

SUPREME COURT OF NEW JERSEY
Disciplinary Review Board
Docket No. DRB 09-191
District Docket No. XIV-08-131E

IN THE MATTER OF
S. MICHAEL BENDER
AN ATTORNEY AT LAW

Decision

Argued: October 15, 2009

Decided: December 10, 2009

Walton W. Kingsbery, III appeared on behalf of the Office of Attorney Ethics.

Respondent appeared pro se.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of New Jersey.

This matter was before us on a motion for reciprocal discipline filed by the Office of Attorney Ethics ("OAE"), following respondent's exclusion from practice by the United States Patent and Trademark Office ("PTO"), a sanction tantamount to disbarment. 35 U.S.C.A. §32). An excluded

attorney is permitted to apply for readmission after five years.
37 C.F.R. 10.132 to 37 C.F.R. 10.160.

Respondent violated 37 C.F.R. 10.23(b)(5), the equivalent of RPC 8.4(d) (conduct prejudicial to the administration of justice); 37 C.F.R. 10.62(a), the equivalent of RPC 5.4(c) (a lawyer shall not permit a person who recommends, employs or pays the lawyer to render legal services for another to direct or regulate the lawyer's professional judgment in rendering such legal services); 37 C.F.R. 10.68(a)(1), the equivalent of RPC 1.8(f) (conflict of interest: a lawyer shall not accept compensation for representing a client from one other than the client unless the client gives informed consent); and 37 C.F.R. 10.77(c), the equivalent of RPC 1.1(b) (pattern of neglect).

The OAE urged us to impose a three-year suspension. We agree with that measure of discipline.

Respondent was admitted to the District of Columbia bar and the New Jersey bar in 1965 and 1969, respectively. He has no history of discipline in either jurisdiction.

According to the opinion of the United States Court of Appeals for the Federal Circuit ("OCA") "[t]he background of this case reads like a novel but represents the true story of hopes dashed, fees wasted, and dreams lost by hundreds of

individual inventors caught up in the world of self-interested promoters who promise the world and deliver very little." An appreciation of this case is best achieved by first understanding "'invention promoters' who exploit unsophisticated inventors, heap every invention with praise regardless of the merits or the real prospects of legal protection, and entice inventors into engagement agreements filled with hollow guarantees of patent protection and promises of royalty-bearing licenses that seldom yield anything of any significant value."

This matter concerns one such company, American Inventors Corporation ("AIC"). AIC would solicit inventors to present their ideas, praise each invention, and then perform a patent search. After the search, AIC conducted a sales presentation, offering the company's services to procure a patent and to promote the invention. The inventor signed a contract agreeing to pay a flat fee or a combination of a flat fee and a percentage of royalty income. In exchange, AIC promised to hire a patent attorney, pay all legal fees associated with prosecuting the patent application, and perform marketing activities to promote the invention. AIC also guaranteed that it would refund 100% of the inventor's flat fee, if a patent was not procured. The contract did not specify what type of patent

would be obtained or explain the difference in protection between a design patent and a utility patent.¹ Indeed, AIC's policy was to conceal the differences from the inventors.²

After the contract was signed, AIC forwarded the inventor's disclosure to a patent attorney. Initially, that attorney was Leon Gilden. Although a number of the disclosures indicated that the inventors sought to protect the useful and functional features of the invention, rather than the ornamentation, Gilden prepared a design patent application in each case. In addition,

¹ The OAE's brief states that the contracts between the inventors and AIC specified that AIC agreed to obtain design patents. The OCA states that the contract did not specify the type of patent to be obtained. The contract itself is not in the record.

² A design patent protects the ornamental features (e.g., shape or configuration) as embodied in or applied to a utilitarian or functional article. The design must be new, original, and ornamental. See 35 U.S.C. §171-173. A design patent application has only one claim, which refers to the drawings. Design patents differ from utility patents in that the latter protects the functional features of the claimed article, the way it is used and how it works whereas a design patent simply covers the way in which the article looks. A single article can be subject to both a utility and design patent.

