PUBLIC MATTER – NOT DESIGNATED FOR PUBLICATION

Filed October 21, 2015

STATE BAR COURT OF CALIFORNIA

REVIEW DEPARTMENT

In the Matter of	)	Case No. 12-O-18050
	)	
MALCOLM B. WITTENBERG,	)	OPINION AND ORDER
	)	
A Member of the State Bar, No. 73842.	)	
	)	

This is Malcolm B. Wittenberg's second disciplinary proceeding. In his first one, he was actually suspended from the practice of law for three years, continuing until he proved his rehabilitation and fitness to practice, arising from his conviction for insider trading in federal court. The hearing judge in this proceeding found Wittenberg culpable of violating rule 1-300(B) of the Rules of Professional Conduct[1] by engaging in the unauthorized practice of law (UPL) in 300 to 400 trademark matters before the United States Patents and Trademark Office (USPTO). The judge recommended Wittenberg be disbarred.

Wittenberg appeals the hearing judge's discipline recommendation. The issue before us is the level of discipline because Wittenberg does not challenge culpability. Instead, he argues that his good faith belief that he was authorized to practice trademark law before the USPTO constitutes mitigation sufficient to warrant a suspension, not disbarment. He also argues that the disbarment recommendation is prohibited by Business and Professions Code section 6077,[2] which limits State Bar Court suspension recommendations to three years for rules violations.

[1] All further references to rules are to the Rules of Professional Conduct of the State Bar.

[2] All further references to sections are to the Business and Professions Code.

The Office of the Chief Trial Counsel of the State Bar (OCTC) did not appeal, but asks that we uphold the disbarment recommendation.

After independently reviewing the record (Cal. Rules of Court, rule 9.12), we affirm the hearing judge's culpability findings, as well as the aggravating and mitigating circumstances. We reject Wittenberg's claims on review and agree with the judge's recommendation that disbarment is necessary to protect the public, the profession, and the courts.

I. WITTENBERG DOES NOT CHALLENGE CULPABILITY

Rule 1-300(B) provides: "A member shall not practice law in a jurisdiction where to do so would be in violation of regulations of the profession in that jurisdiction." The hearing judge found Wittenberg culpable of violating this rule by practicing trademark law before the USPTO in violation of its regulations. Wittenberg does not challenge this finding, and we agree he is culpable. Wittenberg's admitted trademark practice before the USPTO from late 2005 through 2012, after he was excluded and never reinstated, provides clear and convincing evidence of the rule violation, as summarized below.[3]

Generally, to practice before the USPTO in patent matters, practitioners must have a technical degree, pass an examination that demonstrates proficiency and knowledge of patent law, and maintain good moral fitness. In contrast, the single requirement to practice trademark law is membership in good standing in the Bar of any United States jurisdiction. Practitioners in patent matters receive a USPTO registration number, but no such number is required for trademark practice.

Prior to 2004, Wittenberg was qualified to practice patent and trademark law. After graduating from college in 1968, he worked for the USPTO as a patent examiner for five years.

[3] Clear and convincing evidence leaves no substantial doubt and is sufficiently strong to command the unhesitating assent of every reasonable mind. (*Conservatorship of Wendland* (2001) 26 Cal.4th 519, 552.)

This employment allowed him to obtain his USPTO patent registration number without taking the examination. He was admitted to practice law in Virginia in 1973 and in California four years later. As an experienced patent and trademark lawyer, Wittenberg spent a considerable portion of his career practicing before the USPTO.

A. Wittenberg's Criminal Conviction and Subsequent Virginia, USPTO, and California Disciplines

In 2001, Wittenberg pled guilty to one count of insider trading, in violation of 15 United States Code sections 78j and 78ff and 17 Code of Federal Regulations part 240.10b-5. His conviction resulted from his purchase of 2,000 shares of stock in a company he represented after he learned of a pending merger. Once the merger was complete, Wittenberg sold his shares for a $14,000 profit. Following his guilty plea, the federal district court sentenced him to three years' supervised probation, including a one-month stay in a halfway house and three months of home confinement.

As a result of his felony conviction, Wittenberg was placed on interim suspension in California in 2001 and disbarred in Virginia in 2002. In 2003, the USPTO Office of Enrollment and Discipline (OED) filed a complaint against him. Subsequently, he submitted a resignation affidavit, which the USPTO accepted. In June 2004, the USPTO ordered that Wittenberg "be excluded on consent from practice before the United States Patent and Trademark Office," and ordered the OED to publish a notice in the "Official Gazette," which stated that Wittenberg had been excluded from practice before the USPTO "in patent and trademark law cases beginning July 1, 2004."[4] The USPTO final decision also recited that Wittenberg's resignation affidavit contemplated that he will pursue the USPTO's formal reinstatement process should he wish to later have the exclusion lifted; and, in that process, the USPTO Director of OED will conclusively presume certain facts as to the complaint against him. (See former

[4] Wittenberg's expert testified that "excluded" means disbarred.

