a permanent injunction for patent infringement to demonstrate “(1) that [the plaintiff] has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction”); Robin M. Davis, Note, *Failed Attempts to Dwarf the Patent Trolls: Permanent Injunctions in Patent Infringement Cases Under the Proposed Patent Reform Act of 2005 and eBay v. MercExchange*, 17 CORNELL J.L. & PUB. POL’Y 431, 435–36 (2008) (noting that the Supreme Court reversed the Federal Circuit’s granting of a permanent injunction in *eBay* because the circuit court based its decision on the automatic injunction rule instead of using the four-factor test).

himself.⁹⁰ Despite the Court's intention to curb the granting of automatic permanent injunctions and their coercive effects on patent infringement defendants, it is unclear how the Court expected the four-part test to be applied.⁹¹ As Chief Justice Roberts predicted in his concurring opinion, in which he opined that "a page of history is worth a volume of logic,"⁹² district courts deciding patent cases in the wake of the *eBay* decision have continued to grant permanent injunctions as they did prior to the decision.⁹³ Because the coercive threat of permanent injunctions still exists, patent-holding attorneys continue to maintain an upper hand in recovering substantial amounts of money in the event their patents are infringed.⁹⁴ The continued opportunity to wield the threat of a permanent injunction to force settlement increases the odds that a conflict of interest will arise between a patent-holding attorney and one of his clients due to the fact that the remedy represents an ongoing threat to a patent-holding attorney's ability to represent his client as a fiduciary.

90. See *eBay*, 547 U.S. at 393 (highlighting the inequity that would result in denying the benefits of the four-factor test to patent holders, such as university researchers, who license their patents because they are financially unable to market their patented products themselves); see also 35 U.S.C. § 271(d) (2006) (stating that no patent holder shall be denied the right to sue and recover for patent infringement because of the fact that the patent holder licensed the right to use the patent to another person).

91. See *eBay*, 547 U.S. at 394 ("We hold only that the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity . . .").

92. *Id.* at 395 (Roberts, C.J., concurring) (quoting *N.Y. Trust Co. v. Eisner*, 256 U.S. 345, 349 (1921)).

93. See, e.g., *Black & Decker, Inc. v. Robert Bosch Tool Corp.*, No. 04-C-7955, 2006 WL 3446144, at *1, *5 (N.D. Ill. Nov. 29, 2006) (finding adequate basis for granting permanent injunctive relief to the plaintiff using the *eBay* four-part test); *Smith & Nephew, Inc. v. Synthes (U.S.A.)*, 466 F. Supp. 2d 978, 985 (W.D. Tenn. 2006) (ordering permanent injunctive relief after balancing the equities under the *eBay* test); *Tivo, Inc. v. EchoStar Commc'ns Corp.*, 446 F. Supp. 2d 664, 666, 669 (E.D. Tex. 2006) (granting the plaintiff's motion for a permanent injunction despite the application of the *eBay* four-part test); see also Robin M. Davis, Note, *Failed Attempts to Dwarf the Patent Trolls: Permanent Injunctions in Patent Infringement Cases Under the Proposed Patent Reform Act of 2005 and eBay v. MercExchange*, 17 CORNELL J.L. & PUB. POL'Y 431, 444 (2008) (illustrating that despite the new equitable test propounded by the Supreme Court, the traditional remedy of granting permanent injunctions continues to prevail in federal district court cases "at a rate of approximately two-to-one").

94. Cf. Robin M. Davis, Note, *Failed Attempts to Dwarf the Patent Trolls: Permanent Injunctions in Patent Infringement Cases Under the Proposed Patent Reform Act of 2005 and eBay v. MercExchange*, 17 CORNELL J.L. & PUB. POL'Y 431, 444 (2008) (noting that federal district courts still granted permanent injunctions in patent cases despite the promulgation of the four-part test).

Under the Model Rules of Professional Conduct, in the event that a conflict of interest arises, an attorney may still represent a client if:

(1) the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation . . . ; (2) the representation is not prohibited by law; (3) the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation . . . ; *and* (4) each affected client gives informed consent, confirmed in writing.⁹⁵

Both Model Rule of Professional Conduct 1.7 and section 10.62 of the Patent and Trademark Office Code of Professional Responsibility require full disclosure of a patent-holding attorney's personal patent activity in order to gain the client's informed consent to representation.⁹⁶ Nonetheless, it is likely that once a client learns of his patent attorney's personal patent activity, obtaining his informed consent in writing will not be easy given the material and pecuniary interests involved with patent ownership.⁹⁷ Because all four requirements must be met in order to continue the representation of a client in spite of a concurrent conflict of interest, the attorney must withdraw from the representation absent the client's informed consent.⁹⁸

95. MODEL RULES OF PROF'L CONDUCT R. 1.7(b) (2008) (emphasis added).

96. *See* *Bender v. Dudas*, 490 F.3d 1361, 1367–68 (Fed. Cir. 2007) (holding that a patent attorney who failed to fully disclose his business interest in the representation of his client's patents due to a side business conducted jointly with an invention promoter was properly excluded from practicing before the USPTO as punishment for violation of section 10.62 of the Patent and Trademark Office Code of Professional Responsibility), *cert. denied*, 128 S. Ct. 2080 (2008); MODEL RULES OF PROF'L CONDUCT R. 1.7 cmt. 18 (2008) (explaining that true informed consent to representation in spite of an existing conflict of interest may only be obtained by an attorney who has disclosed to each affected client all reasonably foreseeable instances in which the conflict of interest "could have adverse effects on the interests of that client" given the circumstances and facts surrounding the matter).

97. *Cf.* 35 U.S.C. § 154(a)(1) (2006) (stating that every patent granted confers upon the patentee "the right to exclude others from making, using . . . or selling the [patented] invention"); 35 U.S.C. § 261 (2006) (analogizing patent rights to personal property rights in that they are both similarly assignable through instruments in writing); 35 U.S.C. § 281 (2006) (allowing patentees to bring a civil action for patent infringement); A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 22 (2006) (asserting that the remedies most commonly sought for patent infringement are monetary damages and injunctions).

98. *See* MODEL RULES OF PROF'L CONDUCT R. 1.7(b) (2008) (listing conjunctively the four requirements that must be met before representation of a client may be undertaken despite the existence of a conflict of interest); MODEL RULES OF PROF'L

Also, Model Rule of Professional Conduct 1.16 and the case of patent-holding attorney Scott Harris show that conflicts of interest can arise between attorneys and their clients after representation has already been undertaken.⁹⁹ Withdrawal well into representation could be potentially damaging to a client in that extra time and expenses necessarily will be incurred in order to find new representation. Furthermore, despite ethical rules in place to prevent this situation, re-disclosing confidential information to a new attorney increases the risk that there will be a public leak of a client's confidential information regarding his invention. In light of these considerations, law firms, such as Fish & Richardson, that have taken a stand against the negative effects that their employees' personal patent activities have had on the attorneys and the firms as a whole seem to have acted rationally.

