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

FINGER FURNITURE COMPANY, INC.	)	
Opposer	)	Opposition No. 91155115
v.	)	On Petition for Disqualification
FINGER INTERESTS NUMBER ONE, LTD.	)	
Applicant.	)	Mailed: 29 June 2004

DECISION ON PETITION FOR DISQUALIFICATION

Drost, Administrative Trademark Judge:[1]

Applicant, Finger Interests Number One, LTD., has filed a petition to disqualify the law firm of Akin Gump Strauss Hauer & Feld LLP (Akin Gump), as counsel for opposer, Finger Furniture Company, Inc., in Opposition No. 91155115, which is pending before the Board. Opposer has opposed the petition to disqualify and applicant has filed a reply.

Part 10 of the U.S. Patent and Trademark Office regulations provides for the filing of petitions to disqualify in patent and trademark cases. 37 CFR §10.130(b) (“Petitions to disqualify a practitioner in ex

[1] Authority to decide petitions seeking disqualification of attorneys in cases before the Board has been delegated to the Chief Administrative Trademark Judge. Delegation of Authority to the Chief Administrative Trademark Judge dated February 5, 2002. Under that authority, this petition was subsequently delegated.

parte or inter partes cases in the Office … will be handled on a case-by-case basis under such conditions as the Commissioner deems appropriate").[2]

Facts

On December 19, 2002, opposer filed a consolidated notice of opposition to applicant's three applications for the mark FINGER INTERESTS.[3] The three applications were all based on an allegation of a bona fide intention to use the marks in commerce.

Applicant's law firm of record in this consolidated opposition, Baker Botts LLP (Baker Botts), is also identified as the attorney of record in those applications.

The combined notice of opposition relied on opposer's ownership of Registration No. 2,610,684 for the mark "@ YOUR FINGERS." In addition, opposer referred to its ownership of trademark applications for the marks FINGERS (Serial No. 76290186), FABULOUS FINGERS (No. 76290406),

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[2] Along with its opposition, opposer has requested an oral hearing. Applicant, in its reply, opposes this request. There is no right to an oral hearing on petitions and, inasmuch as an oral hearing is not necessary, opposer's request is denied. 37 CFR § 2.146(f).

[3] Serial No. 76350770 for "business acquisition and merger consultation; business consultation; business management consultation; business organizational consultation" in International Class 35.
Serial No. 76351157 for "investment consultation; investment advice; investment management; investment of funds for others; financial investment in the field of real estate; real estate investment; real estate management; real estate procurement for others; real estate brokerage" in International Class 36.
Serial No. 76351158 for "real estate development" in International Class 37.

FINGERS PRIVATE LABEL (No. 76290150), and FINGERS ASSURANCE OF QUALITY (No. 76290185).

The consolidated notice of opposition was filed by Richard D. Fladung of Akin Gump. Richard D. Fladung is listed as the attorney in opposer's registration and applications discussed above.

The application that matured into opposer's Registration No. 2,610,684 was filed on July 25, 2001, and it registered on August 20, 2002.

Applicant's three opposed applications were filed between December 19 and 20, 2001.

Applicant also sought to have Akin Gump represent it in connection with "the formation of an exchange fund and matters ancillary thereto." On March 1, 2002, Akin Gump sent Finger Interests, Ltd.,[4] a letter specifying the "Terms of Engagement" of this representation.

On March 18, 2002, Richard D. Fladung of Akin Gump's Houston, Texas, office sent a letter to James R. Robinson of Baker Botts, counsel for applicant, stating (p. 2) that due to opposer's "valuable marks, we are concerned that your client's use and registration of the mark 'FINGER INTERESTS' may harm our client's rights. Consequently, we

[4] Applicant alleges that it does business as "Finger Interests, Ltd." Applicant's Petition at 1.

would like to discuss our client's concerns and possible work-arounds by your client that would be amicable to both parties."

Nine months later (December 19, 2002), Akin Gump filed a notice of opposition.

On February 11, 2003, applicant, through its counsel Baker Botts, sent a letter to Akin Gump. The letter concluded (p. 2) as follows: "Our client has asked us to bring to your attention the representation by your law firm of Finger Interests, Ltd. [applicant] in another matter. We have not analyzed whether any issues are raised by that representation in view of the opposition filed against Finger Interests Number One, Ltd., but trust you will give this issue due consideration."

