IS IT OK TO LIE TO OPPOSING COUNSEL? [1]

by

Charles L. Gholz[2]

and

Kenneth D. Wilcox[3]

Introduction

President Clinton got into trouble because he lied under oath, not because he lied. If he'd only lied to his wife, his lies would have been of concern only to the two of them -- or so we believe. That is, there is no law that says that one must tell the truth, the whole truth, and nothing but the truth at all times.

Now, what if any obligation do we as counsel have to tell (a) the truth, (b) the whole truth, and/or (c) nothing but the truth in "informal" communications with opposing counsel?[4]

In the Matter of Steven B. Kelber[5]

In Gholz and Herman, There Are Limits to How Tricky One's Questioning Can Be, 13 Intellectual Property Today No. 2 (2006) at page 16, we discussed Genentech v. Chiron, 75 USPQ2d 1881 (PTOBPAI 2004) (non-precedential), an opinion of a panel of the BPAI in which a prominent member of the interference bar was found to have fabricated an exhibit to use in cross-examination of an opponent's expert witness, allegedly in an attempt to demonstrate that witness's bias and unreliability. In that opinion, the panel indicated that it was referring the matter to the Office of Enrollment and Discipline. The wheels of justice grind slowly, but Chief Administrative Law Judge Biro[6] issued her opinion and decision in that case on September 23, 2008.

CALJ Biro held "that Respondent engaged in conduct involving misrepresentation in

violation of Rule 10.23(b)(4)[7] in his presentation and use of GX 2195 [the fabricated exhibit] during the second Taylor deposition."[8] That holding is not the subject of this article.

What is the subject of this article (1) is section D.1.C. of CALJ Biro's discussion of Count 1, "Whether Respondent violated Rule 10.23(b)(4) after the deposition," and section E. of CALJ Biro's discussion of Count 1, which concerns the OED's assertion that the Respondent had violated 37 CFR 10.23(b)(5) by its conduct during and after the deposition. The post-deposition conduct in question consisted of the Respondent's part in an "informal" exchange of emails between Genentech's counsel and Chiron's counsel after the deposition. In short, Chiron's counsel suspected hanky-panky, but was not sure that hanky-panky had occurred, and called on Genentech's counsel to explain himself.

During the "informal" email exchange, Genentech's counsel was evasive. As CALJ Biro put it:

> a reasonable interpretation of Respondent's statement [sic; argument] would be that he never explicitly made any oral or written affirmative assertion that GX 2195 corresponded to any actual Genentech notebook, which is technically true.
>
> Respondent's words "As far as I am aware," "As far as I know" and "[t]hat is not to say that it [i.e., the fabricated exhibit] does not [correspond to an actual experiment], I am simply unaware of any" imply that GX 2195 could *possibly* "correspond to" an actual Genentech experiment or notebook, which would be a serendipitous discovery to say the least. Moreover, these non-committal "wiggle" words appear to have been used by Respondent in an attempt to initially avoid unambiguously stating that he created the document. As such, Respondent's emails can be characterized as evasive and equivocal, containing partial truths, delaying disclosure that he created GX 2195.[9]

However, this allegation related to only an "informal" email exchange. Genentech's counsel's statements were not under oath, and CALJ Biro found that he had no fiduciary obligation to be candid with Chiron's counsel:

> to find a violation of engaging in conduct involving dishonesty, fraud, deceit or misrepresentation by evasiveness or non-disclosure, the attorney must have a duty to disclose the information, such as a fiduciary duty, submissions to a court,

responses to discovery requests, or statements under oath.

* * *

OED has not shown that Respondent had a legal duty to *immediately* disclose information about GX 2195 to opposing counsel when asked about it by email. The email was not a formal *legal* request such as a discovery request, court order, or request for information pursuant to law. The general professional responsibility rules for attorneys do not set forth any ethical duty to disclose the origin of a document upon informal inquiry by opposing counsel. DR 7-102(A)(3) of the Model Code of Professional Responsibility provides that a lawyer shall not "[c]onceal or knowingly fail to disclose that which he is required *by law* to disclose" (emphasis added). Rule 3.4(c) and (d) of the Model Rules of Professional Conduct prohibits a lawyer from "unlawfully obstruct[ing] another party's access to evidence or unlawfully alter[ing], destroy[ing] or conceal[ing] *a document or other material* having potentially evidentiary value" (emphasis added), and from "fail[ing] to make reasonably diligent effort to comply with a *legally proper discovery request* by an opposing party" (emphasis added).