[The Law of Patents, Craig Allen Nard, Aspen Publishers, New York, 2008 at 183.]

Gilden allegedly employed draftsmen to add decorative ornamentation or surface indicia to the drawings, even though the embellishments were not created by the inventor. Gilden sent the completed design patent applications to AIC, which obtained the inventor's signature and filed the application. Gilden never consulted with the inventors about filing a design patent application or the embellished drawings because AIC discouraged direct contact between the inventor and the attorney. The alleged purpose of the plan was to make it easier to obtain a patent and to avoid a refund of the inventor's fees.

Gilden's alleged involvement in the embellishment scheme prompted the PTO to institute disciplinary action against him. The PTO sent each inventor a Request for Information ("RFI"), asking whether the inventor had invented the patterns on the drawings, whether the inventor had intended to apply for a design patent, and whether the inventor understood the difference between a design patent and a utility patent. Gilden ultimately entered into a settlement agreement with the PTO and received a five-month suspension.

In 1993, AIC contracted with respondent to continue the prosecution of over 1,000 design patent applications formerly handled by Gilden. The contract provided respondent with up to

\$15,000 bi-weekly to cover attorney fees and prosecution costs. Respondent sent to each of Gilden's applicants an engagement letter that included an RFI letter that Gilden had failed to provide to the clients, as well as a brief discussion of the difference between design and utility patents. The letters did not provide specific advice or seek information that directly related to the particular invention, the type of patent best suited to the invention, or the consequences of pursuing a design or a utility patent. Respondent instructed the clients to reply to the RFI letters, but did not attempt to determine whether the clients had intended to file design patent applications or whether the decision had been an informed one. The responses to the RFIs indicated that a number of the inventors did not understand the difference between the two types of patents or desired a utility patent at the time the application had been filed. Respondent continued to prosecute the Gilden applications as design patent applications, taking steps to remove Gilden's improperly added embellishments.

In the late 1990s, the Office of Enrollment and Discipline ("OED") at the PTO began investigating respondent, after it received information that he had violated the PTO's Code of Professional Responsibility. During that investigation, the OED

sent respondent several RFIs. In August 1999, the Committee on Discipline determined that there was probable cause to file charges against respondent for violations of PTO regulations. An administrative Complaint and Notice filed by the OED Director charged respondent with ten counts of violations of the PTO rules.

Following a four-day hearing, United States Administrative Law Judge William B. Moran issued a forty-eight page Initial Decision, finding that respondent had violated numerous PTO rules. The judge determined that exclusion from practice was warranted. Respondent sought review of that determination. The general counsel for the PTO issued a final decision that adopted twenty-two of the violations found in the initial decision, reversed eighteen, and agreed with the sanction of exclusion from practice.³

Specifically, the general counsel found that respondent had neglected a matter entrusted to him, in violation of 37 C.F.R. §10.77(c); accepted employment where his professional judgment might be affected, in violation of 37 C.F.R. §10.62(a); accepted compensation from someone other than the client, without full

³ The charged violation of evasion of RFIs was sustained in only count one.

disclosure to the client in violation of 37 C.F.R. §10.68(a)(1); and engaged in conduct prejudicial to the administration of justice, in violation of 37 C.F.R. §10.23(b)(5). Respondent requested reconsideration of the final decision, which was modified to remove a footnote. The request was otherwise denied.

Thereafter, respondent filed a petition in the United States District Court for the District of Columbia, challenging the PTO's decision. Respondent and the government filed cross-motions for summary judgment. Respondent alleged procedural and due process violations, namely, lack of jurisdiction, improper application of statutes, precedent, and agency regulations, and a lack of factual basis for the decisions of the administrative law judge and general counsel. The district court found no genuine issues of material fact with regard to those issues. In a fifty-page opinion, the district court addressed each of respondent's arguments, finding them unpersuasive. The district court denied respondent's motion for summary judgment and granted summary judgment to the government. Respondent filed an appeal to the United States Court of Appeals for the Federal Circuit ("the Court of Appeals"). The Court of Appeals'

discussion as to each of the allegations against respondent is set forth below.