Elliot D. Raffkind, an Akin Gump partner from the Dallas, Texas, office, handled applicant's matters. Raffkind declaration at 1.

Opposer alleges that, since August 2003, applicant has not given Akin Gump any business and Akin Gump has not billed applicant for any legal services. Raffkind declaration at 2.

After an exchange of correspondence and emails on the subject of the conflict of interests, on August 29, 2003, Mr. Fladung of Akin Gump notified counsel for applicant

that Akin Gump declined to voluntarily withdraw from representing opposer. Petition Ex. G.

On September 22, 2003, applicant petitioned to disqualify Akin Gump as counsel for opposer.

Discussion

Applicant seeks to disqualify opposer's counsel, Akin Gump, on the ground that "Akin Gump is prosecuting this litigation against its own client, Finger Interests, which Akin Gump simultaneously represents on another matter." Petition to Disqualify at 1. Applicant alleges that prior to filing the notice of opposition in this case for opposer, "Akin Gump was representing Finger Interests in connection with the formation of an exchange fund and matters ancillary thereto." Petition to Disqualify at 2. Also, applicant alleges that it was a current client of Akin Gump at the time the consolidated notice of opposition to its applications were filed. Because it is a current client, applicant maintains that whether the matters of the simultaneous representation are related is irrelevant and that Akin Gump should be disqualified because the representation of opposer is "directly adverse" to applicant's interests. Petition to Disqualify at 9-10.

Opposer argues that the "test for disqualification before the PTO is the 'substantially related' test"

(Opposition at 5), and that the Akin Gump's representation of applicant "was not at all, much less substantially related, to the Trademark Dispute." Opposition at 10.

The "typical" petition to disqualify a practitioner concerns a former client who is alleging that its former attorney is now representing an adverse client in regard to subject matter that is substantially related to the subject matter of the previous representation. Plus Products v. Con-Stan Industries, Inc., 221 USPQ 1071, 1074 (Comm'r Pat. 1984). See also T.C. Theatre Corp. v. Warner Bros. Pictures, 113 F. Supp. 265, 268 (S.D.N.Y. 1953) ("[W]here any substantial relationship can be shown between the subject matter of a former representation and that of a subsequent adverse representation, the latter will be prohibited").

However, here, applicant argues that it is a current client of Akin Gump. Applicant does not argue alternatively that Akin Gump should be disqualified if applicant is considered to be a former client of the firm.

The Patent and Trademark Office Code of Professional Responsibility[5] addresses the question of client conflicts as follows:

[5] These PTO rules are similar to the older ABA Code of Professional Responsibility and decisions interpreting those ABA rules are particularly relevant.

> (b) A practitioner shall not continue multiple employment if the exercise of the practitioner's independent professional judgment in behalf of a client will be or is likely to be adversely affected by the practitioner's representation of another client, or if it would be likely to involve the practitioner in representing differing interests, except to the extent permitted under paragraph (c) of this section.
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> (c) In the situations covered by paragraphs (a) and (b) of this section, a practitioner may represent multiple clients if it is obvious that the practitioner can adequately represent the interest of each and if each consents to the representation after full disclosure of the possible effect of such representation on the exercise of the practitioner's independent professional judgment on behalf of each.
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> (d) If a practitioner is required to decline employment or to withdraw from employment under a Disciplinary Rule, no partner, or associate, or any other practitioner affiliated with the practitioner or the practitioner's firm, may accept or continue such employment unless otherwise ordered by the Director or Commissioner.

37 CFR § 10.66.[6]

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[6] The related ABA Model Rule of Professional Conduct is also set out below:

> a) Except as provided in paragraph (b), a lawyer shall not represent a client if the representation involves a concurrent conflict of interest.
> A concurrent conflict of interest exists if:
> (1) the representation of one client will be directly adverse to another client; or
> (2) there is a significant risk that the representation of one or more clients will be materially limited by the lawyer's responsibilities to another client, a former client or a third person or by a personal interest of the lawyer.
> (b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a), a lawyer may represent a client if:
> (1) the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation to each affected client;
> (2) the representation is not prohibited by law;
> (3) the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation or other proceeding before a tribunal; and
> (4) each affected client gives informed consent, confirmed in writing.

Model Rule 1.7 (2003).

