No. 16-0682

IN THE SUPREME COURT OF TEXAS

IN RE ANDREW SILVER,
Relator.

Original Proceeding from Cause No. DC-15-02268
In the 134th District Court of Dallas County, Texas
Honorable Dale Tillery, Presiding Judge

BRIEF OF AMICUS CURIAE THE NATIONAL ASSOCIATION OF PATENT PRACTITIONERS (NAPP)

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INTEREST OF *AMICUS CURIAE*

Amicus the National Association of Patent Practitioners, Inc. ("NAPP") is a nonprofit professional association of approximately 400 patent lawyers and patent agents who are licensed by the United States Patent and Trademark Office ("USPTO") to write patent applications and procure patents for their clients. NAPP is dedicated to supporting patent practitioners and those working in the field of patent law in matters relating to patent prosecution. NAPP's mission is to provide networking, education, collegial exchange, benefits, and a collective voice in the larger intellectual property community on patent law and prosecution practice, so that patent practitioners can achieve the highest levels of competence and professionalism in their practices. As an organization, NAPP has no stake in any of the parties to this litigation.

More specifically, NAPP members have extensive experience with the role of patent agents and their regulation. NAPP was founded over 20 years ago by patent agents, and approximately 40% of NAPP members are patent agents rather than patent attorneys. NAPP patent agents are located around the country, and several patent agents reside outside the United States. Overall, about 5% of NAPP members reside specifically in the State of Texas. NAPP's current president resides in Texas, and NAPP Texas members have cooperated with the USPTO's Dallas regional office actively in matters related to patent-prosecution procedure.

NAPP's *amicus* brief focuses on the role of patent agents. NAPP runs a mail list in which members post questions and comments. For most of our history, members have discussed the role of agents, and questions relating to privilege have frequently been raised. Members posting on the mail list have monitored the split in authority in United States district courts over this question, cheered the "majority view" affirming privilege, and rejoiced with the recent decision bringing federal uniformity by establishing privilege under Fed. R. Evid. 501, *In re Queen's Univ. at Kingston*, 820 F.3d 1287 (Fed. Cir. 2016).

We sought input from our members on this case specifically, via the same mail list, and we hope that the information that we provide the Court is of material help to the Court in making its decision. NAPP submits this brief in accordance with Texas Rule of Appellate Procedure 11, which authorizes an appellate clerk to receive an amicus brief without requiring consent or leave of the court.

IDENTITY OF *AMICUS* COUNSEL

Amicus NAPP is represented by (1) NAPP Board Chair Louis J. Hoffman, a patent attorney with experience in patent prosecution and appeals, and (2) Ian B. Crosby and Shawn Blackburn of Susman Godfrey LLP, the lawyers who represented Queen's University at Kingston in the federal decision cited above.

No party to the appeal or its counsel authored this brief in whole or in part. Further, no fee has been or will be paid for the preparation of this brief.

SUMMARY OF THE ARGUMENT

Patent agents fit within the Texas privilege rule's definition, Tex. R. Evid. 503(a)(3), because the rule authorizes privilege for client communications with persons who meet the definition of "lawyer." That definition is "a person authorized, or who the client reasonably believes is authorized, to practice law in any state or nation." The definition is met because:

(1) patent agents "practice law";

(2) patent agents are "authorized" by the United States Patent & Trademark Office (USPTO or Office) to represent clients before the Office "in any state or nation"; and

(3) "client[s] reasonably believe[]" that patent agents are "authorized" to practice before the Patent Office equally with patent attorneys.

Accordingly, the documents referenced as "Patent Prosecution Documents," which NAPP understand consist of communications between client Silver and patent agent Gostanian (some including Gostanian's staff) regarding preparation and prosecution of Silver's patents – but not the "Litigation Consultation Documents" pertaining to Silver obtaining Gostanian's advice about his Texas lawsuit – should be considered privileged.

ARGUMENT

This Court need not establish any "new discovery privileges," contrary to the Dallas appeals court majority decision. *In re Silver*, 500 S.W.3d 644, 646 (Tex. App.–Dallas Aug. 17, 2016). The Texas privilege rule, Tex. R. Evid. 503(a)(3), already authorizes privilege for client communications with persons who meet the definition of "lawyer." That definition is "a person authorized, or who the client reasonably believes is authorized, to practice law in any state or nation." Although a patent agent is indisputably not a "lawyer" in the sense of a person registered to practice in a state court, the definition in the privilege rule covers patent agents.