B. Imputation of Attorney-Client Conflicts of Interest to Entire Law Firms

Section 10.66(d) of the Patent and Trademark Office Code of Professional Responsibility states that where a patent attorney is required by a disciplinary rule to decline or withdraw from representation of a client, no other attorney affiliated with the patent attorney or his law firm may undertake the representation without the consent of the director or commissioner of the USPTO.¹⁰⁰ Model Rule of Professional Conduct 1.10 mirrors this directive by imputing the preclusion of an attorney from representing a client due to a concurrent conflict of interest to the

CONDUCT R. 1.16(a)(1) (2008) (requiring an attorney to decline or withdraw from representation when a conflict of interest arises if continued representation would violate a rule of professional conduct).

99. See Fish & Richardson P.C.'s Counterclaim Against ICR & Third-Party Complaint Against Scott C. Harris at 4, 7-14, Ill. Computer Research, L.L.C. v. Google, Inc., No. 1:07-cv-05081 (N.D. Ill. filed Oct. 16, 2007) (Stan. IP Litig. Clearinghouse) (indicating that at least five years after becoming employed by Fish & Richardson, Scott Harris brought suit for patent infringement against clients he knew were then or had previously been represented by other Fish & Richardson attorneys); MODEL RULES OF PROF'L CONDUCT R. 1.16(a) (2008) (recognizing that a conflict of interest requires withdrawal from representation when such a conflict would constitute a violation of ethical rules).

100. See 37 C.F.R. § 10.66(d) (2008) (declaring that where a patent attorney must decline representation or withdraw due to a conflict of interest, no other attorney from that attorney's law firm may continue the representation unless permission is granted by the USPTO).

attorney's entire law firm.¹⁰¹ Under these rules, the preclusion of a patent-holding attorney from representing a potential client due to conflicting interests over similar patents would also preclude all attorneys at the law firm employing the patent-holding attorney from representing that client.¹⁰²

An exception for this imputation exists under the Model Rules of Professional Conduct if the prohibited representation is based upon a personal interest of the lawyer, but only if the remaining lawyers in the firm would not be materially limited by their fellow attorney's personal interest when undertaking the representation.¹⁰³ Even so, a comment explaining the application of this rule provides an example of a personal interest held by a patent-holding attorney that would not meet the exception:

[I]f an opposing party in a case were owned by a lawyer in the law firm, and others in the firm would be materially limited in pursuing the matter because of loyalty to that lawyer, the personal disqualification of the lawyer would be imputed to all others in the firm.¹⁰⁴

A patent-holding attorney owns rights to his patents that are analogous to owning a business in that both may be used by their owners to earn a profit.¹⁰⁵ In the event of an attorney's

101. See MODEL RULES OF PROF'L CONDUCT R. 1.10(a) (2008) ("While lawyers are associated in a firm, none of them shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so by Rule[] 1.7 . . .").

102. See MODEL RULES OF PROF'L CONDUCT R. 1.10 cmt. 2 (2008) (explaining the need for disqualifying an entire law firm from representation in certain cases based on the notion of imputation, which relies on the premise that the collective firm "is essentially one lawyer for purposes of the rules governing loyalty to the client"). *But see* MODEL RULES OF PROF'L CONDUCT R. 1.10 cmt. 6 (2008) (allowing clients affected by conflicts of interest to waive the imputation of an entire law firm provided that the representation by an attorney in the firm is not prohibited under Model Rule 1.7(b) and each affected party gives in writing informed consent to the representation).

103. See MODEL RULES OF PROF'L CONDUCT R. 1.10(a) (2008) (stating that the imputation of a conflict of interest does not preclude an entire law firm from representing a client when the conflict is based on the personal interest of an attorney at the law firm). *But see* MODEL RULES OF PROF'L CONDUCT R. 1.10 cmt. 3 (2008) (providing that another attorney in a disqualified attorney's firm cannot replace the disqualified attorney in undertaking the representation of a client if the attorney will be materially limited in his representation of the client due to his sense of loyalty to the disqualified attorney).

104. MODEL RULES OF PROF'L CONDUCT R. 1.10 cmt. 3 (2008).

105. See 35 U.S.C. § 154(d)(1)(A)(i) (2006) (listing under the provisional rights obtained by a patentee the right to obtain royalties from any person who during the patent term "makes, uses, . . . or sells" the patented invention); 35 U.S.C. § 261 (2006) (stating that ownership of a patent is a property right of the patentee that he may assign or convey

disqualification from representation because of his personal patent activity, other attorneys in his firm may also be disqualified from undertaking the representation because of their loyalty to their colleague.¹⁰⁶ Such loyalty could materially limit an attorney taking over representation for a disqualified attorney in his firm because patent law is a specialized and relatively small practice area.¹⁰⁷ Considering the high probability of attorneys changing firms during the course of their careers, it may be in an attorney's best interest to keep his options open by maintaining good working relationships in not representing clients with adverse interests to his colleagues.¹⁰⁸

Again, while not all conflicts of interest may be imputed to disqualify an entire law firm, and while a client's informed consent to representation by another attorney in the firm may be obtained, the risk of imputation still exists.¹⁰⁹ If not limited, this risk could

to others); CARL W. BATTLE, *THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS* 169 (1997) (indicating that patentees have the potential to profit from their patented inventions through licensing agreements in which the patentee, for consideration, grants a licensee the right to practice his patented invention).

106. See MODEL RULES OF PROF'L CONDUCT R. 1.7 cmt. 8 (2008) (stating that the materiality of a limitation can be measured by inquiring whether a difference in interests between an attorney and client would be so great as to interfere with the attorney's professional judgment); MODEL RULES OF PROF'L CONDUCT R. 1.10 cmt. 3 (2008) (providing that an attorney will also be disqualified from taking over representation of a client from a fellow attorney who had been previously disqualified if the sense of loyalty between the two attorneys would materially limit the second attorney in his representation of the client).

107. See generally Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (indicating that patent attorneys Chris Graham and Matt Powers recognized the name of a fellow patent attorney, Michael Powell, when discovering a patent infringement suit asserted by Powell against Graham's client during the time of Powell's employment with the firm Quinn, Emanuel, Urquhart, Oliver & Hedges, L.L.P.).

