

a practitioner is asked to accept stock in lieu of legal fees). Further, a fee paid in property, such as acquisition of ownership of a percentage of the rights to an invention, would require compliance with § 11.108. *See Rhodes v. Buechel*, 685 N.Y.S.2d 65, 1999 N.Y. App. Div. LEXIS 904 (1999), *appeal denied*, 711 N.E.2d 984, 689 N.Y.S.2d 708, 1999 N.Y. LEXIS 1206 (NY 1999).

An agreement would not be made whose terms might induce the practitioner improperly to curtail services for the client or perform them in a way contrary to the client's interest. For example, a practitioner should not enter into an agreement or arrangement with an invention promoter to provide limited services, such as only up to a stated amount, only for a particular type of patent application, such as a design application, only so long as a promoter pays the practitioner, or only for one application or one type of application when it is foreseeable that more extensive services or the continuation of services may be required, unless the situation is fully disclosed to and consent is obtained from the client. Otherwise, the client might have to bargain for further assistance in the midst of a proceeding before the Office. However, it is proper to define the extent of services in light of the client's ability to pay. A practitioner should not, by using wasteful procedures, exploit a fee arrangement based primarily on an hourly charge.

*Paragraph (c) of § 11.105* would continue the current practice regarding contingent fees. Generally, contingent fees are permissible in all civil cases, including patent and trademark registration applications.

Under paragraph (c) of § 11.105, the contingent fee arrangement would be required to be in writing. This writing must explain the method by which the fee is to be computed. The practitioner must also provide the client with a written statement at the conclusion of a contingent fee matter, stating the outcome of the matter and explaining the computation of any remittance made to the client. Consistent with paragraph (a) of § 11.105, the contingent fee must be reasonable.

*Paragraph (d) of § 11.105* would permit the practice of dividing a fee with another practitioner. A division of fee would be a single billing to a client covering the fee of two or more practitioners who are not in the same firm. A division of fee facilitates association of more than one practitioner in a matter in which neither alone could serve the client as well, and most often is used when the fee is contingent and the division is between

a referring practitioner and a trial specialist.

Under paragraph (d) of § 11.105, the practitioners would be permitted to divide a fee either on the basis of the proportion of services they render or by agreement between the participating practitioners if all assume responsibility for the representation as a whole. Attorneys who are not registered as patent attorneys or agents are not authorized to render services in patent matters before the Office. Accordingly, before assuming responsibility for the representation as a whole, the attorneys would be advised to inquire of their insurance carrier regarding malpractice coverage in patent matters, and seek expert legal advice regarding whether the rendition of services in patent application matters involves unauthorized practice of law. Joint responsibility for the representation would entail the obligations stated in proposed rule 11.105 for purposes of the matter involved. Permitting a division on the basis of joint responsibility, rather than on the basis of services performed, would represent a change from the basis for fee divisions allowed under the prior Office Code of Professional Responsibility. The change is intended to encourage practitioners to affiliate other registered patent counsel, who are better equipped by reason of experience or specialized (scientific or technical) background, to serve the client's needs, rather than to retain sole responsibility for the representation in order to avoid losing the right to a fee.

The concept of joint responsibility would not, however, be merely a technicality or incantation. For example, the registered practitioner who refers the client to another registered practitioner, or affiliates another registered practitioner in the representation, would remain fully responsible to the client, and is accountable to the client for deficiencies in the discharge of the representation by the registered practitioner who has been brought into the representation. If a practitioner wishes to avoid such responsibility for the potential deficiencies of another practitioner, the matter must be referred to the other practitioner without retaining a right to participate in fees beyond those fees justified by services actually rendered.

The concept of joint responsibility would not require the referring practitioner to perform any minimum portion of the total legal services rendered. The referring practitioner may agree that the practitioner to whom the referral is made will perform substantially all of the services to be rendered in connection with the

representation, without review by the referring practitioner. Thus, the referring practitioner would not be required to review replies to Office actions, appeal briefs, or other documents, attend hearings or depositions, or otherwise participate in a significant and continuing manner. The referring practitioner would not, however, by avoiding direct participation, escape the implications of joint responsibility.

When fee divisions are based on assumed joint responsibility, the requirement of paragraph (a) that the fee be reasonable would apply to the total fee charged for the representation by all participating practitioners.

Paragraph (d) of § 11.105 would require that the client be advised, in writing, of the fee division and states that the client must affirmatively consent to the proposed fee arrangement. This provision would not require disclosure to the client of the share that each practitioner is to receive but would require that the client be informed of the identity of the practitioners sharing the fee, their respective responsibilities in the representation, and the effect of the association of practitioners outside the firm on the fee charged.

*Paragraph (e) of § 11.105* would provide a new policy for determining unreasonableness of a fee. If a state bar has established a procedure for resolution of fee disputes, such as an arbitration or mediation, the practitioner who is an attorney should conscientiously consider submitting to it. Law may prescribe a procedure for determining a practitioner's fee, for example, in representation of an executor or administrator of the estate of a deceased registered practitioner. The practitioner entitled to such a fee and a practitioner representing another party concerned with the fee should comply with the prescribed procedure. The Office does not provide facilities or proceedings for fee dispute resolution.

Section 11.106 would address a practitioner's responsibilities regarding information provided by a client. A practitioner practicing before the Office is a participant in a quasi-judicial and administration system, and as such is responsible for upholding the law. One of the practitioner's functions is to advise clients so that they avoid any violation of the law in the proper exercise of their rights.

*Paragraph (a)(1) of § 11.106* would require that a practitioner not reveal information relating to representation of a client unless the client consents after consultation. There would be exceptions for disclosures that are