* * *

Rule 10.23 specifies that conduct which constitutes a violation of Rule 10.23(a) and (b), includes "[k]nowingly giving false or misleading information… to: [a] client in connection with any … business before the [PTO]" or to "[t]he [PTO] Office or any employee of the [PTO] Office." Notably, the Rule does not include giving false or misleading information to an opposing party or its counsel, which appears to reflect the lack of fiduciary duty and lower level of obligation an attorney has to opposing counsel compared with obligations to the client and tribunal, as indicated in the Model Code and Model Rules. OED has not pointed to any legal requirement for an attorney to disclose information about an exhibit upon email inquiry from opposing counsel.[10]

Nevertheless, to return to the title of this article, CALJ Biro did <u>not</u> hold that it is OK to affirmatively lie to opposing counsel, even during an "informal" exchange.

Cases in which an attorney was sanctioned for misrepresentation or dishonesty only to opposing counsel involve an affirmative misrepresentation or deceit rather than evasive, equivocal responses.

* * *

It is concluded that OED has not established that Respondent violated Rule 10.23(b)(4) on the basis of his emails to Chiron's counsel.[11]

According to CALJ Biro, it is apparently OK (at least initially[12]) to be "evasive," to stall, and to use "wiggle words" in communications with opposing counsel as long as one doesn't

affirmatively lie. That is, one must tell opposing counsel the truth and nothing but the truth (at least initially), but one doesn't have to tell him or her the whole truth. However, one cannot (even initially) affirmatively tell a lie that is so blatant that there is no other possible, charitable construction of the statement.

Notwithstanding the foregoing, Genentech's counsel did not get off "scot-free" for his evasive, equivocal post-deposition responses. CALJ Biro found that, although his conduct did not violate 37 CFR 10.23(b)(4), it did violate 37 CFR 10.23(b)(5), which provides that a practitioner shall not "[e]ngage in conduct that is prejudicial to the administration of justice," because it "waste[d]…time and judicial resources in the interference."[13]

> An unidentified and unauthenticated document which appears to address a substantive issue in the case certainly motivates any diligent lawyer to investigate its source. Chiron stated that "[d]iscovering Genentech's fraud and bringing it to the Board's attention through this briefing has taken thousands of dollars worth of attorney time …." Chiron's counsel may or may not have spent many hours to conduct such investigation, as the circumstances put him on notice that GX 2195 was not a genuine Genentech document. However, significant time was required for Chiron to prepare the notice to the Board of the conduct, the motion to suppress and [the] motion for sanctions. Furthermore, significant time was required for the APJs to prepare for and conduct parts of the conference calls addressing GX 2195 and to review and prepare rulings on the motions.
>
> The expenditure of such time and resources was wasted on an issue which could easily have been resolved without such expenditure had Respondent not used GX 2195, or had Respondent timely revealed the nature of GX 2195. Therefore, it is found that Respondent engaged in conduct prejudicial to the administration of justice in violation of Rule 10.23(b)(5).[14]

Thus, the "take-home lesson" of CALJ Biro's opinion is as old as Washington politics -- "It is not the issue that will harm you; it is the cover-up that is damaging."[15] You will not be sanctioned for giving evasive, equivocal responses to your opposing counsel that does not affect

a legal duty or a fiduciary obligation. But, you will be sanctioned if you cost opposing counsel time and money (and cost the APJs time) to ferret out and verify the misdeed!

Comments

We find CALJ Biro's holding with respect to 37 CFR 10.23(b)(4) shocking. Law students learn, if not on their first day of law school, surely during their first semester of law school that all lawyers (including opposing counsel) are "officers of the court" and that the practice of law is an honorable profession, not a mere money-getting, trade.[16] Of course, they are also taught to be vigorous advocates. However, as Mr. Herman and I wrote in our article cited at the beginning of this article, there are limits on that vigor.[17]

Model Rule of Professional Conduct 8.4(c),[18] which is the same as Rule 10.23(a)(4), is not applied as narrowly as in CALJ Biro's ruling by some state bars. For example, in the District of Columbia, the equivalent rule in the D.C. Rules of Professional Responsibility[19] also prohibits acts of "dishonesty, fraud, deceit and misrepresentation." In In re Shorter,[20] the D.C. Court of Appeals noted that the term "dishonesty" can also mean a "lack of fairness and straightforwardness. . . . Thus, what may not legally be characterized as an act of fraud, deceit or misrepresentation may still evince dishonesty."[21] In Shorter, the attorney was sanctioned for giving "technically true" answers to IRS agents[22] because those answers were evasive -- specifically, the IRS agents did not ask the right questions, but Mr. Shorter damn well knew what they wanted to know. Those evasive but technically truthful answers were found to "evinc[e] a lack of integrity and straightforwardness, and therefore dishonest."[23] Thus, evasive and equivocal responses can be found to be dishonest by themselves without costing opposing counsel time and money -- at least in the District of Columbia, if not in the PTO.

