

detailed to show the identity of each item.

(3) *Deposit of mixed escrow and non-escrow funds other than fees and retainers.* Mixed escrow and non-escrow funds shall be deposited intact to the escrow account. The non-escrow portion shall be withdrawn upon the clearing of the mixed fund deposit instrument.

(4) *Periodic trial balance.* A regular periodic trial balance of the subsidiary ledger shall be made at least quarterly, within 30 days after the close of the period and shall show the escrow account balance of the client or other period at the end of each period.

(A) The total of the trial balance must agree with the control figure computed by taking the beginning balance, adding the total monies received in escrow for the period and deducting the total escrow monies disbursed for the period; and

(B) The trial balance shall identify the preparer and be approved by the practitioner or one of the practitioners in the law firm.

(5) *Reconciliations.* (i) A monthly reconciliation shall be made at month end of the cash balance derived from the cash receipts journal and cash disbursements journal total, the escrow account checkbook balance, and the escrow account bank Statement balance;

(ii) A periodic reconciliation shall be made at least quarterly, within 30 days after the close of the period, reconciling cash balances to the subsidiary ledger trial balance;

(iii) Reconciliations shall identify the preparer and be approved by the practitioner or one of the practitioners in the law firm.

(6) *Receipts and disbursements explained.* The purpose of all receipts and disbursements of escrow funds reported in the escrow journals and subsidiary ledgers shall be explained and supported by adequate records.

(h) All financial accounts kept by a registered practitioner must comply with the provisions of paragraph (f) of this section, except that:

(1) *Attorneys:* The financial records maintained by a practitioner who is an attorney in good standing of a bar of the highest court in a state will be deemed to be in substantial compliance with the provisions of paragraphs (f) and (g) of this section if the attorney's principal place of business is in the United States, and the financial records are in compliance with the financial recordkeeping requirements of the state bar of which he or she is a member in good standing; or

(2) *Patent agents employed by a law firm:* The trust account records

maintained by a law firm with regard to a patent agent employed by the law firm will be deemed to be in substantial compliance with the provisions of paragraphs (f) and (g) of this section for the patent agent if the principal place of business of the law firm and the patent agent are in the United States, the patent agent is employed by the law firm, and the financial records maintained by the law firm comply with the financial record-keeping requirements that apply to at least one attorney in the law firm at the principal place of business.

(i) Conduct that constitutes a violation of paragraph (a) of this section includes, but is not limited to misappropriation of, or failure to properly or timely remit, funds received by a practitioner or the practitioner's firm from a client having immediate or prospective business before the Office to pay a fee which the client is required by law to pay to the Office.

§ 11.116 Declining or terminating representation.

(a) Except as stated in paragraph (c) of this section, a practitioner shall not represent a client before the Office, or where representation has commenced, shall withdraw from the representation of a client before the Office if:

(1) The representation will result in violation of the Rules of Professional Conduct or other law;

(2) The practitioner's physical or mental condition materially impairs the practitioner's ability to represent the client;

(3) The practitioner is discharged; or

(4) The practitioner becomes an employee of the Office, and before becoming an employee the practitioner has a matter, including a patent application, in which the practitioner acts as attorney or agent for prosecuting a claim against the United States, or receives any gratuity, or any share of or interest in such claim, or acts as attorney or agent for anyone before the Office in which the United States is a party or has a substantial interest. In the latter instance, the practitioner shall withdraw before the first day of employment at the Office from every such matter.

(b) Except as stated in paragraph (c) of this section, a practitioner may withdraw from representing a client before the Office if withdrawal can be accomplished without material adverse effect on the interests of the client, or if:

(1) The client persists in a course of action involving the practitioner's services that the practitioner reasonably believes is criminal or fraudulent;

(2) The client has used the practitioner's services to perpetrate a crime or fraud;

(3) A client insists upon pursuing an objective that the lawyer considers repugnant or imprudent;

(4) The client fails substantially to fulfill an obligation to the practitioner regarding the practitioner's services and has been given reasonable warning that the practitioner will withdraw unless the obligation is fulfilled;

(5) The representation will result in an unreasonable financial burden on the practitioner or obdurate or vexatious conduct on the part of the client has rendered the representation unreasonably difficult; or

(6) Other good cause for withdrawal exists.

(c) When ordered to do so by the Office, a practitioner shall continue representation notwithstanding good cause for terminating the representation.

(d) Upon termination of representation before the Office, a practitioner shall take steps reasonably practicable to protect a client's interests, such as giving reasonable notice to the client, allowing time for employment of other counsel, surrendering papers and property to which the client is entitled, and refunding any advance payment of fee that has not been earned. The practitioner may retain papers relating to the client to the extent permitted by other law, § 11.108(j), but in regard to any proceeding before the Office a practitioner shall not retain:

(1) Any part of the client's files regarding the proceeding, including patent or trademark application files, that has been filed with the Office,

(2) Any work product regarding the proceeding for which the practitioner has been paid, or

(3) Any proceeding-related paper whenever assertion of a retaining lien on the paper would materially prejudice or imperil the protection of the client's interests.

§ 11.117 Sale of practice.

A practitioner may sell or purchase a law practice involving patent or trademark matters before the Office, including good will, if the following conditions are satisfied:

(a) The seller ceases to engage in the private practice before the Office;

(b) The practice, to the extent it involves patent proceedings, is sold as an entirety to another registered practitioner or firm comprising registered practitioners;

(c) Actual written notice is given to each of the seller's clients having immediate or prospective business before the Office regarding: