UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

In the Matter of:	)	
Arno T. Naeckel,	)	
Respondent.	)	Proceeding No. D2017-26

FINAL ORDER UNDER 37 C.F.R. § 11.24

Pursuant to 37 C.F.R. § 11.24, the Director of the United States Patent and Trademark Office ("USPTO" or "Office") hereby orders that Arno T. Naeckel ("Respondent") be reprimanded, be placed on probation for 196 days, and be required to take an Arizona State Bar CLE (with an acknowledgement that the class has been completed) for violation of 37 C.F.R. § 11.804(h). The discipline is reciprocal discipline for his probation in the State of Arizona.

I. BACKGROUND AND PROCEDURAL HISTORY

At all times relevant to the disciplinary complaint, Respondent has been registered to practice in patent matters before the USPTO. Respondent's USPTO Registration Number is 56,114. Respondent is subject to the USPTO Rules of Professional Conduct set forth at 37 C.F.R. § 11.101 *et seq.*

The Director of the USPTO has jurisdiction over this proceeding pursuant to 35 U.S.C. §§ 2(b)(2)(D) and 32, and 37 C.F.R. §§ 11.19 and 11.24.

State Disciplinary Proceedings

By Order dated August 30, 2016, in Case No. 2015-2173, *In re Arno T. Naeckel*, the Attorney Discipline Probable Cause Committee of the Supreme Court of Arizona issued to

Respondent an "Order of Admonition" and placed him on probation under the following terms and conditions:

1) Probation period will begin at the time the Order was served upon Respondent, and will conclude two (2) years from that date,

2) Respondent shall participate in and successfully complete the Arizona State Bar *New Lawyer Boot Camp* CLE within two years of service of the Order on Respondent,

3) Respondent shall commit no further violation of the Rules of Professional Conduct,

4) Respondent shall report, in writing, compliance with the terms of probation to the State Bar's Phoenix Office, and

5) If Respondent fails to comply with any of the foregoing conditions and the State Bar receives information about non-compliance, bar counsel shall report material violations to the Presiding Disciplinary Judge.

The attached Exhibit A is a true and accurate certified copy of the Order.

By November 18, 2016, Respondent had completed the designated Arizona State Bar CLE. *See* Response to Notice and Order, Exhibit 4. Counsel for Respondent filed a Motion for Early Termination of the Probation. *See* Response to Notice and Order, Exhibit 1. The Independent Bar Counsel filed a Notice of Non-Opposition to Motion for Early Termination of Probation. *Id.* However, on January 19, 2017, the Supreme Court of Arizona denied Respondent's Motion. *Id.* On February 2, 2017, Respondent's counsel filed a Motion to Reconsider the Order Denying Respondent's Motion for Early Termination of Probation. *Id.* It was not until March 15, 2017, 196 days after Respondent was initially placed on probation, that the Supreme Court of Arizona terminated Respondent's Probation early. *Id.*

USPTO Disciplinary Proceedings

On October 5, 2016, Respondent's counsel timely notified the OED Director that Respondent had been disciplined, as he was required to do by 37 C.F.R. § 11.24(a). *See* OED Response, Exhibit 2.

On September 28, 2017, the Director of the USPTO's Office of Enrollment and Discipline ("OED Director") served a "Request for Notice and Order Pursuant to 37 C.F.R. § 11.24" ("Request for Notice and Order") on Respondent, including a "Complaint for Reciprocal Discipline Pursuant to 37 C.F.R. § 11.24." The OED Director requested that the USPTO Director impose reciprocal discipline on Respondent using the procedures set forth in § 11.24 for violating 37 C.F.R. § 11.804(h), by being disciplined on ethical grounds by a duly constituted authority of a State.

On September 29, 2017, the Deputy General Counsel for General Law, on delegated authority by the USPTO Director, issued a Notice and Order giving Respondent 40 days to file a response "containing all information that Respondent believes is sufficient to establish, by clear and convincing evidence, a genuine issue of material fact that the imposition of discipline identical to that imposed by the August 30, 2016, Order of the Attorney Discipline Probable Cause Committee of the Supreme Court of Arizona in Case No. 2015-2173, *In re Arno T. Naeckel* would be unwarranted, and the reasons for such claim." *See* Notice and Order Pursuant to 37 C.F.R. § 11.24.

Respondent filed a Response to the Notice and Order on November 6, 2017, stating that he satisfied the terms of his state-level discipline-probation and training, and arguing that imposing identical discipline would be non-sensical and impossible. *See* Response to Notice and Order at 2, 4. Further, he claimed that the USPTO's rules allow the OED Director to have discretion not

to impose reciprocal discipline as circumstances warrant. *See* Response to Notice and Order at 6; Reply at 2-3, 7. Finally, he argues that imposing reciprocal discipline now would subject Respondent to punishment beyond that ordered by Arizona and result in a grave injustice. *See* Response to Notice and Order at 7-11; Reply at 7-8. In making his arguments, Respondent does not dispute any facts as pled by the OED Director or as contained the underlying Arizona orders and he does not argue that Arizona should have imposed different discipline. *See* Response to Notice and Order at 2; Reply at 3.

Following receipt of the Response to the Notice and Order, the USPTO Director issued a briefing order setting forth the schedule for the OED Response and Respondent's Reply brief. Timely briefs were submitted by the OED Director and Respondent.

II. LEGAL STANDARD

Pursuant to 37 C.F.R. § 11.24(d), and in accordance with *Selling v. Radford*, 243 U.S. 46 (1917), the USPTO has codified standards for imposing reciprocal discipline based on a State's disciplinary adjudication. Under *Selling*, state disbarment creates a federal-level presumption that imposition of reciprocal discipline is proper, unless an independent review of the record reveals: (1) a want of due process; (2) an infirmity of proof of the misconduct; or (3) that grave injustice would result from the imposition of reciprocal discipline. Federal courts have generally "concluded that in reciprocal discipline cases, it is the respondent attorney's burden to demonstrate, by clear and convincing evidence, that one of the *Selling* elements precludes reciprocal discipline." *In re Kramer,* 282 F.3d 721, 724 (9th Cir. 2002); *In re Friedman*, 51 F.3d 20, 22 (2d Cir. 1995). "This standard is narrow, for '[a Federal court, or here the USPTO Director is] not sitting as a court of review to discover error in the [hearing judge's] or the [state]

courts' proceedings.'" *In re Zdravkovich*, 634 F.3d 574, 578 (D.C. Cir. 2011) (quoting *In re Sibley*, 564 F.3d 1335, 1341 (D.C. Cir. 2009)) (second and third alternations in original).

The USPTO's regulation governing reciprocal discipline, 37 C.F.R. § 11.24(d)(1), mirrors the standard set forth in *Selling*:

> [T]he USPTO Director shall consider any timely filed response and shall impose the identical public censure, public reprimand, probation, disbarment, suspension, or disciplinary disqualification unless the practitioner clearly and convincingly demonstrates, and the USPTO Director finds there is a genuine issue of material fact that:
>
> (i) The procedure elsewhere was so lacking in notice or opportunity to be heard as to constitute deprivation of due process;
>
> (ii) There was such infirmity of proof establishing the conduct as to give rise to the clear conviction that the Office could not, consistently with its duty, accept as final the conclusion on that subject;
>
> (iii) The imposition of the same public censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification by the Office would result in a grave injustice; or
>
> (iv) Any argument that the practitioner was not publicly censured, publicly reprimanded, placed on probation, disbarred, suspended or disciplinarily disqualified.

Id.

To prevent the imposition of reciprocal discipline, Respondent is required to demonstrate that there is a genuine issue of material fact as to one of these criteria by clear and convincing evidence. *See id.* As discussed below, however, Respondent has not shown by clear and convincing evidence that there is a genuine issue of material fact with regard to any of the factors set forth in 37 C.F.R. § 11.24(d)(1).