108. Cf. Jessie Seyfer, *Former Fish Partner Speaks out on Patent Dispute*, RECORDER, Oct. 19, 2007, <http://www.law.com/jsp/article.jsp?id=1192698213484#> (quoting Niro, Scavone, Haller & Niro partner Paul Vickrey as admitting the patent legal community makes up "a 'small world'"). In paraphrasing the thoughts of Quinn, Emanuel, Urquhart, Oliver & Hedges partner Claude Stern, Seyfer notes that "one could argue that [an attorney] even obtaining a patent raises the risk that the patent could one day be asserted against a client." *Id.*

109. See MODEL RULES OF PROF'L CONDUCT R. 1.10 cmt. 6 (2008) (providing that imputation of a conflict of interest that would preclude an entire law firm from representing a client may be waived by the client by giving informed consent in writing). *But see* MODEL RULES OF PROF'L CONDUCT R. 1.7 cmt. 21 (2008) (explaining that a client can revoke consent to representation despite a conflict of interest and can terminate the representation at any time).

cause law firms employing patent-holding attorneys to lose clients and revenue.¹¹⁰ Also, despite efforts to screen a disqualified attorney from a matter,¹¹¹ law firms may be harmed during the litigation of a patent dispute by a motion asserted by opposing counsel claiming that the firm should be disqualified from representation.¹¹² To ensure that these situations do not occur, law firms such as Fish & Richardson may be justified in terminating the employment of patent-holding attorneys and refusing to hire more.¹¹³

110. See generally Brenda Sandburg, *Trolling for Dollars*, RECORDER, July 30, 2001, <http://www.law.com/jsp/PubArticle.jsp?id=900005370205> (noting a top patent attorney in the United States has earned over \$400 million from representing clients in patent infringement litigation). In addition, “[l]awyers in the [patent law] field routinely charge contingency fees as high as [forty-five] percent, and suits can settle for as much as \$50 million.” *Id.*

111. Compare *Kadish v. Commodity Futures Trading Comm’n*, 553 F. Supp. 660, 661–63 (N.D. Ill. 1982) (finding that where a disqualified attorney was properly insulated from participation in the matter from which he was disqualified and did not share in the profits derived from work done in the matter, other attorneys employed by the same law firm were not disqualified despite the disqualified attorney’s conflicting interest), with *Yaretsky v. Blum*, 525 F. Supp. 24, 29–30 (S.D.N.Y. 1981) (holding that despite a law firm’s efforts to screen a disqualified attorney from a particular matter, the law firm was still disqualified from undertaking the representation of the client because of the small size of the law firm and the fact that the disqualified attorney was employed in the same section of the law firm that was handling the case). See generally Kevin W. Brown, Annotation, *Sufficiency of Screening Measures (Chinese Wall) Designed to Prevent Disqualification of Law Firm, Member of Which Is Disqualified for Conflict of Interest*, 68 A.L.R. FED. 687 (1984) (defining “screening” as a process by which a law firm may insulate one or more of its disqualified attorneys from a matter in order to prevent imputation of a conflict of interest to the entire law firm).

112. See *Intelli-Check, Inc. v. Tricom Card Techs., Inc.*, No. 03-CV-3706, 2008 WL 4682433, at *1 (E.D.N.Y. Oct. 21, 2008) (discussing a patent infringement plaintiff’s motion to disqualify defense counsel based on alleged imputation of confidential knowledge related to the patent at issue obtained by an attorney employed by the defense counsel during his previous employment with another law firm); cf. *Baybrook Homes, Inc. v. Banyan Constr. & Dev., Inc.*, 991 F. Supp. 1440, 1441–42 (M.D. Fla. 1997) (illustrating the defendant’s motion to disqualify the plaintiff’s co-counsel from a different firm by imputation of knowledge as a defense tactic in copyright infringement litigation); *In re Creative Rest. Mgmt., Inc.*, 139 B.R. 902, 906, 919 (Bankr. W.D. Mo. 1992) (demonstrating the unsuccessful assertion that a conflict of interest arising over unpaid attorney’s fees owed by the client to the representing attorney disqualifies the attorney’s entire law firm from representing the client).

113. Cf. *Scott Harris’ Counterclaim Against Fish & Richardson P.C.* at 7, Ill. Computer Research, L.L.C. v. Google, Inc., No. 1:07-cv-05081 (N.D. Ill. filed Oct. 31, 2007) (Stan. IP Litig. Clearinghouse) (arguing that no contractual provision between Harris and Fish & Richardson “prohibited Mr. Harris or any other firm employee or principal from making inventions and/or obtaining patents on inventions”). Harris’s

V. TRENDS MAKING CONFLICTS OF INTEREST DIFFICULT FOR LAW FIRMS TO PREVENT

Comment 3 to Model Rule of Professional Conduct 1.7 states that in order to determine whether a conflict of interest exists, a managing attorney for a law firm¹¹⁴ “should adopt reasonable procedures, appropriate for the size and type of firm and practice, to determine in both litigation and non-litigation matters the persons and issues involved.”¹¹⁵ Regardless of a law firm’s efforts to organize information regarding the issues involved in the representation of past, current, and future clients, there are many factors in the realm of American patent law that make it possible for a conflict of interest to slip through the cracks. These factors are the increasing number of patents granted by the USPTO, the amendment to the length of patent terms, the variations in rights conveyed to licensees by different licensing agreements, and the rising number of defendants named in patent litigation.

A. *Increasing Number of Patents Granted by the USPTO*

Patent applications submitted to the USPTO should include a specification with claims, drawings to explain the invention, the names of the inventors, and a declaration of inventorship.¹¹⁶ Patentable inventions in the United States must meet the requirements of being new or novel, unobvious, and useful.¹¹⁷

assertion demonstrates the need for employment contract provisions prohibiting patent attorneys from undertaking their own personal patent activity as a preventive measure.

114. See MODEL RULES OF PROF'L CONDUCT R. 5.1 cmt. 1 (2008) (explaining that “managerial” partners include attorney members of a partnership or corporation, attorneys having managerial authority in a law department of a business, and attorneys with “intermediate managerial responsibilities in a firm”).

115. MODEL RULES OF PROF'L CONDUCT R. 1.7 cmt. 3 (2008) (recognizing the need for a system of sorting clients and issues in order to eliminate possible conflicts of interest arising between attorneys and their clients).

116. See 37 C.F.R. § 1.51 (2008) (listing separately the specific requirements for provisional and non-provisional patent applications submitted to the USPTO for evaluation); see also CARL W. BATTLE, THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS 86 (1997) (setting forth the mandatory and optional components of patent applications submitted to the USPTO).

117. E.g., 35 U.S.C. § 103(a) (2006) (requiring a patent applicant to show that there is an obvious difference between the proposed invention and all prior patented inventions); A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 11 (2006) (noting that for an invention to be patentable, the application must demonstrate that the subject matter involved is “new, useful and unobvious”); CARL W. BATTLE, THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS 72 (1997) (stating

Generally, after reviewing patent applications, patent examiners at the USPTO are liberal in granting patents as long as the required elements of the patent application are presented in an organized and understandable manner.¹¹⁸ Consequently, many overly broad patents are granted, giving patentees a greater right to exclude others from making and selling more items than should be covered.¹¹⁹ Another problem with overly broad patents is that they foster unpredictability in the U.S. patent system.¹²⁰ Because all patents issued by the USPTO are presumed to be valid at the

that a proposed invention “must not have been previously known by others” in order to be considered “new or novel”); Susan Kuchinskas, *Patently Unfair?*, INTERNETNEWS, Mar. 16, 2004, <http://www.internetnews.com/bus-news/article.php/3326431> (paraphrasing the deputy director of public affairs for the USPTO as saying that examiners must grant a patent unless they “can find prior art that says the invention is not new or that it’s obvious”).