Both parties agree that the PTO rules govern "conflict of interest cases for PTO practitioners." Opposition at 4; Petition to Disqualify at 4. However, opposer asserts that "Applicant's reliance on other provisions, such as the American Bar Association Model Code of Professional Responsibility and the California State Bar Rule of Professional Conduct is misplaced in interpreting the PTO's Code of Professional responsibility, which contains different text and has been interpreted differently." Opposition at 4-5. The PTO has historically looked to how the courts have addressed issues of conflicts of interest, especially when the PTO and ABA rules were closely parallel. See Little Caesar Enterprises Inc. v. Domino's Pizza Inc., 11 USPQ2d 1233, 1235 (TTAB 1989) ("Decisions under those ABA Disciplinary Rules thus offer guidance in the interpretation of the PTO rules. Sections 10.63(a) and (b) of the PTO Rules do not allow any conduct that would be prohibited by ABA DR5-102(A) and (B)"). Indeed, the TTAB Manual of Procedure refers practitioners to the American Bar Association's Model Rules of Professional Conduct 1.7. and 1.9 in its section entitled "Adverse Parties Represented by Same Practitioner." TBMP § 114.08, n.96. In addition, even when a U.S. district court had adopted the Code of Responsibility of the State Bar of Texas, the

Court of Appeals for the Fifth Circuit held that "we consider the motion governed by the national profession in the light of the public interest and the litigants' rights. Our source for the standards of the profession has been the canons of ethics developed by the American Bar Association." In re Dresser Industries, Inc., 972 F.2d 540, 543 (5th Cir. 1992) (citation omitted). In fact, the Court of Appeals went on to hold that the "district court clearly erred in holding that its local rules, and thus the Texas rules, which it adopted, are the 'sole' authority governing a motion to disqualify." Dresser Industries, 972 F.2d at 543. Therefore, there is nothing improper in considering relevant case law of other jurisdictions with the understanding that different wording in those standards of professional responsibility may compel a different result.

A key threshold issue in this case is whether applicant is considered a current or former client of Akin Gump. Related to the question of whether applicant is a current client of Akin Gump is the test for disqualification. If applicant is a former client, the test for disqualification is, inter alia, whether the subject matter of the present representation is substantially related to the subject matter of the previous

representation. Plus Products, 221 USPQ at 1074. Opposer argues that this is the test for deciding this petition.

Opposer asserts that "Applicant is no longer a client of Akin Gump. Applicant has terminated its relationship with Akin Gump, having provided the firm with no work to perform since a month before filing this Petition (August 2003)." Opposition at 12. As support for this argument, opposer relies on the declaration of Eliot Raffkind (¶ 10), the Akin Gump partner who handled applicant's exchange fund matters, which asserts that Akin Gump has not billed applicant for "any legal services since August of 2003." Mr. Raffkind also claims that applicant has not given Akin Gump any business since August of 2003 and the firm "is waiting for notification by [applicant] of where Akin Gump should send" applicant's files. Raffkind declaration, ¶ 11.

Applicant responds by pointing out that "Opposer does not and cannot deny that when Akin Gump filed this opposition against Applicant it also was representing Applicant with regard to one of the services for which Applicant claimed use of its mark." Reply at 2. Applicant also submits that opposer seeks to avoid "the strict prohibition on acting adversely to its current client because the relationship, unsurprisingly, broke down in the

face of the disloyalty." Id. We agree with applicant that the fact that applicant's relationship with Akin Gump may have ceased after Akin Gump filed a suit against applicant is not relevant. "For the purposes of determining whether an attorney-client relationship is a former or continuing one, a court looks to the time that the conflict arose, not the time when the motion to disqualify was brought." Ives v. Guilford Mills, Inc., 3 F. Supp.2d 191, 202 (N.D.N.Y. 1998). See also United Sewage Agency of Washington County v. Jelco, 646 F.2d 1339, 1345 n.4 (9th Cir. 1981) ("This standard continues even though the representation ceases prior to filing of the motion to disqualify. If this were not the case, the challenged attorney could always convert a present client into a 'former client' by choosing when to cease to represent the disfavored client").[7] In this case, at the time Akin Gump filed opposer's consolidated notice of opposition on December 19, 2002, applicant was also represented by Akin Gump. Therefore, for the purposes of this petition, applicant will be considered a current client of Akin Gump.[8]

[7] It is hardly surprising that the sued client no longer is sending the firm any business. To require the client to continue to send the firm business or risk being considered a former client under these rules would effectively eliminate the distinction between current and former clients.