Real-party-in-interest Tabletop Media, LLC ("Tabletop") cites three Texas appellate decisions (none from this Court) referring to the privilege rule as covering only "a licensed attorney." Resp. Br. 15, citing *Sanchez v. State*, 2009 WL 838223, at *5 (Tex. App.–Houston [14th Dist.] Mar. 31, 2009, no pet.); *McDonald v. State*, 2010 WL 3910424, at *9 (Tex. App.–El Paso Sept. 30, 2010, pet. ref'd); *Strong v. State*, 773 S.W.2d 543, 549 (Tex. Crim. App. 1989). Those cases do not control, and the comments are *dicta*. In none of those decisions did the courts face the question of the privilege applied to patent agents. The vast bulk of persons covered by the definition of "lawyer" in the privilege rule clearly qualify as "licensed attorneys" in the conventional sense, and the judges who wrote those opinions likely had little or no experience with patent agents.

With the improved understanding of the role and work of patent agents that this Court will have, it is free to – and should – interpret the Texas privilege rule as covering client communications with patent agents related to representing clients before the USPTO.

I. Patent agents "practice law."

Tabletop tells the Court that patent agents perform "quasi-legal services," Resp. Juris. Br. 14, 15, or "services of a legal nature," Resp. Br. 24, and "are authorized to perform 'some of the functions' of lawyers when prosecuting patents," *id*. at 23. Tabletop says that "patent agents in the PTO" offer "'law-related service[s],' not the 'practice of law.'" *Id*. at 26. In reality, patent agents perform legal services, indeed all (not just some) of the exact same functions that patent lawyers perform in the area of representing clients before the USPTO.

Tabletop's characterizations, moreover, directly conflict with a ruling of the United States Supreme Court, as explained here:

> In *Sperry v. State of Florida ex rel. Florida Bar*, 373 U.S. 379 (1963), the Supreme Court was faced with a challenge to the State of Florida's attempt to regulate the activities of patent agents on grounds that those activities constitute the practice of law. The Supreme Court addressed the challenge in two stages: first, determining whether the activities of patent agents before the Patent Office constitute the practice of law, and, second, determining whether, if so, the State of Florida had the authority to regulate those activities. The Supreme Court answered the first question in the affirmative and the second in the negative.

> The Supreme Court expressly found that "the preparation and prosecution of patent applications for others constitutes the practice of law." *Id*. at 383. The Court concluded that:
>
> > [s]uch conduct inevitably requires the practitioner to consider and advise his clients as to the patentability of their inventions under the statutory criteria, 35 U.S.C. §§ 101-103, 161, 171, as well as to consider the advisability of relying upon alternative forms of protection which may be available under state law. It also involves his participation in the drafting of the specification and claims of the patent application, 35 U.S.C. § 112, which this Court long ago noted "constitute[s] one of the most difficult legal instruments to draw with accuracy."
>
> *Id*. (citations omitted). *Sperry*, thus, confirms that patent agents are not simply engaging in law-like activity, they are engaging in the practice of law itself.

In re Queen's Univ. at Kingston, 820 F.3d 1287, 1295-96 (Fed. Cir. 2016).

In fact, patent agents are obliged to: (1) understand a complex system governed by a federal statute, a set of regulations, and administrative procedures, (2) advise clients on how those rules apply to a client's potential invention, and (3) if the client decides to proceed, advocate for client rights to obtain a patent on the invention before the decision-maker (a patent examiner), and, if that fails, before an administrative appeal tribunal. As defined more generally by the federal regulations, 37 C.F.R. §11.5(b):

> Practice before the Office includes, but is not limited to, law-related service that comprehends any matter connected with the presentation to the Office or any of its officers or employees relating to a client's rights, privileges, duties, or responsibilities under the laws or regulations administered by the Office for the grant of a patent …. Such presentations include preparing

> necessary documents in contemplation of filing the documents with the Office, corresponding and communicating with the Office, and representing a client through documents or at interviews, hearings, and meetings, as well as communicating with and advising a client concerning matters pending or contemplated to be presented before the Office.