118. See A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 11 (2006) (explaining that patents are liberally granted even though a patent application might not strictly adhere to the criteria set forth by the USPTO); Ashley Chuang, Note, *Fixing the Failures of Software Patent Protection: Deterring Patent Trolling by Applying Industry-Specific Patentability Standards*, 16 S. CAL. INTERDISC. L.J. 215, 228 (2006) (“[T]he USPTO approves eighty-five percent to ninety-seven percent of all patent applications filed.”); Susan Kuchinskas, *Patently Unfair?*, INTERNETNEWS, Mar. 16, 2004, <http://www.internetnews.com/bus-news/article.php/3326431> (citing the concern of the deputy director of public affairs for the USPTO that each of the USPTO’s 3,600 overworked patent examiners handles forty to fifty patent applications at a time, making it difficult for them to know whether a patent already exists for the inventions covered by each application they see).

119. See, e.g., 35 U.S.C. § 112 (2006) (requiring that a patent specification include only the claims necessary to distinctly describe the subject matter that an inventor regards as his invention); *Int’l Automated Sys., Inc. v. Digital Persona, Inc.*, 565 F. Supp. 2d 1276, 1299 (D. Utah 2008) (citing *Allen Eng’g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1349 (Fed. Cir. 2002)) (holding that a patent will be invalidated under 35 U.S.C. § 112 if its specifications are so overly broad that the invention described by the patent is not what the inventor actually regards as his invention); Ashley Chuang, Note, *Fixing the Failures of Software Patent Protection: Deterring Patent Trolling by Applying Industry-Specific Patentability Standards*, 16 S. CAL. INTERDISC. L.J. 215, 228 (2006) (explaining that because of USPTO patent examiners’ failure to approve patent applications based on strict compliance with the requirements set forth under the Patent Act of 1952, many overly broad patents are granted, even to patent trolls); Cara Koss, Note, *Oysters & Oligonucleotides: Concerns and Proposals for Patenting Research Tools*, 25 CARDOZO ARTS & ENT. L.J. 747, 762 (2007) (asserting that while courts have struck some patents as overly broad, many overly broad patents are still issued by the USPTO).

120. See Cara Koss, Note, *Oysters & Oligonucleotides: Concerns and Proposals for Patenting Research Tools*, 25 CARDOZO ARTS & ENT. L.J. 747, 762–63 (2007) (stating that overly broad patents prevent other inventors from adequately knowing what has already been patented, thereby causing difficulty in drafting patent applications that, on their face, do not seem to have been previously patented by another inventor).

time of their issuance,¹²¹ it usually will not be known that a patent is overly broad, and therefore invalid, until after patent infringement litigation has begun.¹²² Considering the large number of overly broad patents being granted by the USPTO, law firms will have difficulty predicting whether a patent held by one of their attorneys is infringing on another patent held by a firm's client, or vice-versa.

B. *Amendment to the Length of Patent Terms*

A second factor that creates difficulty in discerning a conflict of interest involving patent-holding attorneys is the amendment to the length of patent terms. A patent holder's patent rights expire when the term of the patent expires.¹²³ Because a patent cannot be infringed upon after its term expires, it is important for law firms and attorneys to know the exact time a particular patent term expires when determining whether a conflict of interest exists.¹²⁴ In 1994, as a result of the Uruguay Round Agreements

121. *See, e.g.*, 35 U.S.C. § 282 (2006) (creating a presumption of validity applicable to all patents issued by the USPTO and placing the burden of proving a patent's invalidity on the party asserting the invalidity); *WMS Gaming, Inc. v. Int'l Game Tech.*, 184 F.3d 1339, 1355 (Fed. Cir. 1999) (declaring that patents are presumed valid until the party asserting a patent's invalidity proves otherwise); *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 715–16 (Fed. Cir. 1991) (recognizing the statutory presumption of patent validity and requiring the party asserting a patent's invalidity to meet the burden of proving that the patent is invalid).

122. *See Maclaren v. B-I-W Group, Inc.*, 535 F.2d 1367, 1372–73 (2d Cir. 1976) (demonstrating a patent infringement defendant's use of the defense that the patent allegedly infringed was invalid due to its overly broad drawings); *Int'l Automated Sys.*, 565 F. Supp. 2d at 1298–99 (using a three-part test to determine whether a patent was overly broad and, therefore, invalid); *see also* 37 C.F.R. § 1.510(a) (2008) (providing that during the term of a patent, any person may request review of the claims set forth in an accepted patent application in light of the discovery of applicable prior art, which would have rendered the patent invalid).

123. *See, e.g.*, 35 U.S.C. § 154(a)(2) (2006) (defining the patent term as “a term beginning on the date on which the patent issues and ending [twenty] years from the date on which the application for the patent was filed”); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964) (“[W]hen the patent expires the monopoly created by it expires, too, and the right to make the article—including the right to make it in precisely the shape it carried when patented—passes to the public.”); *AstraZeneca AB v. Impax Labs., Inc.*, 490 F. Supp. 2d 368, 374–75 (S.D.N.Y. 2007) (“[U]pon the expiration of the patent [term], the right to exclude others from practicing the claimed invention also expires.” (citing *Kearns v. Chrysler Corp.*, 32 F.3d 1541, 1550 (Fed. Cir. 1994))).

124. *Cf. Lans v. Digital Equip. Corp.*, 252 F.3d 1320, 1328 (Fed. Cir. 2001) (holding that a district court properly denied injunctive relief for patent infringement after the patent term had expired); *Kearns*, 32 F.3d at 1550 (stating that the expiration of a patent

Act, the length of patent terms increased from seventeen years to twenty years from the date the patent application was submitted to the USPTO.¹²⁵ The amendment applies to all patent applications submitted to the USPTO after June 8, 1995.¹²⁶ Because some patent applications submitted to the USPTO before June 8, 1995, have patent terms lasting seventeen years and still have not expired, law firms must be very conscientious of when a particular patent application was submitted to know whether it represents a conflict of interest for the firm.¹²⁷ Additionally, the Patent Act of 1952 provides that patent terms may be adjusted depending on any delays resulting from the failure of the USPTO to timely process the request for a patent.¹²⁸ Given the numerous dates and considerations that must be factored into determining the existence of a conflict of interest, and given the numerous circumstances that can change the effective date of patents, there is a substantial likelihood that where no conflict of interest is found using default calculations, one might actually exist.

C. *Variations in Rights Conveyed to Licensees by Different Licensing Agreements*

When a patent-holding attorney licenses the use of his personal patents to others, issues can arise as to whether the patentee or the licensee has control over asserting causes of action for patent infringement.¹²⁹ For instance, a licensing agreement granting the

term renders claims for injunctive relief for patent infringement moot because the remedy is no longer available). *But see* Clark v. Wooster, 119 U.S. 322, 325–26 (1886) (deciding that the expiration of a patent term does not remove a court’s jurisdiction to grant monetary relief for patent infringement); *AstraZeneca*, 490 F. Supp. 2d at 374 (stating that a patentee may recover monetary damages even after the term of his patent has expired).