[8] Even if the key date was the date of the filing of the petition to disqualify, opposer has submitted little evidence to conclude that applicant was not still a client of Akin Gump at that time. Opposer

The next question concerns the test to be applied when a client of a law firm is sued by another party represented by the same law firm. As discussed earlier, if applicant were a former client the substantial relationship test would apply. Regarding current clients, it has been held that "the lawyer who would sue his own client, asserting in justification the lack of 'substantial relationship' between the litigation and the work he has undertaken to perform for that client, is leaning on a slender reed indeed." Cinema 5 LTD. v. Cinerama, Inc., 528 F.2d 1384, 1386 (2d Cir. 1976). PTO Rule 10.66(b) sets out that a "practitioner shall not continue multiple employment if the exercise of the practitioner's independent professional judgment in behalf of a client will be or is

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relies primarily on its assertion that Akin Gump has not billed applicant and applicant has not sent any business to Akin Gump since "August 2003." Raffkind declaration, ¶¶ 10 and 11. Applicant's petition to disqualify was filed on September 22, 2003. On August 29, 2003, Mr. Fladung of Akin Gump sent a letter to counsel for applicant that discussed the potential conflict problem. However, that letter never indicates that Akin Gump considered applicant a former client or that Akin Gump was waiting for applicant's instruction on where to forward its files. Finally, even if the matter for which applicant had engaged Akin Gump had ended, the short period of time between the end of the engagement and the filing of the petition (approximately four weeks) would not be sufficient to convert applicant into a former client without some clear evidence that the relationship had terminated. Manoir-Electroalloys Corp. v. Amalloy Corp., 711 F. Supp. 188, 194 (D.N.J. 1989) ("Iacono's relationship with [the law firm] … was sufficiently continuous, and the mere fortuity that he did not require more extensive and frequent services than he did cannot be the escape hatch [the law firm] would have it be." Law firm disqualified after sending client a letter urging them to arrange meeting to discuss changes in tax laws four years after last work for client). As in Manoir-Electroalloys, Akin Gump does not "isolate any point in time at which [applicant] became a 'former client.'" Id. at 193.

likely to be adversely affected by the practitioner's representation of another client." Courts have broadly construed the term "adversely affected" in situations involving concurrent adverse representation of clients. "Where the relationship is a continuing one, adverse representation is prima facie improper, and the attorney must be prepared to show, at the very least, that there will be no actual or apparent conflict in loyalties or diminution in the vigor of his representation." Cinema 5, 528 F.2d at 1387. See also Ives, 3 F. Supp.2d at 202. "We think, however, that it is likely that some 'adverse effect' on an attorney's exercise of his independent judgment on behalf of a client may result from the attorney's adversary posture toward that client in another legal matter." International Business Machines Corp. v. Levin, 579 F.2d 271, 280 (3rd Cir. 1978). Courts have held that "a specific adverse effect need not be demonstrated to trigger DR5-105(B) if an attorney undertakes to represent a client whose position is adverse to that of a present client." United Sewerage Agency, 646 F.2d at 1345. "[R]epresentation adverse to a present client must be measured not so much against the similarities in litigation, as against the duty of undivided loyalty which an attorney owes to each of its clients." Id. Thus, in a

case such as this, where a law firm files a suit against a current client, it is presumed that the representation is adverse.[9]

However, courts have recognized numerous factors to consider whether a practitioner can represent multiple parties with adverse interests. One important factor is whether the party who seeks disqualification is a traditional client or a "'vicarious' client, e.g., a member of an organization or entity that is being represented by the attorney." Ives, 3 F. Supp.2d at 202. Courts frequently apply the less stringent "substantial relationship" test when the party moving for disqualification is a vicarious client. Glueck v. Jonathan Logan, Inc., 653 F.2d 746, 749 (2d Cir. 1981) ("We do not believe the strict standards of Cinema 5 are inevitably invoked whenever a law firm brings suit against a member of an association that the firm represents. If they were, many lawyers would be needlessly disqualified because the