Advising clients on the law, applying law to facts, and advocating for clients is exactly what characterizes the "practice of law," as the United States Supreme Court in *Sperry* recognized.

Tabletop argues that *Sperry* "supports the limited proposition that patent agents may perform certain limited services in the PTO that are comparable to the practice of law." Resp. Br. 33. That characterization directly contradicts *Sperry*'s conclusion that "the preparation and prosecution of patent applications for others constitutes the practice of law." *Id*. at 383. Patent agents *engage in* the practice of law, in the area of representing clients before the USPTO; it is incorrect to say that they provide only "*limited* services" merely "*comparable* to the practice of law."

II. Patent agents are "authorized" to "practice law in any state or nation."

Federal law authorizes the USPTO to establish regulations concerning patent agents. Pursuant to 35 U.S.C. §2(b)(2)(D), the USPTO may pass regulations that "govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the

necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office." The USPTO also has authority to discipline agents and attorneys. 35 U.S.C. §32.

The USPTO has exercised its statutory authority to authorize patent agents to practice law and set up a "patent bar" consisting of both agents and attorneys. 37 C.F.R. Part 11 contains a set of regulations governing "representation of others before the United States Patent and Trademark Office," and its subpart B (together with "general provisions" in subpart A) governs "Recognition to Practice Before the USPTO." Specifically, 37 C.F.R. §11.1 defines "practitioner" as including: "An attorney *or agent* registered to practice before the Office in patent matters." [Emphasis added] The USPTO regulation allowing registration of patent agents to the "patent bar" is set forth at 37 C.F.R. §11.6(b), (c). Except for the requirement that a "patent attorney" must be an "attorney" and "residing in the United States," 37 C.F.R. §11.6(a), the requirements for registration for patent attorneys and patent agents are identical, including passing the same bar examination. 37 C.F.R. §11.7.

Patent agents may reside in any state, *Sperry, supra*, or indeed in any foreign nation, 37 C.F.R. §11.6(b), (c) (citizens may be patent agents without residency requirement, and non-U.S.-resident "foreigners" may be patent agents under certain conditions).

Part 11 of 37 C.F.R. also contains subpart D, which is the "Patent and Trademark Office Code of Professional Responsibility," *see* 37 C.F.R. §§11.100-11.804. Patent agents and patent attorneys are equally bound by the ethics code. The ethics rules in the USPTO code, with few exceptions, do not distinguish between lawyer and non-lawyer practitioners.

The USPTO ethics code is modeled after and conforms to the ABA Model Rules of Professional Conduct for attorneys. *See* https://www.uspto.gov/learning-and-resources/ip-policy/current-practitioners/uspto-rules-professional-conduct ("The USPTO has published a final rule implementing the USPTO Rules of Professional Conduct (USPTO Rules). This rule … conforms to the Model Rules of Professional Conduct of the American Bar Association, versions of which have been adopted by 49 states and the District of Columbia. The new USPTO Rules streamline practitioners' professional responsibility obligations, making the USPTO obligations align with most practitioners' state bar requirements."); *see also* https://www.uspto.gov/ip/boards/oed/AbavsUSPTO.pdf (chart comparing ABA and USPTO ethics rules).

In enacting the ethics code, the USPTO recognized that patent agents and patent attorneys must be equally competent to represent their clients. 78 Fed. Reg. 20179, 20188 (Apr. 13, 2013) ("The Office notes that all practitioners, including agents, are required under § 11.101 to provide competent representation to clients

and to do so in compliance with the ethical and professional conduct requirements of these rules. Competent representation requires the legal, scientific, and technical knowledge, skill, thoroughness, and preparation reasonably necessary for the representation. *Id*. To maintain competence, all practitioners should keep abreast of changes in the legal landscape.").

Under the USPTO ethics code, all "practitioners," agents and attorneys alike, are obligated "not [to] reveal information relating to the representation of a client," with certain exceptions, 37 C.F.R. §11.106; *see also* 37 C.F.R. §11.109(c)(2) (prohibition on "revealing information relating to the representation" of a former client). NAPP is not aware of other types of professionals authorized to practice law or governed by the same bar admission and ethics rules applicable to attorneys.