III. ANALYSIS

A. Preliminary Issues.

1. Reciprocal Discipline Pursuant to 37 C.F.R. § 11.24 is Mandatory When Discipline is Predicated on State-level Discipline.

Respondent's first argument is that the OED Director should consider all of the facts, circumstances, and procedural history when deciding whether to impose reciprocal discipline, rather than just relying on the initial state-court order imposing discipline. *See* Response to Notice and Order at 6, 9; Reply at 2-3, 7. Further, he alleges that the change in the OED Director's position as to what is sought as reciprocal discipline also confirms that the USPTO Director has the discretion not to impose precise reciprocal discipline when doing so would make no sense. *See* Reply at 2-3, 7.

Congress vested the USPTO with broad statutory authority to promulgate regulations "govern[ing] the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office." 35 U.S.C. § 2(b)(2)(D); *see Kroll v. Finnerty*, 242 F.3d 1359, 1364 (Fed. Cir. 2001) (stating that the USPTO has the "exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it."); *Haley v. USPTO*, 129 F. Supp. 3d 377 (E.D. Va. 2015) (noting that "Congress gave the USPTO wide latitude to govern the conduct of the members of its bar.") The USPTO Director may suspend or exclude a person from practice before the USPTO if the person is "shown to be incompetent or disreputable, or guilty of gross misconduct," or if the person violates regulations established by the Office. 35 U.S.C. § 32. Thus, there is no question that the USPTO Director has authority to regulate practice before the Office in both patent and trademark matters, including the unauthorized practice of law before the Office. *Id.; see also*

Haley, 129 F. Supp. 3d at 387 ("Congress also *explicitly* gives the USPTO the power to promulgate regulations related to the conduct of its members.")

Pursuant to this broad authority, the USPTO issued 37 C.F.R. § 11.24. This provision sets forth a rule governing the streamlined process for imposing reciprocal discipline based on the public censure, public reprimand, probation, disbarment, or suspension of a registered practitioner in another jurisdiction. A practitioner is required by § 11.24 to notify the OED Director in writing within 30 days of being disciplined in another jurisdiction. Upon receiving such notification from any source, the OED Director "shall" obtain a certified copy of the record or order; "shall . . . file with the USPTO Director a complaint complying with § 11.34 against the practitioner predicated upon the public censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification"; and "shall" request that the USPTO Director issue notification to the practitioner. 37 C.F.R. § 11.24(a). Section 11.24(b), in turn, provides that the USPTO Director "shall" issue an appropriate notice to the practitioner. The USPTO Director then "shall" hear the matter on the documentary record unless the USPTO Director determines a hearing is necessary. 37 C.F.R. § 11.24(d). The USPTO Director "shall" consider any timely filed response, and "shall" impose the "identical" discipline unless the practitioner clearly and convincingly demonstrates, and the USPTO Director finds, that there is a genuine issue of material fact related to the factors listed in 37 C.F.R. § 11.24(d).

Courts have interpreted the word "shall" as a term that is both unambiguous and indicative of a lack of discretion. For example, the D.C. Circuit noted in *Natural Resources Defense Council, Inc. v. EPA*, that a "regulation's use of the command 'shall' would normally indicate that the Administrator lacks discretion . . . ." 25 F.3d 1063, 1068 (D.C. Cir. 1994). In the context of statutory interpretation, the Supreme Court has contrasted Congress's use of "the permissive

'may'" with its "use of a mandatory 'shall' . . . to impose discretionless obligations.'" *Lopez v. Davis*, 531 U.S. 230, 241 (2001); *see also Terra Holding GmbH v. Unitrans Int'l., Inc.*, 124 F. Supp. 3d 745 (E.D. Va. 2015) (concluding that FAA's instruction that court "shall" stay certain actions was clear and unambiguous); *Sacks v. Office of Foreign Assets Control*, 466 F.3d 764, 780 (9th Cir. 2006) (concluding it would be "patently absurd" to interpret a regulation or statute mandating that an agency "shall" do *x* as meaning "that it 'shall' do *x or y,* unless the statute or regulation explicitly states that it 'shall not' do *y*."). The mandatory nature of § 11.24 is also confirmed by recent judicial precedent. *See Haley,* 129 F. Supp. 3d at 385, 387 ("The USPTO disbarred Haley under a mandatory reciprocal discipline rule set forth in 37 C.F.R. § 11.24" and the "regulation mandates that '[a] practitioner is deemed to be disbarred if he or she ... has resigned in lieu of a disciplinary proceeding,' and it calls for reciprocal discipline from the USPTO. 37 C.F.R. 11.24(a), (d)(l)" (alterations in original).).