Neglect of Client Matters

In reviewing the PTO's findings, the Court of Appeals agreed that respondent neglected a legal matter entrusted to him. The Court of Appeals noted that the Gilden applicants' responses to the PTO revealed that many of them did not understand the substantive difference between design and utility patents, at the time their applications were filed. Some indicated that they had wanted to file a utility patent application. Although respondent was aware of their responses, he continued to prosecute the Gilden applications as design patents.

Respondent argued that the fact that the clients had the design patent applications pending meant that they understood and wanted design patents. In most instances, his clients had pending design patent applications, when he assumed their representation. Therefore, he was entitled to assume that they had been properly advised about their applications. In respondent's view, he was not required to inquire into the

disparity between the description of the invention and the type of application pursued.

In the PTO's final decision, the general counsel found that, under the circumstances, respondent could not competently represent his clients without discussing with them their decisions to file design applications and ensuring that the clients understood their decision's import. According to the general counsel, "[u]nder normal circumstances," an attorney, taking over from another practitioner the representation of a client with a pending patent application, might be entitled to assume that the predecessor had adequately counseled the client. "The circumstances here, however, were anything but normal." Aside from the disparity between the inventions and the patent application type, respondent was taking over the clients from an attorney he knew was being suspended from practice. Although respondent contended that he was not aware of the reason for the suspension and that not all suspensions result from problems in client representation, in the PTO's view, respondent was not entitled to assume, without further inquiry, that a suspended attorney had adequately carried out his duties to his clients.

In his opinion, the PTO general counsel explained the need for respondent to make clear to his clients the import of their decision to file a design patent application:

Here, Respondent was aware that each of his AIC clients sought AIC's assistance in marketing their invention, and therefore that they were interested in exploiting the invention for commercial gain. Respondent knew or should have known that the design patent applications that had been filed by his clients would provide very limited protection and therefore were likely of little commercial value, and that his clients likely were not aware of this. Respondent was not required to be, and apparently was not, an expert in the markets in which the inventions might eventually be sold. Further, with respect to each of the applications, the possibility, however remote, existed that, unbeknownst to Respondent, a resulting design patent would have significant commercial value. None of this, however, excuses Respondent from his duty under these circumstances to clearly explain to his clients what protection a design patent would and would not give, so that they could themselves judge the potential commercial value of such an application.

[OAEbEx.C.]⁴

The Court of Appeals found respondent's brief discussion of the difference between the two types of patents in his engagement letter to be "an entirely hollow and formalistic

⁴ OAEb refers to the OAE's brief in support of its motion.

gesture" because it did not provide the clients with advice pertaining to their particular inventions. The dereliction was more glaring, in view of AIC's money-back guarantee that a patent would issue without regard to the type of patent to be procured. Because the design applications had already been filed and because AIC's money-back guarantee urged continued prosecution of the applications as design applications, respondent's engagement letter was "an inadequate response to the confusion demonstrated by his clients' earlier responses to the RFIs:"

Any reputable attorney would have appreciated that the wholesale filing of design applications under such circumstances and the unauthorized addition of design embellishments were driven in large measure if not entirely by AIC's money-back guarantee. Such an attorney would have identified that motivation to each inventor, explained that such a motivation was not necessarily in the inventor's best interests, educated that inventor on the steps needed either to fix the improperly embellished design applications or to file continuation utility applications, and otherwise advised that inventor on how best to proceed in his or her particular case. As the PTO correctly found, [respondent's] communications to the Gildea applicants at the outset of his representation fell far short of these minimum standards.