[9] It is not clear whether Akin Gump could establish that, even if the substantial relationship test applied, it could represent these two parties. In the terms of engagement letter with applicant dated March 1, 2002, Akin Gump undertook to "advise you in connection with the formation of an exchange fund and matters ancillary thereto." Applicant previously had filed an application for a service mark for, inter alia, "investment consultation; investment advice; investment management; investment of funds for others." Whether "matters ancillary" to the formation of an exchange fund would include intellectual property matters related to the use of the name of the fund is not an issue that must be addressed in this petition inasmuch as applicant's status is that of a current client.

standards of Canon 5 impose upon counsel who seeks to avoid disqualification a burden so heavy that it will rarely be met. That burden is properly imposed when a lawyer undertakes to represent two adverse parties, both of which are his clients in the traditional sense. But when an adverse party is only a vicarious client by virtue of membership in an association, the risks against which Canon 5 guards will not inevitably arise"). In this case, there is no argument or evidence that applicant was anything other than a traditional client of Akin Gump.

In addition, if both clients have consented, courts and ethical regulations have permitted a law firm to represent multiple clients with adverse interests. 37 CFR 10.66(d); Worldspan, L.P. v. Sabre Group Holdings, Inc., 5 F. Supp.2d 1356, 1357 (N.D. Ga. 1998). Opposer argues that Akin Gump obtained applicant's consent pursuant to the Terms of Engagement Letter. The relevant paragraph is set out below:

> During the term of this engagement, we will not knowingly accept representation of another client to pursue interests that are directly adverse to your interests unless and until we have made full disclosure to you of all the relevant facts, circumstances and implications of our undertaking the two representations and you have consented to our representation of the other client. You agree, however, that you will be reasonable in evaluating such circumstances and that you will give your consent if we can confirm to you in good faith that the

> following criteria are met: (i) there is no substantial relationship between any matter in which we are representing or have represented you and the matter for the other client; (ii) our representation of the other client will not compromise any confidential information we have received from you; (iii) our effective representation of you and the discharge of our professional responsibilities to you will not be prejudiced by our representation of the other client; and (iv) the other client has also consented in writing based on our full disclosure of the relevant facts, circumstances and implications of our undertaking the two representations.

Courts have found that a party can consent to its attorney's adverse representation of another client.

> To satisfy the requirement of full disclosure by a lawyer before undertaking to represent two conflicting interests, it is not sufficient that both parties be informed of the fact that the lawyer is undertaking to represent both of them, but he must explain to them the nature of the conflict of interest in such detail so that they can understand the reasons why it may be desirable for each to have independent counsel, with undivided loyalty to the interests of each of them.

United Sewerage Agency, 646 F.2d at 1345-46, quoting, In re Boivin, 533 P.2d 971, 974 (Or. 1975).

Opposer argues that "Akin Gump notified Applicant that the legal representation provided to Applicant and Opposer were not substantially related." Opposition at 18. Opposer refers to two paragraphs to support its argument concerning its notification of applicant. The first paragraph from Mr. Fladung reports that "I notified [applicant] that Akin Gump believed the matters handled by Akin Gump for [applicant] were not substantially related or

are non-related to the matters handled by Akin Gump for [opposer]." Fladung declaration, ¶ 8. Mr. Raffkind declares (¶ 7) that the "matters handled by Akin Gump for [applicant] are not substantially related or are non-related to the matters handled by Akin Gump for [opposer]." Despite these general statements in the declarations that the matters were not substantially related or non-related, it is far from clear what information was presented to applicant in order for it to make an informed consent. In an email dated August 27, 2003, applicant wrote to Eliot Raffkind as follows:

> Regarding your representation of Finger Furniture, who is suing us (Finger Interests) on a trademark issue, what is the status of the conflict of interest this raises as set forth in our engagement letter.
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> We have discussed this on … two previous occasions, and I have left recent phone messages with you regarding this issue. The last response that I received form you on this issue was probably back in late June when you mentioned that you were checking with the ethics department. What response have you received from that department?

The response applicant received from Mr. Raffkind that same day simply reported:

> Sorry I have not gotten back to you. I have spoken to our ethics folks on several occasions (including yesterday most recently), but at this point have not gotten guidance for me to get back to you. I have stressed the need to do so quickly as possible and will let you know as soon as I hear from them.

Mr. Fladung's letter of August 29, 2003, does not set out how Akin Gump had complied with its requirements under its Terms of Engagement letter or that it fully disclosed "the relevant facts, circumstances and implications of our undertaking the two representations" in order that applicant could make an informed consent. Naked assurances that the matters are "not substantially related or are non-related" do not amount to "full disclosure … of all the facts, circumstances and implications of our undertaking the two representations."