Given this plain reading of the regulatory text, which includes the unambiguous commands of § 11.24, Respondent's arguments that the OED Director possessed discretion not to impose reciprocal discipline, or to institute other than reciprocal discipline, when presented with evidence of Respondent's state-level discipline, is without any merit or support. To the contrary, recent case law and the plain text of the § 11.24 dictate that reciprocal discipline is mandatory and should be imposed unless the *Selling* factors are satisfied.

Additionally, Respondent has not cited any extraordinary circumstances that would justify suspending or lifting the regulatory requirement to impose reciprocal discipline here. 37 C.F.R. § 11.3. This provision permits any requirement of the regulations to be suspended or waived by the USPTO Director on petition by any party "[i]n an extraordinary situation, when justice requires."

Id § 11.3(a). However, no such petition was raised in this matter and no extraordinary circumstance have been identified by the parties or are discernable from the facts.

Next, Respondent's arguments that factors other than the *Selling* factors – "a dose of common sense", *see* Response to Notice and Order at 6 – can be used to deny or mitigate reciprocal discipline is flatly incorrect. Under *Selling*, state disbarment creates a federal-level presumption that imposition of reciprocal discipline is proper, unless an independent review of the record reveals: (1) a want of due process; (2) an infirmity of proof of the misconduct; or (3) that grave injustice would result from the imposition of reciprocal discipline. As stated, Federal courts have generally "concluded that in reciprocal discipline cases, it is the respondent attorney's burden to demonstrate, by clear and convincing evidence, that one of the *Selling* elements precludes reciprocal discipline." *In re Kramer,* 282 F.3d at 724; *In re Friedman*, 51 F.3d at 22. Thus, Respondent's recourse to mitigate or negate reciprocal discipline here is limited to arguing the *Selling* factors precludes reciprocal discipline.

Finally, Respondent alleges that the change in the OED Director's position as to what is sought as reciprocal discipline confirms that the USPTO Director has the discretion not to impose precise reciprocal discipline when doing so would make no sense. *See* Reply at 2-3, 7. Indeed, both the Complaint and Request for Notice and Order requested a two-year reciprocal probation. In his Response, the OED Director later altered that request to a reciprocal 196-day probation. However, it is undisputed that Respondent's counsel did not provide the OED Director with the Arizona Supreme Court's March 15, 2017 Order terminating Respondent's probation early, prior to the OED Director's September 28, 2017 Request for Notice and Order being with the USPTO Director. *See* Response to Notice and Order, Exhibit 1; Request for Notice and Order, dated September 28, 2017. Because the OED Director was unaware that

Respondent's two-year probation had been terminated at the time the Request for Notice and Order was filed, the OED Director appropriately asked for a reciprocal two-year probation period. Once learning of that the Arizona probation had been terminated earlier than the two year initially ordered, the OED Director appropriately reduced his request to more accurately reflect a reciprocal amount of discipline. This does not reflect OED Director discretion, but rather the OED Director's hewing to the regulatory requirements under § 11.24.

In sum, the provisions of 37 C.F.R. § 11.24 are unambiguously mandatory and Respondent's recourse to mitigate or negate reciprocal discipline here is limited to arguing the *Selling* factors precludes reciprocal discipline. Additionally, the parties have not cited, and the Director does not find, any extraordinary circumstances that would justify suspending the mandatory provisions of 37 C.F.R. § 11.24.