[OCA at 10.]

Respondent also failed to notify some clients of the final rejections of their applications until after the three-month period for responding to those rejections had passed. Respondent did not deny this inaction, but explained that he "purposefully delayed action in those cases pending the resolution of an appeal in a 'test case' that directly related to the rejections."⁵ In the Court of Appeals' view, respondent's explanation might have justified advising the client to seek an extension of time or a stay of the proceedings, pending resolution of the test case, but it did not justify failing to notify the client of the final rejection or the response needed until after the period to respond had expired. Although respondent argued that the delayed notice had no adverse impact on the applications, prompt notification of the rejection and an explanation of options would have provided respondent's clients with more time to decide how to proceed and possibly saved them

⁵ After assuming representation of the Gilden clients, respondent filed continuation design applications on the applicants' behalf that amended the original applications by deleting the improperly added patterns. In one of those applications, the Board of Patent Appeals and Interferences deemed the matter an issue of first impression and concluded that the amendment constituted a "new matter" that did not benefit from the prior filing date. Respondent represented the applicant on appeal before the Court of Appeals, which reversed the decision.

the need to pay late filing surcharges.⁶ Thus, the Court of Appeals saw no reason to overturn the PTO's determination that respondent had neglected to advise his clients how to best protect their interests and to promptly advise them of final rejections in their cases, in violation of 37 C.F.R. §10.77(c).

Conflict of Interest

The PTO concluded that respondent's financial relationship with AIC created a conflict of interest. Specifically, the PTO concluded that respondent's compensation from AIC affected his professional judgment on behalf of his clients, a violation of 37 C.F.R. §10.62(a), and constituted accepting compensation from someone other than the client, without the client's consent after full disclosure, a violation of 37 C.F.R. §10.68(a)(1). The PTO interpreted 37 C.F.R. §10.62(a) to require that respondent disclose to the client the extent of his relationship with AIC and that he explain how AIC's money-back guarantee and its alleged involvement in adding patterns to the drawings in the Gilden applications could create divergent interests in the

⁶ AIC refused to pay for such prosecution costs. Respondent advised his clients that they were responsible for continued prosecution costs and fees.

prosecution of those applications.⁷ The PTO also interpreted the "full disclosure" requirement of 37 C.F.R. §10.68(a)(1) to include disclosure of the sum AIC was paying respondent. "Full disclosure" is a term left to the agency to define. Because respondent pointed to nothing in the record indicating that he had met the disclosure requirements, as interpreted by the PTO, the Court of Appeals upheld the PTO's determination that respondent had violated 37 C.F.R. §10.62(a) and 37 C.F.R. §10.68(a)(1).

Conduct Prejudicial to the Administration of Justice

Finally, the PTO determined that respondent engaged in conduct prejudicial to the administration of justice, in violation of 37 C.F.R. §10.23(b)(5), by providing evasive replies to RFIs. Specifically, in an RFI dated September 18, 1999, respondent was asked to explain when AIC's offer to him to

⁷ The PTO noted that respondent failed to grasp his obligations under 37 C.F.R. §10.62 to avoid a conflict of interest. He argued that he could not advise his clients to abandon their applications because that would require them to breach their contracts with AIC. Although that consideration would have been relevant, respondent did not recognize that his judgment in reviewing his clients' contracts with AIC and determining the course of his representation could have been colored by his financial relationship with AIC.

assume prosecution of the Gilden applications had been made and accepted. Respondent replied by referring to another answer, in which he had stated that he had represented the inventors since 1993. The same RFI asked respondent whether he had disclosed his financial relationship with AIC to certain clients and whether he had explained to both these clients and AIC that he represented the clients' interests and not AIC's interests. Respondent's reply was that "such a request was argumentative, indefinite, and based on the false premise that he represented the interests of AIC." The Court of Appeals determined that respondent's failure to answer the questions "in any meaningful way hindered the PTO's investigation." Thus, the Court of Appeals concluded that respondent engaged in evasive conduct prejudicial to the PTO's investigation and saw no basis to overturn the PTO's determination that he had violated 37 C.F.R. §10.23(b)(5).