37 C.F.R. § 10.160 [reinstatement proceeding after resignation or exclusion], repealed by 78 Fed.Reg. 20180 (Apr. 3, 2013).)[5]

In June 2005, after Wittenberg's felony conviction was final, the California Supreme Court disciplined him. (*In re Malcolm B. Wittenberg on Discipline* (June 15, 2005, S130169) Cal. State Bar Ct. no. 01-C-01358.) He received a three-year actual suspension, continuing until he proved his rehabilitation and fitness to practice law, pursuant to former standard 1.4(c)(ii) of the Rules of Procedure of the State Bar, title IV, Standards for Attorney Sanctions for Professional Misconduct.[6] He was given credit for the time he spent on interim suspension. After satisfying the standard 1.4(c)(ii) requirements, he became eligible to practice law in California again in October 2005.

B. Wittenberg Resumes Practicing Before USPTO

Wittenberg admits that he never sought readmission to practice before the USPTO, yet he practiced trademark law from late 2005 through October 2012. He acknowledged that he openly practiced before the USPTO in 300 to 400 matters. He claims that he was authorized to practice trademark law once his California suspension was lifted because he was then considered a member in good standing of a Bar of the United States. Wittenberg testified that "numerous" other practitioners agreed that he was able to practice trademark law once his suspension was lifted.

C. USPTO Prohibits Wittenberg's Trademark Practice

In 2012, the USPTO discovered that Wittenberg was violating the June 2004 exclusion order. It advised him and his clients that he was not authorized to practice law or to file any

[5] All further references to the Code of Federal Regulations are to the former USPTO procedural rules, which were revised in 2013, unless otherwise noted.

[6] Former standard 1.4(c)(ii) provided that actual suspension for two years or more requires proof, satisfactory to the State Bar Court, of rehabilitation, fitness to practice, and present learning and ability in the general law before a member may be relieved of the actual suspension.

documents with the office. Initially, Wittenberg objected, but eventually he acquiesced and ceased practicing before the USPTO.

II. AGGRAVATION OUTWEIGHS MITIGATION[7]

A. Aggravation

The hearing judge correctly found two factors in aggravation. Wittenberg committed multiple acts of misconduct by repeatedly practicing before the USPTO while excluded (std. 1.5(b)), and he has a prior discipline record (std. 1.5(a)). As previously discussed, on June 15, 2005, the California Supreme Court disciplined Wittenberg for his 2001 insider trading conviction. In 1999, Wittenberg learned that his client, Forte Software Inc., intended to merge with Sun Microsystems. He took advantage of this information and purchased a total of 2,000 shares of Forte stock on two separate occasions. After the merger was complete, he sold his shares for a $14,000 profit.

During the Securities and Exchange Commission investigation, Wittenberg falsely represented that he was unaware of the pending merger when he made the initial stock purchase. His false statement constituted an act of moral turpitude. Multiple acts, harm to the public, and a lack of candor aggravated his misconduct. The mitigating factors included his lengthy years of discipline-free practice, good character, pro bono and community service activities, and that his behavior was deemed aberrational. As noted above, he received a five-year stayed suspension, five years' probation with conditions, including being suspended for three years and until he

[7] Standard 1.5 of the Rules of Procedure of the State Bar, title IV, Standards for Attorney Sanctions for Professional Misconduct, requires OCTC to establish aggravating circumstances by clear and convincing evidence. Standard 1.6 requires Wittenberg to meet the same burden to prove mitigation.

Effective July 1, 2015, the standards, were revised and renumbered. Because this request for review was submitted for ruling after the July 1, 2015, effective date, we apply the revised version of the standards. All further references to standards are to the revised version of this source unless otherwise noted

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complied with the requirements in former standard 1.4(c)(ii). We ascribe considerable weight to Wittenberg's prior record as an aggravating factor.

B. Mitigation

The hearing judge afforded "great consideration" to Wittenberg's good character evidence. (Std. 1.6(f).) Three attorneys testified on his behalf. They all were aware of the charges against him and of his felony conviction. They described Wittenberg as "one of the most skilled patent attorneys" who possessed the highest character and integrity. They labeled his felony conviction a "mistake" or "lapse in judgment" that did not negatively impact their opinions of him. They also found it admirable that he mentored other attorneys in the patent and intellectual property law community. Though these laudatory character assessments came from attorneys (*In the Matter of Brown* (Review Dept. 1993) 2 Cal. State Bar Ct. Rptr. 309, 319 [serious consideration to attorneys' testimony for their "strong interest in maintaining the honest administration of justice"]), we assign minimal weight to this factor as the number of references is insufficient to warrant more mitigation (*In the Matter of Kreitenberg* (Review Dept. 2002) 4 Cal. State Bar Ct. Rptr. 469, 476 [character testimony from three attorneys not sufficiently wide range of references]).