2. Respondent Was Disciplined in the State of Arizona.

Respondent next argues that reciprocal discipline "makes no sense" here since, although the term "probation" was used in the state order, his discipline really consisted of the requirement to take a single CLE course. *See* Response to Notice and Order at 5; Reply at 4. Further, identical discipline is not possible since he satisfied the lone requirement of his discipline in less than 2 years. *See id.* at 6. Requiring him to take the identical course would be duplicative, not reciprocal. *See id.* Finally, Respondent argues that he was not publicly admonished in Arizona. *See* Reply at 6-7.

In response, the OED Director argues that Arizona Supreme Court did not expressly limit the discipline to probation and completion of the Arizona State Bar CLE. *See* OED Response at 9-10. Rather, the Arizona order also included both an Order of Admonition and ordered that Respondent be placed on Probation with the previously stated conditions. *See* Exhibit A.

Moreover, the OED Director contends that the Arizona Supreme Court chose not to order that Respondent's probation would automatically terminate upon the completion of the Arizona State Bar CLE but, rather, it imposed additional conditions of probation and required Respondent's conduct to be monitored. *See* OED Response at 10. It was not until 117 days after Respondent completed the Arizona State Bar CLE, after a Motion for Early Termination of the Probation was filed and denied, and a Motion to Reconsider the Order Denying Respondent's Motion for Early Termination of Probation was filed, that the Arizona Supreme Court issued the March 15, 2017 Order terminating Respondent's probation early. *See id.* These facts, OED Director argues, belies Respondent's argument that his discipline merely amounted to a CLE requirement.

Respondent was unquestionably disciplined by the State of Arizona. First, the terms of the August 30, 2016 Order explicitly required that an "Order of Admonition" be issued for Respondent's misconduct. Exhibit A. This is explicitly reiterated in the terms of the order ending probation. *See* Response to Notice and Order, Exhibit 1. Reference to Respondent's Order of Admonition is also made in a letter from bar counsel to Respondent's attorney, and in a public posting on the website for the State Bar of Arizona. *See id.*, Exhibits 2, 3. Although Respondent claims that an admonition is an inappropriate basis for reciprocal discipline here because it was not public discipline in Arizona, Respondent admits that his admonitions was, in fact, public in Arizona. *See id.* at 3, Exhibit 3; Reply at 7. Further, an admonition, which can be accomplished by the USPTO through a reprimand,[1] is the key part of practitioner discipline. As the OED Director stated, the purpose of public discipline is to inform the public in an effort to protect the public and the administration of justice from lawyers who have not discharged . . . their professional duties to clients, the public, the legal system, and the legal profession." *See In re*

[1] Reprimands are within the tools available to the OED Director when imposing discipline. *See* 37 C.F.R. § 11.20(a). Reprimands are "public discipline" under the USPTO's rules. *See* 37 C.F.R. § 11.59(a).

Brufsky, Proceeding No. D2013-18 (USPTO June 23, 2014) (citing *Matter of Chastain*, 532 S.E.2d 264, 267 (S.C. 2000)). Reciprocal discipline serves to prevent a lawyer admitted to practice in more than one jurisdiction from, *inter alia*, avoiding the effect of discipline by simply practicing in another jurisdiction, and to protect the public from lawyers who commit misconduct. *See* OED Response at 9 (citing American Bar Ass'n, STANDARDS FOR IMPOSING LAWYER SANCTIONS, § 2.9 (2015)). Respondent's Order of Admonition–in addition to the probation and CLE requirement - here accomplishes those purposes, is public discipline, and is able to be implemented on a reciprocal basis via a public reprimand.

Respondent's argument that he was not disciplined because he was not put on probation but, rather, was merely given a period of 2 years to complete a CLE course, is also not compelling. First, the Arizona order explicitly required that Respondent be placed on "probation." Exhibit A. This is also reflected in a public posting on the website for the State Bar of Arizona. *See* Response to Notice and Order, Exhibit 3.