Court of Appeals' Findings

In sum, the Court of Appeals found that respondent violated 37 C.F.R. 10.23(b)(5), the equivalent of RPC 8.4(d); 37 C.F.R. 10.62(a), the equivalent of RPC 5.4(c); 37 C.F.R. 10.68(a)(1),

the equivalent of RPC 1.8(f); and 37 C.F.R. 10.77(c), the equivalent of RPC 1.1(b).

Respondent raised several arguments before the Court of Appeals about the propriety of the PTO's regulations and actions. The Court of Appeals found that respondent's arguments lacked merit.

As to the PTO's determination that respondent be excluded from practice, the Court of Appeals explained that, in determining the appropriate sanction, the PTO looks to "'(1) the public interest; (2) the seriousness of the violation of the Disciplinary Rule; (3) the deterrent effects deemed necessary; (4) the integrity of the legal profession; and (5) any extenuating circumstances.'" 37 C.F.R. §10.154(b)."

Respondent argued that "exclusion was improper because such a 'draconian' sanction was motivated by malice, was punishment oriented, and failed to account for extenuating circumstances." The Court of Appeals concluded that the PTO had properly initiated the disciplinary action, based on improper practices during respondent's representation of the clients originally represented by Gilden and referred by AIC. As noted earlier, after the improprieties surrounding AIC came to light, Gilden agreed to a five-month suspension as a result of a settlement

agreement, in which he admitted his misconduct. Respondent, however, maintained that he had done nothing wrong and showed a complete lack of remorse despite evidence that he had neglected matters, had failed to disclose the conflict created by his financial relationship with AIC, and had engaged in conduct prejudicial to justice. The Court of Appeals concluded that the sanction imposed by the PTO was not punishment-oriented or based on malice and that the PTO had considered both the mitigating and aggravating circumstances. The PTO concluded that respondent's failure to recognize that his conduct was improper created the likelihood that he would violate the same disciplinary rules again. The Court of Appeals found that exclusion was necessary:

Although [respondent] may have only had the best intentions in mind in assuming prosecution of the Gilden applications, the best of intentions cannot absolve [respondent's] complicity with AIC in a scheme fraught with deception and adversely affecting a large number of unsuspecting inventors. As an experienced patent practitioner, [respondent] had to have appreciated that the wholesale practice of filing design applications with unauthorized design embellishments in hundreds of applications was not in the inventor's interests but instead was driven by AIC's money-back guarantee. He should have known that the kind of letter he sent to his newly acquired clients fell far short of the

explanation needed to address the distressed circumstances in which his clients were placed by his new employer, AIC. His letter, even though well written and perhaps sufficient as an engagement letter of a client in the first instance, only perpetuated the harm done to the Gilden applicants by treating what had previously transpired as nothing out of the ordinary when the circumstances of this entire matter - and [respondent's] conflicting interests in particular - were quite extraordinary. [Respondent's] failure to appreciate that fact supports the PTO's determination that any sanction less than exclusion would not provide the necessary deterrent effect. Because we cannot conclude that the sanction of exclusion is arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law, we have no reason to disturb the PTO's sanction of exclusion from practice.

[OCA at 17.]

The Court of Appeals affirmed the district court's grant of summary judgment to the government. Respondent's request for rehearing was denied. Respondent filed a petition for a writ of certiorari, which was also denied. Bender v. Dudas, 128 S.Ct. 2080 (2008).

Upon a de novo review of the record, we determine to grant the OAE's motion for reciprocal discipline.

Pursuant to R. 1:20-14(a)(5) (another jurisdiction's finding of misconduct shall establish conclusively the facts on which the

Board rests for purposes of disciplinary proceedings), we adopt the findings of the PTO and of the Court of Appeals.