While practice before the BPAI is not practice before a court, we see little if any distinction in the standards to which the patent bar should be held during the administrative phase of a contested case in the PTO[24] and during subsequent court review. Moreover, if there is any difference, the ethical standards of lawyers (and patent agents) practicing before the PTO should, if anything, be higher than the ethical standards of lawyers practicing before the courts in purely inter partes matters involving no public interest. We should never forget that, to paraphrase the Supreme Court in Hazel-Atlas Glass Co. v. Hartford-Empire Co., 322 U.S. 238, 246 (1944) and Precision Instrument Manufacturing, Co. v. Automotive Co., 324 U.S. 806, 818 (1944), the public is always a "mute and helpless victim of deception and fraud" before the PTO.

---

[1] Copyright 2009 by Charles L. Gholz.

[2] Partner in and head of the Interference Section of Oblon, Spivak, McClelland, Maier & Neustadt. My direct dial telephone number is 703/412-6485, and my email address is CGHOLZ@OBLON.COM.

[3] Senior Associate in the Litigation Section of Oblon, Spivak, McClelland, Maier & Neustadt. My direct dial telephone number is 703/412-3522, and my email address is KWILCOX@OBLON.COM.

[4] We believe that, in the long run, it is in the best interests of both counsel and their clients to tell the truth and nothing but the truth to opposing counsel, but that it's OK to decline to tell opposing counsel anything on a given subject. However, that is not the issue under discussion here.

[5] Initial Decision, Proceeding No. 2006-13 (Sept. 23, 2008). It is available on the USPTO's website, Office of Enrollment and Discipline home page, FOIA OED Final Decision link.

[6] Note that Chief Administrative Law Judge Biro is neither an APJ nor an employee of the PTO. Rather, she is an ALJ employed by the Environmental Protection Agency. Footnote 1 of her opinion indicates that she was sitting "pursuant to an Interagency Agreement effective for a period beginning March 22, 1999." We suspect that the fact that she is (presumably) not a patent lawyer may account for the relatively lenient sentence (60 days suspension from practice) that she imposed. Non-patent lawyers simply don't take what SAPJ McKelvey calls "shenanigans" as seriously as we do.

[7] 37 CFR 10.23(b) reads as follows:

> A practitioner shall not:
>
> (1) Violate a Disciplinary Rule.
>
> (2) Circumvent a Disciplinary Rule through actions of another.
>
> (3) Engage in illegal conduct involving moral turpitude.
>
> (4) Engage in conduct involving dishonesty, fraud, deceit, or misrepresentation.
>
> (5) Engage in conduct that is prejudicial to the administration of justice.
>
> (6) Engage in any other conduct that adversely reflects on the practitioner's fitness to practice before the Office.

[8] Page 38; emphasis supplied.

[9] Page 39. We think that CALJ Biro's suggestion that Genentech's counsel was only seeking to delay his disclosure that he had fabricated the exhibit is, to paraphrase her own language, charitable to say the least.

[10] Pages 40-41, citations omitted.

[11] Page 42; citations omitted.

[12] The reason for the wiggle words "at least initially" will become apparent in the next portion of this article.

[13] Page 46.

[14] Page 46; citations omitted.

[15] President Richard Nixon to his White House aide John Ehrlichman, the Nixon Tapes, July 19, 1972.

[16] Actually, we always thought that that famous aphorism was an unnecessary and unjust slur upon tradesmen and women.

[17] See also Gholz and Gasser, Representing a Client Zealously Versus Collegiality, 14 Intellectual Property Today No. 2 at page 35 (2007).

[18] "It is professional misconduct for a lawyer to: ***(c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation."

[19] D.C. Rule of Professional Conduct 8.4(c).

[20] 570 A.2d 760 (D.C. 1990).

[21] 570 A.2d at 768.

[22] Of course, IRS agents are not judges (even Article I judges like the APJs), but they do work for the Government. Perhaps it's OK to lie to opposing counsel who works for a private party, such as Chiron, but it's not OK to lie to a Government employee who is acting in connection with his or her official duties!

[23] Id.

[24] A contested case is the PTO's generic term for interferences; inter partes reexaminations; title disputes with NASA under Section 305 of the National Aeronautics and Space Act of 1958, 42

USC 2457; title disputes with the Department of Energy under Section 152 of the Atomic Energy Act, 42 USC 2182; and, if the patent reform bill ever passes, patent cancellation proceedings.