In addition to the explicit wording in the order, a further reading of the Arizona disciplinary order demonstrates quite clearly that Respondent's probation and the CLE requirement were two very different terms of his discipline. This is evident by the fact that the state court did not expressly limit probation to completion of the Arizona State Bar CLE, but rather included other terms. Exhibit A. Respondent admitted the Arizona probation included additional terms. *See* Reply at 4. Though he dismisses those other terms as immaterial, the USPTO Director disagrees as the terms prohibit further violations, monitoring, and reporting. Exhibit A. These are not immaterial terms as violations of these terms could result in additional disciplinary sanction. Exhibit A, at 4. This conclusion is buttressed by the fact that the state court chose not allow Respondent's probation to automatically terminate upon the completion of the Arizona State Bar

CLE, a point that Respondent acknowledges. *See* Reply at 5. He was required to demonstrate "compliance with the terms of probation" before being reinstated. Exhibit A. Not only was his probation not automatically terminated, Respondent's first request for early termination of his probation was denied. *See* Response to Notice and Order, Exhibit 1. His argument that he was not on probation in Arizona is without merit.

It is concluded that the state discipline included an Order of Admonition, probation, CLE attendance and other terms. Thus, not only was Respondent disciplined in Arizona but, contrary to his arguments that reciprocal discipline "makes no sense", identical discipline can be imposed here.[2] The onus is now on Respondent to demonstrate that there is a genuine issue of material fact as to one of the *Selling* factors by clear and convincing evidence. Only upon such a showing will Respondent be able to escape reciprocal discipline.

B. Imposition of a Reciprocal Suspension Would Not Result in a Grave Injustice under 37 C.F.R. § 11.24(d)(1)(iii).

The USPTO's regulation governing reciprocal discipline, 37 C.F.R. § 11.24(d)(1), states that

> [T]he USPTO Director shall consider any timely filed response and shall impose the identical public censure, public reprimand, probation, disbarment, suspension, or disciplinary disqualification unless the practitioner clearly and convincingly demonstrates, and the USPTO Director finds there is a genuine issue of material fact that:
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> (i) The procedure elsewhere was so lacking in notice or opportunity to be heard as to constitute deprivation of due process;
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> (ii) There was such infirmity of proof establishing the conduct as to give rise to the clear conviction that the Office could not, consistently with its duty, accept as final the conclusion on that subject;
>
> (iii) The imposition of the same public censure, public reprimand, probation, disbarment, suspension or disciplinary disqualification by the Office would result in a grave injustice; or
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> (iv) Any argument that the practitioner was not publicly censured, publicly reprimanded, placed on probation, disbarred, suspended or disciplinarily disqualified.

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[2] The OED Director would not require Respondent to take the identical CLE course that he has already completed. See OED Response at 11. Rather, the Agency will consider proof of successful completion of the CLE. *See id.* Thus, there is no duplicative requirement for the CLE class.

Id.

To prevent the imposition of reciprocal discipline, Respondent is required to demonstrate that there is a genuine issue of material fact as to one of these criteria by clear and convincing evidence. *See* 37 C.F.R. § 11.24(d)(1).

Respondent's sole argument under § 11.24(d) is that imposing discipline would increase, not reciprocate, Arizona's disciplinary judgment. *See* Response to Notice and Order at 7. In support of this argument, he reasserts his argument that he was not disciplined for a period of time, but was only ordered to take a course within a period of time. *See* Response to Notice and Order at 8. He claims he would have not have the opportunity to shorten the USPTO probation since he already took the required CLE. *See id.* Additionally, reciprocal discipline would impose discipline that has already been terminated and case law says the discipline should run concurrently[3]. *See* Response to Notice and Order at 7-8. He concludes that a new 2-year probation would be above and order the Arizona discipline and would be a grave injustice. *See* Response to Notice and Order at 8-9. Finally, he asserts that the sanction is also more harsh since his primary practice area, which was not the basis for the discipline, would be affected. See Response to Notice and Order at 9.

First, Respondent's arguments that he was not disciplined for a period of time, but that he was only ordered to take a course within a period of time, and he should not be required to take the CLE a second time, have already been discussed and dismissed. *See supra* pp. 10-13. Additionally, as also previously discussed, the discipline sought by the OED Director mirrors that actually served by Respondent in Arizona. Thus, there is no discipline above and beyond

[3] The USPTO rules concerning discipline served *nunc pro tunc*, 37 C.F.R. § 11.24(f), apply to this argument and are discussed in the next section. *See infra* Sec. III.C.

that ordered by Arizona. Respondent's primary argument is that the reciprocal discipline requested here would result in a grave injustice. However, as discussed further below, he has not shown by clear and convincing evidence that there is genuine issue of material fact that the reciprocal discipline requested here would result in a grave injustice.

The grave injustice analysis focuses on whether the severity of the punishment "fits" the misconduct and allows for consideration of various mitigating factors. *See In re Thav*, 852 F. Supp. 2d 857, 861-62 (E.D. Mich. 2012); *see also In re Kramer*, 282 F.3d at 727 (on challenge to imposition of reciprocal discipline, "we inquire only whether the punishment imposed by [the first] court was so ill-fitted to an attorney's adjudicated misconduct that reciprocal disbarment would result in grave injustice"); *In re Attorney Discipline Matter*, 98 F.3d 1082, 1088 (8th Cir. 1996) (no grave injustice where disbarment imposed by the state court "was within the appropriate range of sanctions"); *In re Benjamin*, 870 F. Supp. 41, 44 (N.D.N.Y. 1994) (public censure within range of penalties for misconduct and thus censure was not a grave injustice). As long as the discipline from the state bar was within the range of appropriate sanctions, it is not grave injustice for the [USPTO] to impose reciprocal discipline." *See Persaud v. Director of the USPTO*, No. 1:16–cv–00495, 2017 WL 1147459, at *2 (E.D. Va. Mar. 27, 2017). Despite the fact that Respondent claims that the case law and above standard are not controlling or limited to this analysis, he cites no authority for that proposition and this claim is rejected.

Here, Respondent does not dispute that "[t]he discipline from the Arizona Supreme Court was within the range of appropriate sanctions." Reply at 8. Mr. Naeckel does not contend, and has never contended, that the Arizona Supreme Court imposed unduly harsh discipline. *Id.* Because he does not dispute that the Arizona sanction was "within the range of appropriate sanctions for his misconduct, and because the OED Director has shown that the sanction

imposed on Respondent was within the appropriate range of sanctions allowed for the misconduct, *see* OED Response at 13-15, there was no grave injustice. As a result, reciprocal discipline is appropriate here.

C. Respondent's Discipline Shall Not Be Served *Nunc Pro Tunc.*

Respondent lastly argues that any probation ordered here should be served concurrent with the term of the actual probation served in Arizona, August 30, 2016 to March 15, 2017 (that is, "*nunc pro tunc*"). He cites a number of cases that argue in favor of "concurrent" discipline. *See* Response to Notice and Order at 7-8; Reply at 7-8. However, as discussed further below, these cases are not controlling. The USPTO's disciplinary rules identify a standard for serving of discipline concurrently with the state ordered discipline and Respondent fails to satisfy that standard here.

The imposition of reciprocal discipline *nunc pro tunc* is discussed in 37 C.F.R. § 11.24(f). "To be eligible for the imposition of reciprocal discipline *nunc pro tunc,* Respondent must 1) have promptly notified the OED Director of the discipline imposed upon him [or her] by the [other Jurisdiction] and 2) establish by clear and convincing evidence that he voluntarily ceased all activities related to practice before the Office and complied with all provisions of 37 C.F.R. § 11.58." *In re Dhand,* Proceeding No. D2016-17, at 5 (USPTO Nov. 16, 2016). Respondent has not satisfied these requirements. Respondent notified the OED Director of the Arizona Supreme Court discipline. *See* OED Response, Exhibit 2. However, he has not made a showing by any evidence, much less clear and convincing evidence, that he voluntarily ceased practicing before the Office during the 196 days that Respondent was on probation in Arizona. While the OED Director does not object to the imposition of discipline *nunc pro tunc* here, neither party has shown that Respondent satisfied the provisions of § 11.24(f). Nor have the