Reciprocal discipline proceedings in New Jersey are governed by R. 1:20-14(a)(4), which provides:

The Board shall recommend the imposition of the identical action or discipline unless the respondent demonstrates, or the Board finds on the face of the record on which the discipline in another jurisdiction was predicated that it clearly appears that:

- (A) the disciplinary or disability order of the foreign jurisdiction was not entered;
- (B) the disciplinary or disability order of the foreign jurisdiction does not apply to the respondent;
- (C) the disciplinary or disability order of the foreign jurisdiction does not remain in full force and effect as the result of appellate proceedings;
- (D) the procedure followed in the foreign disciplinary matter was so lacking in notice or opportunity to be heard as to constitute a deprivation of due process;
- (E) the unethical conduct established warrants substantially different discipline.

A review of the record does not reveal any conditions that would fall within the ambit of subparagraphs (A) through (D). With respect to subparagraph (E), although respondent was excluded from practice before the PTO (in actuality, a five-year

suspension), the three-year suspension recommended by the OAE would be the form of discipline imposed in New Jersey, had the conduct occurred here.

The PTO determined and the Court of Appeals agreed that respondent neglected the 1000 clients whose applications he took over from Gilden. He, therefore, violated RPC 1.1(b). Respondent pursued the design patent applications that Gilden had filed, maintaining the status quo, rather than determining whether the design patent applications were the correct course of action for his clients. The record reveals that, in some cases, the clients had wanted to file utility patent applications. Despite the clients' wishes, respondent continued to prosecute the Gilden applications as design patents. In addition, he did not advise some clients of the final rejections of the applications until the period for responding to the rejections had passed. Respondent's inaction denied his clients additional time in which to determine how to proceed in their cases and potentially cost them late filing charges.

Moreover, respondent's failure to advise the clients about the wisdom of their design patent applications was the natural consequence of the inherent conflict of interest created by his relationship with AIC. The record reveals that AIC discouraged

communication between the patent attorney and the inventor. Respondent, who received up to \$15,000 every other week from AIC, was not likely to violate its policies. Moreover, AIC's money-back guarantee placed respondent in a position of having to get a patent - any patent - for the client, regardless of its worth, or risk his very lucrative employment by AIC. In this regard, respondent violated RPC 1.8(f) and RPC 5.4(c).

An attorney who, among other serious improprieties, allowed his professional judgment as a lawyer to be controlled by a corporation with which he was associated received a one-year suspension. In re Moeller, 177 N.J. 511 (2003). There, the attorney had been retained by the corporation as a "referral attorney" to review living trust documents of the corporation's clients. The purpose of the corporation was to market and sell living trusts to senior citizens. The attorney filed a certificate of incorporation for the corporation, became its registered agent, allowed the corporation to use his law firm's address, and became its New Jersey office manager. In the course of their association, the attorney and the corporation implemented a direct mail marketing program that contained numerous misleading statements. In fact, two county surrogates testified that elderly citizens, usually widows, had called

their offices because they "were being scared out of their wits, they were being told that it would cost 18 to \$24,000 for their next of kin or children . . . to admit a will [to] probate. And, of course, we know that's not true." In the Matter of Jeffrey Moeller, DRB 02-463 (June 19, 2003) (slip op. at 11). The attorney also allowed the corporation to control his professional independence as a lawyer, engaged in a conflict of interest situation by allowing his responsibilities to the corporation to materially limit his representation of his clients, did not explain the living trusts to the clients or discuss other estate planning options more suitable to their needs, assisted the corporation in the unauthorized practice of law, shared legal fees with the corporation, misrepresented to the clients the amount of his fee, charged an excessive fee, and misrepresented to disciplinary authorities the nature of his relationship with the corporation.

