NEW YORK STATE BAR ASSOCIATION
ONE ELK STREET ALBANY NEW YORK 12207

Committee on Professional Ethics

Opinion #230 - 2/25/72 (64-70)

Topic: Partnership between attorney and patent agent.

Digest: Improper for attorney and patent agent to form partnership when partnership solicits business and refers work to the attorney's law firm.

Code*: DR 2-103

QUESTION

May an attorney form a partnership with a nonlawyer patent agent for the purpose of filing patent and trademark applications in foreign countries and the United States when the attorney is a partner in a law firm practicing all phases of patent and trademark law for both domestic and foreign clients, the proposed partnership will include the attorney's name and will actively solicit foreign patent work from U. S. attorneys in private practice and in patent departments of domestic corporations, and the proposed partnership will operate independently of the law firm except in those cases where it may be convenient to refer work back and forth between the two firms?

OPINION

The proposed partnership, when preparing and prosecuting U. S. patent applications, would be engaged in the practice of law. Sperry v. Florida, 373 U. S. 379 (1963). In discussing an attorney's participation in another business relating to the practice of law, N.Y. State 206 (1971) stated:

> "Where the other occupation is that of accountant, collection agency, claims adjuster, labor relations consultant, business consultant, insurance agent, marriage counselor, real estate broker, income tax service, loan or mortgage broker or any other business where the lawyer participant's activity would be likely to involve frequent solution of problems that are essentially legal in nature, the risk of having the other occupation used improperly as a feeder for legal practice is very great. To avoid this every precaution should be taken to separate the other profession or business from the legal practice."

OVER ----------

The applicable guide lines enunciated in N.Y. State 206 (1971) require that the lawyer who engages in a profession related to the practice of law must not solicit business in the other profession, otherwise the risk would be great that the other profession would serve improperly as a feeder for his law practice.

In the proposed arrangement, the attorney would be assisting the new partnership, which furnishes legal services (as mentioned above, the filing of U.S. applications is the practice of law), to obtain work for his law firm in contravention of DR 2-103. In other words, the new partnership, in referring work to the law firm, would indirectly be soliciting and obtaining legal business for the law firm, for example, domestic patent litigation, license negotiating and drafting, and the rendering of opinions on the validity, scope and infringement of U. S. patents.

Although decided prior to the adoption of the Code, N.Y. County 418 (1952) held that a New York lawyer may not take an active part with laymen in a company which would solicit businessmen to protect their trademark rights in foreign countries and undertake the filing for them of proper papers in those countries, on the ground that solicitation of business by laymen under these circumstances "may readily become a means of indirect solicitation of business for any lawyer that is associated with them." In N.Y. County 530 (1964), it was ruled that a practicing New York patent lawyer could ethically operate a company to pay foreign patent taxes, but only if the company did not bear his name, was operated from an office separate from his law practice, and the lawyer refused to accept any legal business that came to him through his lay business.

Therefore, it would be improper for the attorney to enter into the proposed partnership with a nonlawyer patent agent.