It is not clear how opposer maintains that it obtained applicant's consent pursuant to the terms of this agreement. There is no indication in Mr. Fladung's letter of August 29, 2003, or Eliot Raffkind's email of August 27, 2003, that Akin Gump believed that applicant had already consented to the representation of adverse clients under the Terms of Engagement letter. It is not tenable for a law firm to sue its client and then rely on the firm's response to the petition to disqualify as a means of advising its client that the client had consented to the representation of an adverse client. Therefore, based on the record in this case, Akin Gump has not demonstrated that Akin Gump has complied with the Terms of Engagement letter and that applicant has consented or is bound to

consent to the adverse representation. See Manoir-Electroalloys, 711 F. Supp. at 195 ("I need not reach the issue as to whether Iacono could have consented to the concurrent representation … because [the law firm] has not met its burden of proving full disclosure was made and Iacono's consent was obtained").

Third, another factor that tribunals consider in disqualification cases is the question of how the conflict arose. In Gould, Inc. v. Mitsui Mining & Smelting Co., 738 F. Supp. 1121, 1127 (N.D. Ohio 1990), the court did not order disqualification in part because "the conflict was created by Pechiney's acquisition of IGT several years after the instant case was commenced, not by any affirmative act of Jones, Day"). Akin Gump's actions in the instant case are not as innocent as counsel in Gould. There has been no intervening merger of clients and Akin Gump is not involved in defending a long-time client from an unexpected lawsuit. Rather, Akin Gump has initiated a trademark opposition for one client against another client. Therefore, this factor does not support opposer's argument that its counsel should not be disqualified.

Opposer makes an additional argument against disqualification. Opposer argues that "the activities of Akin Gump lawyers who are not 'practitioners' before the

PTO are not a matter of concern to the PTO, but rather are governed by the Rules of Professional Conduct promulgated by the highest courts of the states in which they are licensed. Therefore the pertinent question here is whether Mr. Fladung, who is a practitioner before the PTO, should be disqualified because another lawyer in his firm represented [applicant] on a matter having nothing to do with the present Opposition proceeding." Opposition at 12 n.3. PTO rules set out that: "If a practitioner is required to decline employment or to withdraw from employment under a Disciplinary Rule, no partner, or associate, or any other practitioner affiliated with the practitioner or the practitioner's firm, may accept or continue such employment." 37 CFR § 10.66(d). When conflicts are considered, they are considered in the context of the practitioner and the practitioner's firm, not just against those members of the firm that are practicing before the relevant tribunal.[10] The reach of conflict of interest rules cannot be avoided by a law firm employing attorneys from multiple jurisdictions so that it

[10] Regarding opposer's assertion that its representation would not be a conflict of interest under the Texas Rules of Professional Conduct, it is merely opposer's opinion. It is noted that the Fifth Circuit has concluded that "the Texas rules are drawn to allow concurrent representation as the exception and not the rule." Dresser Industries, 972 F.2d at 545 n.12.

can argue that no single jurisdiction's ethics rules can be used to determine conflicts among the different attorneys in the firm.[11]

Opposer's remaining argument concerns laches and its argument that applicant "waited over seventeen (17) months to object to Akin Gump that an alleged 'ethical conflict' existed." Opposition at 12. First, it should be noted that opposer filed its consolidated notice of opposition on December 19, 2002.[12] On February 11, 2003, within two months of the filing of the notice of opposition, applicant raised the issue of a potential conflict with Akin Gump. Petition Ex. D. The record contains evidence of two emails (both on August 27, 2003) and several pieces of correspondence (Applicant's counsel's letter of August 22, 2003; Applicant's letter of August 28, 2003; and Akin Gump's letter of August 29, 2003) on that subject. Opposer also maintains that in a letter dated March 7, 2003, it notified applicant that the matters were not substantially

[11] Akin Gump's complaint about the applicability of the PTO rules to Texas practitioners is simply the consequence of engaging in litigation in different forums. If it would like disqualifications to be considered only under the rules of the Supreme Court of Texas, it would have to confine its practice to the Texas state courts, because even the U.S. district courts in Texas must apply rules that are not limited to the Texas rules. Dresser Industries, 972 F.2d at 543.