New Jersey Supreme Court Committee on the Unauthorized Practice of Law Opinion 25, 130 N.J.L.J. 115 (1992) ("Opinion 25") addressed a very similar situation and found the conduct

unethical.⁸ Opinion 25 found that an attorney violated RPC 5.4(a) (sharing legal fees with a nonlawyer) by entering into an arrangement with a tax consulting group, whereby the group would pay an attorney to appeal a tax assessment on behalf of the group's client. The group solicited professional employment from homeowners for property tax appeals, entered into a contingent fee arrangement with them, processed the appeals for them, and engaged attorneys, as needed, for appearances before the county tax boards, at no additional cost to the clients. The attorney received a portion of the group's contingent fee. Here, although respondent did not violate RPC 5.4(a), the potential harm from his violation of RPC 5.4(c) is the same. Respondent's actions in prosecuting the patent applications were not taken in the best interests of his clients.

RPC 5.4 was enacted to preserve and to ensure an attorney's independent professional judgment. The rationale for the rule was concisely stated in Emmons, Williams, Mires & Leech v. State

⁸ Unlike the rules establishing other Supreme Court committees, such as the Advisory Committee on Professional Ethics and the Committee on Attorney Advertising, R. 1:19-1 and R. 1:19A-1, respectively, the rule governing the Committee on the Unauthorized Practice of Law contains no provision as to the binding effect of the Committee's opinions.

Bar of California, 86 Cal. Rptr. 367, 372-373 (Cal. App. 1970): "fee-splitting between lawyer and layman . . . poses the possibility of control by the lay person, interested in his own profit, rather than the client's fate."⁹ RPC 5.4(a)'s prohibition against the sharing of legal fees with nonlawyers was designed to ensure that referrals are made in the client's interest, not in the interest of the party making the referral. Also, the rule is intended to preserve the lawyer's independent professional judgment by having the lawyer, not the referring party, retain control over the case. In the case before us, the issue is not fee-sharing, but fee-paying. The concerns, however, are the same. See In re Malat, 177 N.J. 506 (2003) (three-month suspension where the attorney entered into an arrangement with a Texas corporation to review various estate-planning documents on behalf of clients, for which the corporation paid him; the attorney had a previous reprimand and three-month suspension). Again, respondent's relationship with

⁹ The plaintiffs in Emmons sought a declaratory judgment to nullify the defendant bar association's claim to a one-third forwarding fee arising from a matter that had originated in the defendant's lawyer referral service. The court held that the plaintiff's claim of illegality raised an abstract argument that did not affect entitlement to the fee to which the parties had already agreed by contract.

AIC placed him in the untenable position of acting in the best interest of his client or his employer, a violation of RPC 5.4(c).

Respondent was also guilty of conduct prejudicial to the administration of justice in connection with his responses to an RFI issued by the PTO. That misconduct can be likened to an attorney's actions during an ethics investigation. Generally, in matters involving misrepresentations to ethics authorities, the discipline ranges from an admonition to a term of suspension, depending on the gravity of the offense, the presence of other unethical conduct, and aggravating or mitigating factors. See, e.g., In the Matter of Spencer B. Robbins, DRB 04-339 (November 19, 2004) (admonition for attorney who failed to timely comply with a district ethics committee investigator's requests for information, failed to timely return a signed agreement in lieu of discipline, and failed to file a timely, verified answer to the complaint); In re Sunberg, 156 N.J. 396 (1998) (reprimand for attorney who created a phony arbitration award to mislead his partner and then lied to the OAE about the arbitration award; mitigating factors included the passage of ten years since the occurrence, the attorney's unblemished disciplinary record, his numerous professional achievements, and his pro bono