125. Uruguay Round Agreements Act, Pub. L. No. 103-465, § 532, 108 Stat. 4809, 4984 (1994) (codified at 35 U.S.C. § 154(a)(2) (2006)).

126. *See* CARL W. BATTLE, *THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS*, at viii (1997) (explaining that the difference in length of patent terms depends upon whether a patent application was filed before or after June 8, 1995).

127. *Accord id.* (indicating that different patents may have patent terms lasting for either seventeen or twenty years depending upon the date the application was submitted).

128. *See* 35 U.S.C. § 154(b) (2006) (providing that the failure of the USPTO to timely process a patent application may result in the adjustment of the term). This provision seemingly aims to compensate the patentee for the loss of his patent rights during the delay.

129. *See generally* David M. Treadway, Comment, *Has the Supreme Court Forgotten the Patentee? Recent Patent Licensing Decisions Contradict Patent Policy, Harm Licensors,*

licensee the right to produce or sell the patented invention can be either exclusive or nonexclusive.¹³⁰ Exclusive licenses are granted to only one licensee, and that licensee has the right to sue any party that infringes the patent in order to protect the license's exclusivity.¹³¹ Before obtaining standing to bring a patent infringement suit, however, an exclusive licensee may necessarily have to join the patent holder as a co-plaintiff or sue in the patent holder's name.¹³² Nonexclusive or "bare" licensees, however,

and Alter Negotiation, 33 U. DAYTON L. REV. 303, 305 (2008) (providing a historical perspective on the evolution of rights maintained by licensors in patent licensing agreements). In the past, licensors retained total control over bringing infringement actions, but recent trends have evidenced forced sharing of that control with licensees. *Id.*

130. See *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 469 F.3d 1005, 1025 (Fed. Cir. 2006) (quoting *Textile Prods., Inc. v. Mead Corp.*, 134 F.3d 1481, 1484 (Fed. Cir. 1998)) (indicating that the substance of the agreement between the patent owner and licensee, not the mere use of the word "exclusive" in a licensing agreement, determines whether a license is exclusive); ALAN L. DURHAM, *PATENT LAW ESSENTIALS: A CONCISE GUIDE* 44-45 (1999) (differentiating between exclusive and nonexclusive licensing agreements by stating that exclusive licensing agreements are arranged between only one licensor and one licensee who can file suit for infringement, whereas in non-exclusive licensing agreements there can be more than one licensee and no licensee retains the right to file suit for infringement).

131. See, e.g., *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1552 (Fed. Cir. 1995) (defining an exclusive licensee as a party having obtained "the right to practice the invention within a given territory" along with "the patentee's express or implied promise that others shall be excluded from practicing the invention within that territory as well"); ALAN L. DURHAM, *PATENT LAW ESSENTIALS: A CONCISE GUIDE* 44 (1999) ("An exclusive licensee has the right to file suit against an infringer . . .").

132. See, e.g., *Indep. Wireless Tel. Co. v. Radio Corp. of Am.*, 269 U.S. 459, 468 (1926) (stating that the presence of a patent holder is indispensable in conferring standing on a licensee of the patent to sue for patent infringement); *Waterman v. Mackenzie*, 138 U.S. 252, 255 (1891) (stating that a mere licensee has no right to sue in his own name for patent infringement); *Rite-Hite*, 56 F.3d at 1551-52 (holding that a license does not convey upon the licensee the right to sue on the patent in his own name); *Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026, 1030 (Fed. Cir. 1995) ("Any . . . [p]arty seeking enforcement of the patent can sue, if at all, only with the patentee or in the name of the patentee."); *Abbott Labs. v. Diamedix Corp.*, 47 F.3d 1128, 1131 (Fed. Cir. 1995) (recognizing that a licensing agreement is not a complete transfer of rights to a licensee, and therefore a licensee "ordinarily must join the patent owner" in a suit to protect the patent from infringement); ALAN L. DURHAM, *PATENT LAW ESSENTIALS: A CONCISE GUIDE* 44 (1999) (asserting that although an exclusive licensee has the right to practice the patented invention, he is not assured the same exclusive right to bring suit for patent infringement to protect his interest). *But cf. Waterman*, 138 U.S. at 255 (providing that a licensee does have standing to sue for patent infringement in his own name if "an absolute failure of justice" would occur otherwise); *Enzo APA & Son, Inc. v. Geapag A.G.*, 134 F.3d 1090, 1093 (Fed. Cir. 1998) (stating that a licensing agreement conveying all substantial patent rights to the licensee renders the licensee a virtual assignee and confers standing upon the licensee to sue for patent infringement in his own name).

have no standing to sue for patent infringement and must rely on the patent holder to do so for them.¹³³ The rights that may be conferred by a licensing agreement are limitless, and in some instances a licensee may obtain the right to sub-license use of the patented invention to others.¹³⁴

Although licensees have interests in the patented product that deserve protection, the reasoning for not allowing licensees to sue for patent infringement is based upon the greater need to protect alleged patent infringers from being sued by both the patent holder and the licensee.¹³⁵ By merely licensing the use of his patent, the principles of equity demand that the patentee retain the right to choose who, when, and where to sue in order to protect his patented invention.¹³⁶ While it is recommended that licensing agreements be recorded in writing, they “usually are not filed for recording with the [US]PTO.”¹³⁷ Unless a law firm has

133. *See, e.g.*, *Intellectual Prop. Dev., Inc. v. TCI Cablevision of Cal., Inc.*, 248 F.3d 1333, 1345 (Fed. Cir. 2001) (denying nonexclusive licensees standing to sue or join a lawsuit for patent infringement under the premise that nonexclusive licensees “suffer[] no legal injury from infringement”); *Rite-Hite*, 56 F.3d at 1552 (stating that nonexclusive licensees only receive “the patentee’s promise that [the licensee] will not be sued for infringement”); ALAN L. DURHAM, *PATENT LAW ESSENTIALS: A CONCISE GUIDE* 44–45 (1999) (“A non-exclusive licensee must rely on the patent owner to file suit.”).

134. *See* *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 874 (Fed. Cir. 1991) (stating that a licensing agreement is to be regarded as a contract between the licensor and licensee, and the rights granted by the agreement are to be determined by construing the terms of the agreement to “‘carry out the intention of the parties’” (quoting *Nicolson Pavement Co. v. Jenkins*, 81 U.S. (14 Wall.) 452, 456 (1871))); ALAN L. DURHAM, *PATENT LAW ESSENTIALS: A CONCISE GUIDE* 45 (1999) (“Sometimes, but not always, a licensee obtains the right to ‘sub-license’ others.”).

135. *A.L. Smith Iron Co. v. Dickson*, 141 F.2d 3, 6 (2d Cir. 1944).