[12] Prior to this date, there was no litigation between opposer and applicant. Opposer admits that "[t]here ensued extensive negotiations between the parties" prior to the filing of the consolidated notice of opposition. Opposition at 3.

related or were non-related. Fladung's declaration, ¶ 8. However, as late as August 27, 2003, Mr. Raffkind, who had represented applicant in the exchange fund matter, said "Sorry I have not gotten back to you. I have spoken to our ethics folks on several occasions (including yesterday most recently), but at this point I have not gotten guidance for me to get back to you." From the record, it seems that Akin Gump knew about the conflicts issue since shortly after it filed the consolidated notice of opposition, and that a period of discussion ensued prior to the filing of the petition for disqualification. This proceeding is still in its early stages with only the notice of opposition, the answer, extensions of time, the petition to disqualify and related papers of record.

It has been held that "[m]ere delay or laches is not normally a defense to disqualification." EZ Paintr Corp. v. Padco, Inc., 746 F.2d 1459, 223 USPQ 1065, 1067 (Fed. Cir. 1984). See also British Airways, PLC v. Port Authority of New York and New Jersey, 862 F. Supp. 889, 900 (E.D.N.Y. 1994) ("[L]aches is generally not a defense to a motion to disqualify"), quoting, Baird v. Hilton Hotel Corp., 771 F. Supp. 24 (E.D.N.Y. 1991). However, courts have found laches when petitions to disqualify have come at the eve of trial after years of delay. Redd v. Shell Oil

Co., 518 F.2d 311, 315 (10th Cir. 1975) (moving party waited until the eve of trial and could not adequately explain why it had waited so long in bringing its motion). Courts have recognized that the delay in filing a petition to disqualify can result in the objection being waived.

> It is well settled that a former client who is entitled to object to an attorney representing an opposing party on the ground of conflict of interest but who knowingly refrains from asserting it promptly is deemed to have waived that right. The record in this case is clear that Trust Corp. knew of the Jardine firm's prior representation of Wagner for approximately two years and six months before objecting or filing a motion to disqualify. Moreover, it is undisputed that early in the pretrial stages of this action, the Smith firm, after receiving the Wagner file, told the Jardine firm that it would be contacted if there were any objections to its continued representation of Piper. However, no objections were communicated until February, 1982, just prior to the scheduled trial date. Under these circumstances, we hold that Trust Corp.'s failure to object within a reasonable time, coupled with the long delay in filing a motion to disqualify, constitute a *de facto* consent to the Jardine firm's continued representation of Piper and a waiver of its right to object.
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> Trust Corporation of Montana v. Piper Aircraft Corp., 701 F.2d 85, 87-88 (9th Cir. 1983) (citation omitted).

Obviously, the facts in the present case are not similar. The petition to disqualify was not filed on the eve of trial. Indeed, it was filed at the earliest stages of the opposition. Opposer was also put on notice within two months of filing the combined notice of opposition that

applicant had a question about whether Akin Gump could represent both parties. The petition to disqualify was filed shortly after a period of unsuccessful negotiations between the parties. Therefore, opposer's argument that laches bars the petition in this case is not persuasive.

Conclusion

PTO Rule 10.66(b) specifies that: "A practitioner shall not continue multiple employment if the exercise of the practitioner's independent professional judgment in behalf of a client will be or is likely to be adversely affected by the practitioner's representation of another client." Disqualification is viewed in the context of the firm because: "If a practitioner is required … to withdraw from employment under a Disciplinary Rule, no partner, or associate, or any other practitioner affiliated with the practitioner or the practitioner's firm, may accept or continue such employment unless otherwise ordered by the Director or Commissioner." 37 CFR 10.66(d). When a firm seeks to maintain an action against a current client, the sued client has established a prima facie case that it will be adversely "adversely affected." At this point, it is incumbent on the practitioner resisting disqualification to rebut this prima facie case that the client will be adversely affected. In this case, opposer and its counsel

have fallen short of showing that applicant will not be adversely affected. Opposer's arguments that applicant has unjustifiably delayed, that it has consented, and that the subject matter of the representations are not substantially related do not overcome the presumption that applicant will be adversely affected.

Even keeping in mind that petitions to disqualify are viewed with disfavor and are a drastic remedy, it is still apparent that disqualification is appropriate here.

Decision

Opposer's petition to disqualify the Akin Gump firm as counsel for opposer, in Opposition No. 91155115 is Granted.

cc:

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