Under the "authorization" provided by Congress, in sum, the USPTO licenses patent agents to practice law, just as state supreme courts license attorneys to practice law, and just as the USPTO licenses patent attorneys to practice law. *See, e.g., In re Peirce*, 122 Nev. 77, 79, 128 P.3d 443, 444 (Nev. 2006) (concluding that the USPTO is "another jurisdiction" for reciprocal discipline).

III. Clients "reasonably believe" that patent agents are equally "authorized" as patent attorneys to "practice law."

It is axiomatic that the purpose of any privilege is to protect the client. The Texas privilege rule therefore includes in the definition of "lawyer" persons who

are not actually state-licensed attorneys, if "the client reasonably believes" that the person "is authorized to practice law." That clause plainly applies to patent agents.

As shown in Part I above, the United States Supreme Court held that patent agents actually "practice law," and as shown in Part II above, (i) the United States Congress has specifically authorized the USPTO to "recogniz[e]" patent agents, and (ii) the USPTO has authorized patent agents to assist clients in applying for patents. How, then, could a client reasonably hold any belief *besides* that a patent agent is "authorized to practice law"?

In the practical experience of NAPP members, clients understand that patent agents and patent attorneys are equally qualified to practice law related to patent-prosecution matters. Clients reasonably presume, per the USPTO ethics code, 37 C.F.R. §§11.106, - 109(c) (2), that their patent agents will keep their confidences. Allowing discovery of their communications would disrupt client expectations.

Tabletop argues that Silver "presented no evidence that … he reasonably believed that Gostanian was authorized to practice law in any state or nation or was acting as a licensed attorney's representative." Resp. Juris. Br. 13. That argument misstates the Texas privilege rule, which affords privilege in situations where the client "reasonably believes" that the person "is authorized to practice law." Showing that the client thought that his or her representative was a "licensed *attorney*" is not required.

Finally, this is not a question that has only minor import. Tabletop suggests that a "majority" of patent agents practice "under the direction of an attorney," so extending privilege to patent agents is unnecessary. Resp. Br. 49. Tabletop provides no evidence to support that factual assertion, and NAPP's experience is that a majority of patent agents, including most of NAPP patent-agent members, practice by themselves (*i.e.*, outside a law firm or corporate legal department). Whether a majority or not, independent patent agent practitioners are commonplace, and their role is significant, as they often offer a more cost-effective solution to clients compared to agents working under lawyer direction.

Precluding independent patent agents from being able to protect their communications with clients would unfairly set up a bias against use of patent agents. Clients would have to switch to using an attorney or an agent directed by an attorney, on pain of being required to abate their expectations of privacy, and clients would have to avoid honest communication with their patent agents, especially written communications that might be discovered in litigation later.

That result would violate Congressional intent in setting up the patent-agent system:

> Congress, in creating the Patent Office, has expressly permitted both patent attorneys and patent agents to practice before that office. The registered patent agent is required to have a full and working knowledge of the law of patents and is even regulated by the same standards, including the Code of Professional Responsibility, as are applied to attorneys in all courts. Thus, in

> appearance and fact, the registered patent agent stands on the same footing as an attorney in proceedings before the Patent Office. Therefore, under the congressional scheme, a client may freely choose between a patent attorney and a registered patent agent for representation in those proceedings. That freedom of selection, protected by the Supreme Court in *Sperry*, would, however, be substantially impaired if as basic a protection as the attorney-client privilege were afforded to communications involving patent attorneys but not to those involving patent agents. As a result, in order not to frustrate this congressional scheme, the attorney-client privilege must be available to communications of registered patent agents.

In re Ampicillin Antitrust Litigation, 81 F.R.D. 377, 393-94 (D.D.C. 1978).

PRAYER

For the foregoing reasons, NAPP respectfully requests the Court to treat registered patent agents equally to registered patent attorneys for purpose of client privilege.

Dated: February 28, 2017

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CERTIFICATE OF COMPLIANCE

I certify that this brief complies with the typeface and word-count requirements set forth in the Texas Rules of Appellate Procedure. This brief has been prepared, using Microsoft Word, in 14-point Times New Roman font. This brief contains 2970 words, as determined by Microsoft Word's word-count feature, excluding those portions exempted by Tex. R. App. P. 9.4(i)(1).

Dated: February 28, 2017

/s/ Shawn D. Blackburn
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this amicus brief was served on all counsel of record in this case, identified below, on February 28, 2017, by the electronic filing manager.

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