Wittenberg argues that the hearing judge erred by declining to afford mitigating credit for his good faith. (Std. 1.6(b).) We agree with the hearing judge. To establish good faith as a mitigating circumstance, the belief must be "honestly held and objectively reasonable." (*Ibid*; see also *In the Matter of Rose* (Review Dept. 1997) 3 Cal. State Bar Ct. Rptr. 646, 653.) The regulations in effect in 2005 provided: "A practitioner who is suspended or excluded from practice before the Office . . . shall not engage in unauthorized practice of patent, trademark and other non-patent law before the Office." (37 C.F.R. § 10.158.) Since he was a member in good standing in California, Wittenberg testified that he believed his trademark practice was

authorized. Though there is no dispute that Wittenberg honestly believed he was authorized to practice trademark law before the USPTO beginning in late 2005, his belief was not objectively reasonable because he consented to and was ordered excluded from practicing before the entire office.

In addition to the exclusion order, Wittenberg's resignation affidavit[8] and the regulations in effect at the time of his exclusion contemplated his reinstatement. (See 37 C.F.R. § 10.133(b) and (c).) A reinstatement procedure was included in the regulations when Wittenberg was excluded from the USPTO and later after he resumed his unauthorized practice. (37 C.F.R. §§ 10.160 and 11.60 (§ 11.60 currently in effect.) The regulations also prohibited UPL by practitioners excluded from practice before the USPTO. (37 C.F.R. § 10.158(a).) This prohibition remained in place, but was modified to specifically state that reinstatement was not automatic. (37 C.F.R. § 11.58(a) (currently in effect).) Thus, Wittenberg's reinstatement to practice law in California in 2005 was immaterial to his eligibility to practice before the USPTO after he was excluded.

Wittenberg argues the hearing judge erred by ignoring the uncontradicted testimony of his expert, Paul Vapnek, who stated it was reasonable for Wittenberg to believe he was authorized to practice before the USPTO once his California suspension ended. However, as Vapnek acknowledged, Wittenberg's exclusion was not restricted to his patent law practice, but applied to any trademark practice as well. Moreover, the OED notice specifically stated he was excluded from practicing in patent *and* trademark cases. Accordingly, we find Vapnek's testimony does not establish Wittenberg's good faith.

[8] As noted above, Wittenberg swore in his resignation affidavit that "*if he applies for reinstatement*, the OED Director will conclusively presume, for the limited purpose of determining the *application for reinstatement*, that the facts upon which the complaint is based are true." (Italics added.)

III. DISBARMENT IS THE APPROPRIATE DISCIPLINE

The purpose of attorney discipline is not to punish the attorney, but to protect the public, the courts, and the legal profession; to maintain high professional standards; and to preserve public confidence. (Std. 1.1) The discipline analysis begins with the standards. (*In re Silverton* (2005) 36 Cal.4th 81, 91.) In recommending disbarment, the hearing judge found former standard 2.6(a) (renumbered as standard 2.10(a)) most apt as it provides for disbarment or actual suspension for engaging in UPL.

Wittenberg was an experienced practitioner before the USPTO, yet he continued to represent numerous trademark clients for nearly six and a half years after he was excluded from practice before the office. He never sought reinstatement, although the regulations in effect at the time of his exclusion and thereafter required such a process before resuming practice before the USPTO. The affidavit he executed regarding his exclusion also referenced such a process. We agree with the hearing judge that Wittenberg, as a long-time practitioner in his field, knew or should have known about the regulatory scheme and that he was engaging in UPL. However, rather than carefully determining what, if anything, he was required to do before resuming his practice, he assumed that his 2005 relief from actual suspension in California allowed him to resume practice before the USPTO. This exhibits, at best, a cavalier attitude toward compliance with the regulations that apply to practitioners in the field of law to which he has devoted much of his career.

We share the hearing judge's concern about protection of the public from future misconduct because this disciplinary proceeding involves some of the same characteristics of Wittenberg's prior wrongdoing. In both matters, Wittenberg placed self-interest ahead of client interest or respect for and adherence to the law. He still does not seem to recognize the error and

seriousness of his behavior. His position remains that he could practice trademark law before the USPTO after being reinstated to practice in California. Neither the facts nor the law supports such a belief. Wittenberg does not acknowledge his misconduct, making it unlikely he will modify his behavior. His continued assertion of this position makes it clear that he is unwilling or unable to conform to the ethical responsibilities demanded of California attorneys. (Std. 1.7(b).)