parties cited any extraordinary circumstances that would justify suspending or lifting the regulatory requirements for *nunc pro tunc* discipline. Both Respondent and the OED Director raise the fact that the State of Arizona did not require Respondent to cease practice in that State. However, that is irrelevant to the USPTO's own rule that requires practitioners to cease practice before the USPTO. This requirement cannot be suspended or waived without some showing of extraordinary circumstances that have not been shown here. Consequently, reciprocal discipline shall not be served *nunc pro tunc* here.

ORDER

ACCORDINGLY, it is:

ORDERED that Respondent is placed on probation for a period of 196 days beginning the effective date of this Order;

Respondent is publicly reprimanded;

Respondent shall take and pass the *New Lawyer Bootcamp* class referenced in the August 30, 2016 Order of the Attorney Discipline Probable Cause Committee of the Supreme Court of Arizona. The class shall be taken within the period of the 196-day probation imposed by this Final Order. However, Respondent is permitted to satisfy this condition of his USPTO probation by providing proof of having taken the course during his Arizona-imposed probation. Such proof shall be provided to the OED Director during the term of the 196-day USPTO probation; and

ORDERED that the OED Director shall make public the following Notice in the Official Gazette:

Notice of Discipline

> This notice concerns Arno T. Naeckel of Scottsdale, Arizona, who is a registered patent attorney (Registration Number 56,114). In a reciprocal disciplinary proceeding, the Director of the United States Patent and Trademark Office ("USPTO") has ordered that Mr. Naeckel be publicly

reprimanded, placed on probation for 196 days, and required to complete a "New Lawyer Boot Camp" continuing legal education program within 196 days, for violating 37 C.F.R. § 11.804(h), predicated upon the August 30, 2016 Order of the Attorney Discipline Probable Cause Committee of the Supreme Court of Arizona (the "Committee"), which imposed identical discipline.

The Committee found that Mr. Naeckel undertook to defend his client from a civil defamation claim and asserted complicated counterclaims, despite the fact that he had little civil litigation experience. The Committee found that in three separate orders, the trial court held that Mr. Naeckel failed to comply with the Arizona Rules of Civil Procedure, and that he failed to take adequate remedial measures in response to the court orders. The Committee also found that Mr. Naeckel's counterclaims were insufficiently or improperly pleaded, and that Respondent failed to perform adequate legal analysis or research to confirm a good faith basis for the relief he sought on his client's behalf. Based on the foregoing, the Committee concluded that Mr. Naeckel violated the following Rules of the Supreme Court of Arizona: Rule 42, ER 1.1 (competence); Rule 42, ER 3.1(a) (lawyer shall not bring or defend proceeding absent a good faith basis in law or fact to do so that is not frivolous); and Rule 32, ER 8.4(d) (conduct prejudicial to the administration of justice).

This action is taken pursuant to the provisions of 35 U.S.C. § 32 and 37 C.F.R. § 11.24. Disciplinary decisions are available for public review at the Office of Enrollment and Discipline's FOIA Reading Room, located at: **http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp**.

and

ORDERED that the OED Director give notice pursuant to 37 C.F.R. § 11.59 of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in the state(s) where Respondent is admitted to practice, to courts where Respondent is known to be admitted, and to the public.

Pursuant to 37 C.F.R. § 11.57(a), review of the final decision by the USPTO Director may be had by a Petition filed with the U.S. District Court for the Eastern District of Virginia

under 35 U.S.C. § 32 "within thirty (30) days after the date of the order recording the Director's action." *See* E.D. Va. Local Civil Rule 83.5.

5-17-18
Date

Sarah T. Harris
General Counsel
United States Patent and Trademark Office

on delegation by
Andrei Iancu
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

cc:

VIA EMAIL AND HAND DELIVERY
OED Director
U.S. Patent and Trademark Office

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