136. *See id.* (suggesting that allowing a licensee to choose who, when, and where to sue for patent infringement would be oppressive to a patent holder who has maintained rights to his patent despite having created a licensing agreement). As such, the patent holder, not the licensee, should “be free to choose his forum” to protect the patent from infringement. *Id.*

137. CARL W. BATTLE, *THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS* 171 (1997) (differentiating between patent assignments and patent licenses by whether they are recorded with the USPTO); *see also* 37 C.F.R. § 1.12(a)(1) (2008) (listing only records of patent assignments and published patent applications, not licensing agreements, as being on file with the USPTO for public inspection). *But see* 35 U.S.C. § 261 (2006) (explaining that an agreement made under the seal of a United States official is “prima facie evidence of the execution of an assignment, grant or conveyance” of patent rights); *Carborundum Co. v. Molten Metal Equip. Innovations, Inc.*, 72 F.3d 872, 878 (Fed. Cir. 1995) (stating that while most licensing agreements are express, they may also be implied); *McCoy v. Mitsuboshi Cutlery, Inc.*, 67 F.3d 917, 920 (Fed. Cir. 1995) (stating that implied licenses can arise from “the entire

specific knowledge of licensing agreements created by its patent-holding employees, the firm will not be able to guard against conflicts of interest arising from such agreements by conducting a search of the USPTO's records.

Uncertainty regarding whether a patent holder will be joined or named in patent infringement litigation adds another level of difficulty to a law firm's system of preventing conflicts of interest between its patent-holding attorneys and current clients. As various cases have demonstrated, where a patent-holding attorney has licensed his patent in an agreement that he thinks allows him to retain the ultimate right to sue for patent infringement, a court might hold otherwise by finding that the licensee has standing to sue on his own.¹³⁸ As Scott Harris's experience shows, when a court finds that a licensee has standing to sue for patent infringement on his own, the original patentee's name might still be attached to the patent, thereby creating a conflict of interest between the original patentee and a current client of his employer.¹³⁹

course of conduct" between the parties); ALAN L. DURHAM, PATENT LAW ESSENTIALS: A CONCISE GUIDE 45 (1999) (noting that patent licenses can also arise through implication based on the actions of the parties involved).

138. See 35 U.S.C. § 100(d) (2006) (defining the term "patentee" as including all "successors in title to the patentee"); 35 U.S.C. § 281 (2006) (granting a patentee the right to protect his patent by initiating a suit for patent infringement); *Vaupel Textilmaschinen*, 944 F.2d at 875 (holding that although a licensing agreement had reserved several rights for the patent owner, the agreement was actually an assignment because all "substantial rights" were granted to the licensee despite no "formal assignment"). *But see* *Great Lakes Intellectual Prop., Ltd. v. Sakar Int'l, Inc.*, 516 F. Supp. 2d 880, 887 (W.D. Mich. 2007) (holding that a licensee is not a virtual assignee where, due to the terms of a licensing agreement, the licensor retains the right to practice the patented invention in a greater field of use while the licensee has permission to practice the patented invention in a more "limited field of use").

139. See *Complaint for Patent Infringement at 5, Ill. Computer Research, L.L.C. v. Google, Inc.*, No. 1:07-cv-05081 (N.D. Ill. filed Sept. 10, 2007) (Stan. IP Litig. Clearinghouse) (listing Scott Harris's name as the original inventor on the patent labeled Exhibit A in the patent infringement litigation brought against Google, one of Harris's firm's current clients, by ICR, the company to which Harris had previously sold his patent); *Complaint for Patent Infringement at 1-2, Harris v. Dell, Inc.*, No. 1:07-cv-01389 (N.D. Ill. filed Mar. 12, 2007) (Stan. IP Litig. Clearinghouse) (demonstrating that because Harris only licensed, rather than assigned, the use of his patent to a company called Memory Control Enterprise (MCE), he was joined as a plaintiff in MCE's lawsuit for patent infringement against Dell); Jessie Seyfer, *Former Fish Partner Speaks out on Patent Dispute*, RECORDER, Oct. 19, 2007, <http://www.law.com/jsp/article.jsp?id=1192698213484#> (indicating that Scott Harris was "referenced" in a patent infringement suit in which he had no actual involvement because he was merely the original inventor and patentee).

D. *Number of Defendants Named in Patent Litigation on the Rise*

Finally, another trend in patent infringement litigation, making law firms' jobs of guarding against conflicts of interest while employing patent-holding attorneys more difficult, is the recent jump in the number of defendants named in this type of litigation.¹⁴⁰ While the number of actual patent infringement lawsuits filed in the United States has remained stable in recent years,¹⁴¹ the number of defendants named in this type of litigation has risen from around six thousand in 2006 to nearly nine thousand in 2007.¹⁴² One of the reasons for this development is the fear held by patent infringement plaintiffs that the much-discussed congressional patent reform efforts, which aim to decrease their chances of recovery, will become a reality.¹⁴³ Although a patent-holding attorney may have assigned the right to practice his patented invention to another, with more defendants recently being named in patent infringement actions, the chances that an

140. See generally Zusha Elinson, *Surprises Found in Data on IP Suits*, RECORDER, Dec. 10, 2008, <http://www.law.com/jsp/article.jsp?id=1202426615621#> (discussing the recent increase in the number of defendants named in IP litigation as shown by recent data collected by researchers at Stanford Law School); Stanford IP Litigation Clearinghouse, <http://lexmachina.stanford.edu> (last visited May 8, 2009) (providing a database for researching IP litigation cases and statistics that reflect recent trends).

141. See Zusha Elinson, *Surprises Found in Data on IP Suits*, RECORDER, Dec. 10, 2008, <http://www.law.com/jsp/article.jsp?id=1202426615621#> (stating that the number of patent infringement lawsuits filed has remained around 2,300 to 2,800 per year over the past few years).

142. See *id.* (contrasting the stability in the number of patent infringement suits filed in recent years to the rising number of defendants named in patent infringement suits).

143. See Patent Reform Act of 2006, S. 3818, 109th Cong. § 5(c)-(d) (as submitted to S. Comm. on the Judiciary, Aug. 3, 2006) (proposing changes in patent infringement litigation by expanding the prior use defense and providing specification of permissible grounds for unenforceability of patents); Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 5(a) (as submitted to H.R. Comm. on the Judiciary, June 8, 2005) (suggesting the imposition of a duty of candor and good faith for all parties involved in filing and prosecuting patent applications before the USPTO); Doug Harvey, Comment, *Reinventing the U.S. Patent System: A Discussion of Patent Reform Through an Analysis of the Proposed Patent Reform Act of 2005*, 38 TEX. TECH L. REV. 1133, 1178 (2006) (implying that if Congress fails to correct the problems in the proposed Patent Reform Act of 2005, the Act will "fall short of its goal to successfully reinvent the U.S. patent system"); Zusha Elinson, *Surprises Found in Data on IP Suits*, RECORDER, Dec. 10, 2008, <http://www.law.com/jsp/article.jsp?id=1202426615621#> (paraphrasing Stanford IP law professor Mark Lemley, who believes that the patent reform efforts, which would make it more difficult for plaintiffs to recover, although unsuccessful so far, have pushed patent infringement plaintiffs to name more defendants in order to recover the largest amount of damages).

infringement claim over a patent in which the patent-holding attorney is named as original inventor will be asserted against one of his employer's clients are drastically increased. Additionally, given the unpredictability surrounding the issue of standing with regard to license agreements, patent-holding attorneys who have licensed the use of their patented inventions will make it increasingly difficult for law firms employing them to predict which of their clients are at risk for being named in patent infringement litigation. This unpredictability disallows law firms to prevent such conflicts from occurring.