In addition to standard 2.10(a), standard 1.8(a) is relevant to our analysis. It provides that if "a member has a single prior record of discipline, the sanction must be greater than the previously imposed sanction unless the prior discipline was so remote in time and the previous misconduct was not serious enough that imposing greater discipline would be manifestly unjust." The exception to standard 1.8(a) does not apply here. Wittenberg's prior discipline was not remote—he began engaging in UPL before the USPTO immediately after his California suspension ended. Moreover, he committed a serious offense involving moral turpitude, which justified actual suspension of three years and until he proved his rehabilitation and fitness to practice law. Because he has again departed from the rules of professional conduct, "whether deliberately or by want of care, we must respond with appropriate seriousness." (*In re Silverton*, *supra*, 36 Cal.4th at p. 92.) Pursuant to standard 1.8(a), the discipline imposed here should be more severe than the three-year actual suspension ordered by the Supreme Court in his prior disciplinary matter. Given the severity of the prior discipline, the hearing judge's recommendation of disbarment for the present offense is appropriate.

Finally, we reject Wittenberg's claim that section 6077 prohibits us from recommending his disbarment because it exceeds the three-year suspension provided for in the statute.[9] First,

[9] Section 6077 provides: "For a willful breach of any of these rules, the board has power to discipline members of the State Bar by reproval, public or private, or to recommend to the

"'[n]othing in [the State Bar Act (Bus. & Prof. Code, §§ 6000-6172)] shall be construed as limiting or altering the powers of the Supreme Court of this State to disbar or discipline members of the bar . . . .'" (*Stratmore v. State Bar* (1975) 14 Cal.3d 887, 889, quoting § 6087.) Second, the Supreme Court has instructed us to follow the standards "whenever possible." (*In re Young* (1989) 49 Cal.3d 257, 267, fn. 11.)[10] Moreover, the Supreme Court has "chosen to utilize the assistance of the State Bar Court in deciding admission and discipline matters." (*Obrien v. Jones* (2000) 23 Cal.4th 40, 50.) "'[T]he State Bar is not an entity created solely by the Legislature or within the Legislature's exclusive control, but rather is a constitutional entity subject to this court's expressly reserved, primary, inherent authority over admission and discipline . . . . Statutes [regarding the] disciplinary system are not exclusive – but are supplementary to, and in aid of, our inherent authority in this area.' [Citation.]" (*Ibid*.) The Court has also "rejected an assertion that [it] may utilize the State Bar's existing disciplinary structure only if [it] acquiesce[s] in all legislative determinations regarding the disciplinary system. [Citation.]" (*Ibid*.) Since the Supreme Court has delegated its power to the State Bar Court to act on its behalf in disciplinary matters subject to its review (§ 6087), we are not prohibited from making a disbarment recommendation for a rules violation. (*Obrien v. Jones, supra,* 23 Cal.4th at pp. 49-50.)[11] Such a recommendation is necessary here.

IV. DISBARMENT RECOMMENDATION

We recommend that Malcolm B. Wittenberg be disbarred from the practice of law and that his name be stricken from the roll of attorneys admitted to practice in California.

Supreme Court the suspension from practice for a period not exceeding three years of members of the State Bar."

[10] The Supreme Court "'will not reject a recommendation arising from application of the Standards unless [it has] grave doubts as to the propriety of the recommended discipline.'" (*In re Silverton, supra,* 36 Cal.4th at p. 91.)

[11] See *In re Silverton*, *supra*, 36 Cal.4th 81 (Supreme Court applied former standard 1.7(a) and imposed progressive discipline to disbar attorney second time for rules violations where prior discipline involved felony fraud and grand theft convictions).

We further recommend that he must comply with rule 9.20 of the California Rules of Court and perform the acts specified in subdivisions (a) and (c) of that rule, within 30 and 40 days, respectively, after the effective date of the Supreme Court order in this matter.

Finally, we recommend that costs be awarded to the State Bar in accordance with Business and Professions Code section 6086.10, and that such costs be enforceable both as provided in Business and Professions Code section 6140.7 and as a money judgment

V. ORDER OF INVOLUNTARY INACTIVE ENROLLMENT

The order that Malcolm B. Wittenberg be involuntarily enrolled as an inactive member of the State Bar pursuant to Business and Professions Code section 6007, subdivision (c)(4), effective June 22, 2014, will remain in effect pending consideration and decision of the Supreme Court on this recommendation.

HONN, J.

WE CONCUR:

PURCELL, P. J.

STOVITZ, J.*

*Retired Presiding Judge of the State Bar Court, serving as Review Judge Pro Tem by appointment of the California Supreme Court.