contributions); In re Homan, 195 N.J. 185 (2008) (censure for attorney who fabricated a promissory note reflecting a loan to him from a client, forged the signature of the client's attorney-in-fact, and gave the note to the OAE during the investigation of a grievance against him; the attorney told the OAE that the note was genuine and that it had been executed contemporaneously with its creation; ultimately, the attorney admitted his impropriety to the OAE; extremely compelling mitigating factors considered, including the attorney's impeccable forty-year professional record, the legitimacy of the loan transaction listed on the note, and the fact that the attorney's fabrication of the note was prompted by his panic at being contacted by the OAE and his embarrassment over his failure to prepare the note contemporaneously with the loan); In re Bar-Nadav, 174 N.J. 537 (2002) (three-month suspension for attorney who submitted two fictitious letters to the district ethics committee in an attempt to justify his failure to file a divorce complaint on behalf of a client; the attorney also filed a motion on behalf of another client after his representation had ended and failed to communicate with both clients); In re Rinaldi, 149 N.J. 22 (1997) (three-month suspension for attorney who did not diligently pursue a matter, made misrepresentations

information relating to representation of a client is protected as required by RPC 1.6. Clearly, respondent's clients did not provide informed consent to the financial relationship between AIC and respondent. True, the clients had to know that AIC was paying respondent since the contract between AIC and the client stated that AIC would hire a patent attorney and pay all legal fees. However, neither the amount of his fee nor the potential conflict of interest was disclosed. Moreover, respondent's professional judgment was affected by his relationship with AIC. As noted above, AIC paid respondent up to \$15,000 every two weeks. Respondent would not want to lose AIC's favor and, therefore, his income, by forcing AIC to return client funds, if respondent failed to obtain a patent for a client. Thus, as stated above, respondent would work to get any patent for his clients, regardless of its worth or lack thereof. In In re Kalman, 177 N.J. 608 (2003), an attorney's right to appear pro hac vice was suspended for one year where the attorney engaged in litigation for a client in Pennsylvania, while representing another client in related litigation in New Jersey. Both states' courts found that the attorney withheld documents from his adversary and failed to correct his client's false pleadings. Kalman also engaged in a conflict of interest and

accepted compensation for representing a client from someone other than the client.

Another troubling aspect of this case is that respondent does not seem to recognize that any of his conduct was improper. He expressed no remorse in any of the proceedings in this matter. His failure to acknowledge his mistakes increases the likelihood that he will repeat them. Moreover, although the record does not tell us how many inventors were harmed by respondent's actions, the number is probably significant.

What discipline then is warranted for respondent's unethical behavior? His actions were far more serious than Moeller's, who received a one-year suspension, primarily for Moeller's relationship with a corporation that limited his professional independence. Although numerous infractions were at issue in Moeller, the number of clients involved here and the potential harm to them, as well as respondent's lack of remorse call for stronger discipline. We, therefore, determine to impose a three-year suspension, the discipline in New Jersey that more closely parallels the five-year exclusion meted out by the Court of Appeals.

We further determine to require respondent to reimburse the Disciplinary Oversight Committee for administrative costs and

actual expenses incurred in the prosecution of this matter, as provided in R. 1:20-17.

Disciplinary Review Board
Louis Pashman, Chair

By: Julianne K. DeCore
Julianne K. DeCore
Chief Counsel

SUPREME COURT OF NEW JERSEY
DISCIPLINARY REVIEW BOARD
VOTING RECORD

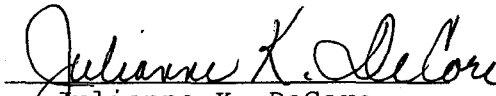
In the Matter of S. Michael Bender
Docket No. DRB 09-191

Argued: October 15, 2009

Decided: December 10, 2009

Disposition: Three-year suspension

<i>Members</i>	Disbar	Three-year Suspension	Reprimand	Dismiss	Disqualified	Did not participate
Pashman		X				
Frost		X				
Baugh		X				
Clark		X				
Doremus		X				
Stanton		X				
Wissinger		X				
Yamner		X				
Zmirich		X				
Total:		9				


Julianne K. DeCore
Chief Counsel