VI. SOCIETAL VALUE OF PATENTS AND WAYS TO ALLOW PATENT ATTORNEYS TO CONTINUE TO OBTAIN PERSONAL PATENTS

Because patents hold a great value for society by promoting technological development,¹⁴⁴ it is important that the process of obtaining patents is not overly regulated in a way that will stifle innovation.¹⁴⁵ Should law firms such as Fish & Richardson continue to force the resignations of their attorneys because of their personal patent activity,¹⁴⁶ patent-holding attorneys around

144. See, e.g., U.S. CONST. art. I, § 8, cl. 8 (providing that patents should be issued to promote advancement in the areas of science and the useful arts); *Sinclair & Carroll Co. v. Interchemical Corp.*, 325 U.S. 327, 330–31 (1945) (stating that the primary purpose of the United States patent system is “the advancement of the arts and sciences” rather than the benefit for individual patentees); A.B.A. SECTION OF INTELLECTUAL PROP. LAW, WHAT IS A PATENT? 5 (2006) (implying that the public benefits from patents because, after the patent term expires, the public is free to practice the patented invention and may use both the description of the invention and instructions regarding proper use of the invention included in the patent); Ian Ayres & Gideon Parchomovsky, *Tradable Patent Rights*, 60 STAN. L. REV. 863, 883 (2007) (“Society enjoys many benefits from patenting—including, of course, the way that patent protection spurs innovation and then makes that innovation common knowledge.”).

145. See Kevin R. Davidson, Comment, *Retooling Patents: Current Problems, Proposed Solutions, and Economic Implications for Patent Reform*, 8 HOUS. BUS. & TAX L.J. 425, 428 (2008) (explaining that Congress must strike a balance between proposed patent reform efforts that foster progress in some industries while at the same time harm innovation and development in other industries); Doug Harvey, Comment, *Reinventing the U.S. Patent System: A Discussion of Patent Reform Through an Analysis of the Proposed Patent Reform Act of 2005*, 38 TEX. TECH L. REV. 1133, 1176 (2006) (faulting proposed legislation that would “unduly burden[] individual inventors and small companies,” thereby stifling innovation, with the failure of the Patent Reform Act of 2005).

146. See *Fish & Richardson P.C.’s Counterclaim Against ICR & Third-Party Complaint Against Scott C. Harris* at 2–3, 14, Ill. Computer Research, L.L.C. v. Google,

the nation may be forced to choose between their legal careers and protecting their inventions by obtaining, marketing, licensing, or assigning patents. Preventing patent attorneys from obtaining their own patents would hinder a specially qualified class of inventors.¹⁴⁷ Due to the technical background and knowledge of the legal requirements that are necessary for obtaining patents, patent attorneys are in a position to produce patents that clearly set forth the information needed by the public to use the patented invention once the patent term expires.¹⁴⁸ This same expertise that enables patent-holding attorneys to produce valuable patents also puts patent-holding attorneys in a unique position to “troll” for large settlements through the threat of litigation.¹⁴⁹ In order

Inc., No. 1:07-cv-05081 (N.D. Ill. filed Oct. 16, 2007) (Stan. IP Litig. Clearinghouse) (stating that Fish & Richardson employee Scott Harris was asked to resign from his position after licensing patents to ICR, a company he purportedly knew would sue Google, a Fish & Richardson client, for patent infringement); Jessie Seyfer, *Former Fish Partner Speaks out on Patent Dispute*, RECORDER, Oct. 19, 2007, <http://www.law.com/jsp/article.jsp?id=1192698213484#> (indicating that Fish & Richardson terminated Scott Harris, one of its highest-paid attorneys, because of his personal patent activity and the resulting conflicts of interest that it caused the firm).

147. See generally CARL W. BATTLE, *THE PATENT GUIDE: A FRIENDLY GUIDE TO PROTECTING AND PROFITING FROM PATENTS* 48–49 (1997) (providing that the USPTO has the power to require patent attorneys to have sufficient scientific and technical knowledge to adequately assist their clients in drafting patent applications and obtaining patents before becoming licensed to prosecute patents); James Drake et al., *Do You Need to Be an Intellectual to Understand What Intellectual Property Is?*, MICH. B.J., Aug. 2004, at 16, 18 (explaining that before an attorney may sit for the patent bar exam, the USPTO must determine that the attorney “has the requisite scientific background needed to comprehend and interpret technical documentation and inventions and identify the inventive scope thereof”); Gregg F. LoCascio, Note, *Reassessing Attorney-Client Privileged Legal Advice in Patent Litigation*, 69 NOTRE DAME L. REV. 1203, 1213 (1994) (stating that patent attorneys must pass the patent bar exam before becoming licensed to prosecute patents before the USPTO).

148. See A.B.A. SECTION OF INTELLECTUAL PROP. LAW, *WHAT IS A PATENT?* 5 (2006) (explaining that after the term of patent protection expires, the public is free to use and exploit a patented invention without the fear of incurring prosecution for patent infringement); Kevin R. Davidson, Comment, *Retooling Patents: Current Problems, Proposed Solutions, and Economic Implications for Patent Reform*, 8 HOUS. BUS. & TAX L.J. 425, 428 (2008) (noting one of the goals of the United States patent system is “assur[ance] that innovations remain in the public domain for public benefit and common knowledge” after a patent term expires (citing *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480–81 (1974))).

149. See Joe Mullin, *Some IP Attorneys Look to Make Their Mark As Patent-Holders*, IP L. & BUS., Sept. 5, 2008, available at <http://www.law.com/jsp/article.jsp?id=1202424282231> (“Other lawyers are also inventors who, having seen the fortunes earned by small patent-holding companies, have decided to play the patent litigation game as a principal, not just an adviser.”). Mullin quotes Steptoe & Johnson patent lawyer John

to prevent a stoppage of patent output by patent attorneys, law firms may be able to look to other industries for ideas that would allow patent-holding attorneys to continue their representation of clients without the risk of conflicts of interest that would harm law firms' relationships with their clients.

A common practice in the field of university research, for example, is for researcher-employees to assign any patent they obtain during the time of their employment to the university.¹⁵⁰ Many universities have incorporated intellectual property provisions into their employment contracts that require assignment to the university of any patent obtained by a graduate student or member of their faculty.¹⁵¹ Employers in other industries have commonly included mandatory patent assignment provisions similar to those used by universities in their employment contracts.¹⁵² Such provisions have long been referred to as "shop right" provisions, which allow employers to gain the right to use an invention patented by one of their employees without liability for infringement.¹⁵³ Shop right provisions have been upheld by many courts as valid employment contract provisions.¹⁵⁴ Employers who include mandatory

Caracappa as saying: "More and more patent attorneys are filing applications. They see that these patent trolls are making a lot of money, and they're missing out." *Id.*

150. See G. Kenneth Smith, *Faculty and Graduate Student Generated Inventions: Is University Ownership a Legal Certainty?*, 1 VA. J.L. & TECH. 4, ¶ 2 (1997) ("[M]any universities have simply assumed that any invention generated by its employees, especially faculty and graduate students, is property of the university.").

151. See generally *id.* ¶ 16 (providing examples of different categories of intellectual property provisions used by various universities around the nation in their faculty handbooks and employment contracts).

152. See generally ALAN L. DURHAM, *PATENT LAW ESSENTIALS: A CONCISE GUIDE* 44 (1999) (explaining that in professional fields such as engineering and science, employment contracts commonly include provisions requiring employees who obtain patents during the course of their employment to assign their patents to their employer).

153. See, e.g., *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 188–89 (1933) (stating that a shop right will vest in an employer when an invention has been created by an employee "during his hours of employment" and by using his employer's materials); *McClurg v. Kingsland*, 42 U.S. (1 How.) 202, 204–06, 211 (1843) (recognizing the right of an employer to use an invention patented by its employee without incurring liability for infringement because the invention had been created at the expense of the employer); *McElmurry v. Ark. Power & Light Co.*, 995 F.2d 1576, 1580 (Fed. Cir. 1993) (discussing briefly the common law concept of "shop right," its basis in principles of equity and fairness, and the development and interpretation of the rights that it conveys to employers).

154. See *Teets v. Chromalloy Gas Turbine Corp.*, 83 F.3d 403, 407 (Fed. Cir. 1996) ("[C]ontract law allows individuals to freely structure their transactions and employee

assignment provisions in their employment contracts obtain the full scope of patent rights to patents obtained by their employees through the use of employer materials and resources; thus, employers can control the way these patented inventions are used.¹⁵⁵

In *Fish & Richardson's* counterclaim against its former employee Scott Harris, the law firm claimed that it was part-owner of the patents Harris obtained during his employment because Harris had used the firm's materials and prosecuted his own applications despite promising the firm that he would devote professional time and endeavors to Fish & Richardson clients only.¹⁵⁶ Nonetheless, Harris argued that because Fish & Richardson's employment contract was devoid of any provisions relating to the mandatory assignment of patents obtained by its employees during the course of their employment, the fact that

relationships. An employee may thus freely consent by contract to assign all rights in inventive ideas to the employer.”); Paul M. Rivard, *Protection of Business Investments in Human Capital: Shop Right and Related Doctrines*, 79 J. PAT. & TRADEMARK OFF. SOC'Y 753, 763 (1997) (explaining that the shop right doctrine and similar doctrines “further the constitutionally-founded goal of promoting the growth of technology” and meet the expectations of inventors and their employers).

155. See 35 U.S.C. § 261 (2006) (stating that patents have attributes of personal property and therefore the rights to patents are assignable to individuals or entities other than the original inventor); *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 38–39 (1923) (reiterating the notion that an assignee can sue for patent infringement only if he has been assigned the legal title to the infringed patent, which confers upon him the right to exclusive enjoyment of the use of the patented invention); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1551 (Fed. Cir. 1995) (asserting that the conveyance of title needed prior to seeking monetary damages for patent infringement can only be transmitted to someone other than the original patentee through the assignment of the entire patent, an undivided share of the patent, “or all rights under the patent in a specified geographical region of the United States”); *Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026, 1030 (Fed. Cir. 1995) (reinforcing the notion that a subsequent patentee may sue for patent infringement in his own name only if he has been assigned all substantial rights to the patent from the original patentee); G. Kenneth Smith, *Faculty and Graduate Student Generated Inventions: Is University Ownership a Legal Certainty?*, 1 VA. J.L. & TECH. 4, ¶ 1 (1997) (explaining that universities often require members of their faculty to assign any patents obtained during their employment due to the large amounts of potential revenue universities can make through creating licensing agreements on such patents).

156. *Fish & Richardson P.C.'s Counterclaim Against ICR & Third-Party Complaint Against Scott C. Harris* at 2–3, 5–8, Ill. Computer Research, L.L.C. v. Google, Inc., No. 1:07-cv-05081 (N.D. Ill. filed Oct. 16, 2007) (Stan. IP Litig. Clearinghouse) (claiming that because Scott Harris had used firm resources, materials, and time at the expense of working on matters for firm clients, Fish & Richardson was co-owner of Harris's patents and did not consent to the patent infringement suit brought against Fish & Richardson's client, Google).

Harris had allegedly used the firm's materials alone is not determinative of whether Fish & Richardson was a co-owner of Harris's patents.¹⁵⁷ Law firms employing patent-holding attorneys could learn from the oversight in Fish & Richardson's employment contract and benefit from the use of such provisions regarding mandatory assignment of patents obtained by their employees. The inclusion of such provisions would make a law firm an assignee of any patent rights acquired by its attorneys during the time of their employment, and it would allow the firm to control how the patents were protected through patent infringement litigation. Such employment contract provisions would also benefit attorneys seeking to obtain patents during their employment as patent attorneys because the attorneys would receive some form of consideration for assigning their patented invention to their employer without risking conflicts of interest that could prevent their representation of clients.¹⁵⁸

VII. CONCLUSION

The process of patent-holding attorneys representing clients pursuant to their employment by law firms is rife with potential conflicts of interest and the appearance of impropriety, both of which could wreak havoc on the reputation of the legal profession. Because of the potential negative effects of this practice, law firms such as Fish & Richardson have a sound basis for their decision to terminate patent-holding attorneys when conflicts of interest arise. Forcing a patent-holding attorney like Scott Harris to resign allows a law firm such as Fish & Richardson to protect both its reputation in the legal community and its relationship with past, current, and future clients. Because patents represent an invaluable benefit to society through their ability to promote innovation, however, it is

157. See Scott Harris' Counterclaim Against Fish & Richardson P.C. at 12-16, *Ill. Computer Research*, No. 1:07-cv-05081 (arguing that Fish & Richardson's ownership claims were false and baseless and outlining several policies set forth by the firm that demonstrated Harris had not breached any duty to Fish & Richardson that would make the firm a co-owner of Harris's personal patents by default).

158. See Paul M. Rivard, *Protection of Business Investments in Human Capital: Shop Right and Related Doctrines*, 79 J. PAT. & TRADEMARK OFF. SOC'Y 753, 763 (1997) (explaining that sophisticated inventors have the option of drafting agreements with their employers providing for "compensation in the form of wages, assignments, or royalty payments" in exchange for ownership of any patents obtained by the employee-inventor during the course of employment).

2009]

COMMENT

1079

important that a precedent is not set that prevents patent attorneys from obtaining patents for their inventions. By developing procedures such as mandatory assignment of patents obtained by attorneys during the course of their employment, law firms will be able to protect their reputations, as well as promote innovation. Additionally, patent-holding attorneys can receive consideration from their employers for pursuing an endeavor they are especially well-situated to do: obtaining patents to protect the inventions they create.