

**Technology Advances Create Ethical  
and Malpractice Risks for IP Attorneys**

2018 Utah IP Summit  
Salt Lake City, Utah  
February 23, 2018



**Michael E. McCabe, Jr.**

McCabe Law LLC  
[www.IPethicsLaw.com](http://www.IPethicsLaw.com)

---

---

---

---

---

---

---

---

*“Once a new technology rolls  
over you, if you’re not part of  
the steamroller, you’re part of  
the road.”*

- Stewart Brand, author

---

---

---

---

---

---

---

---

**Overview**

- Virtual law office and mobile lawyering.
- Outsourcing of legal services.
- Software & AI engaging in practice of law.

---

---

---

---

---

---

---

---

## Virtual Law Office and Mobile Lawyering



---

---

---

---

---

---

---

---

## The Virtual Law Office (VLO)

- “A law office that exists without a traditional physical counterpart, in which attorneys primarily or exclusively access client and other information online, and where most client communications are conducted electronically, e.g., by email, etc.”

– *Ethical Obligations on Maintaining a Virtual Office for the Practice of Law in Pennsylvania*, Pa. Bar Assoc. Formal Op. 2010-200.

5

---

---

---

---

---

---

---

---

## VLO-Mobile Lawyer Ethics

- Same ethics rules apply as with traditional law office.
- A key issue is whether you are engaging in Unauthorized Practice of Law from your VLO.
- UPL prohibited by ethics rules in every state and the USPTO.
  - Utah RPC 5.5; 37 C.F.R. 11.505
- UPL a crime in many states.
  - Not Utah.
  - But can be criminal if UPL is being performed in another state. See, e.g., Va. Code 54.1-3904

6

---

---

---

---

---

---

---

---

## UPL – Geographic Scenarios

- Lawyer physically situated “virtually” in State A (no license), provides service in State B (licensed).
- Lawyer in VLO State A (licensed), provides service in State B (unlicensed).
- Lawyer not licensed in either State A or State B, provides service from State A to client in State B.

7

---

---

---

---

---

---

---

---

## UPL – General Rule

(a) “A lawyer shall not practice law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction, or assist another in doing so.”



Utah RPC 5.5(a); 37 C.F.R. 11.505(a)

8

---

---

---

---

---

---

---

---

## UPL – General Rule (cont'd)

(b) “A lawyer who is not admitted to practice in this jurisdiction shall not:

- (1) except as authorized by these Rules or other law, establish an office or other systematic and continuous presence in this jurisdiction for the practice of law; or
- (2) hold out to the public or otherwise represent that the lawyer is admitted to practice in this jurisdiction.”

- Utah RPC 5.5(b)
- No PTO counterpart

9

---

---

---

---

---

---

---

---

### UPL Example 1

- NY lawyers come to California to represent Cal. client in preparing for Cal. arbitration based upon K governed by Cal. law.
- Court holds NY lawyers engaged in UPL.
- Holds UPL even if never physically present by advising Cal. client on Cal. law in Cal. dispute.
- Court denies fee request based upon UPL.
  - *Birbrower, Montalbano, Condon & Frank, P.C. v. Superior Court*, 949 P.2d 1 (Cal. 1998)

10

---

---

---

---

---

---

---

---

---

---

### UPL Example 2

- Colorado lawyer represents in-laws in debt collection matter in Minnesota.
- Negotiates by telephone and email from Co., where licensed to practice.
- No physical presence in Minnesota.
- But all facts and law arise in Minnesota.
- Lawyer receives public discipline for UPL.
  - *In re Charges of Unprofessional Conduct*, 884 N.W.2d 662 (Minn. 2016).

11

---

---

---

---

---

---

---

---

---

---

### “Except as authorized . . .”

- What are you practicing: “state law” or “federal law”?
  - States may prohibit non-state licensed practice to extent deals with state law issues.
  - Federal courts/agencies regulate power to practice before those bodies.

See R. Minkoff, *U.S. Courts v. 50 States – New MJP Issues* (2007)

12

---

---

---

---

---

---

---

---

---

---

## Sperry & PTO Practice

- Florida Bar enjoins non-Florida barred atty, who was licensed before USPTO, to practice from an office in Florida.
- “[T]he law of the State . . . must yield when incompatible with federal legislation.”
- Supremacy Clause prohibits state from requiring state license to perform services permitted by federal law.

See *Sperry v. Florida ex. rel Florida Bar*, 373 U.S. 379 (1963)

13

---

---

---

---

---

---

---

---

---

---

## Sperry Federal Perspective Adopted in Rule 5.5

- “Lawyers not admitted to practice generally in a jurisdiction may be authorized by law or order of a tribunal or an administrative agency to appear before the tribunal or agency.”
- Authority may be granted pursuant to *pro hac vice* or rules of tribunal or agency.
  - Utah RPC 5.5 cmt [9]

14

---

---

---

---

---

---

---

---

---

---

## Temporary Basis Exception

- May provide legal services on temporary basis when:
  - Associate with licensed attorney;
  - Reasonably related to pending or potential proceeding in a tribunal where lawyer is going to get admitted (e.g. PHV);
  - Reasonably related to pending or potential arbitration or ADR, if related to licensed jurisdiction; or
  - “**arise out of or are reasonably related to the lawyer’s practice in a jurisdiction in which the lawyer is admitted to practice.**”
    - Utah RPC 5.5(c)

15

---

---

---

---

---

---

---

---

---

---

## In-House + Gov't Exceptions

- “A lawyer admitted in another jurisdiction . . . may provide legal services through an office or other systematic and continuous presence in this jurisdiction”:
  - If services provided to lawyer's employer +  
e.g. In-house counsel; government lawyers
  - PHV not required +
  - If advising on law of jurisdiction where not licensed, must “base that advise” on advice of lawyer licensed in that jurisdiction.
    - Utah RPC 5.5(d)

16

---

---

---

---

---

---

---

---

## Outsourcing and Ethics



---

---

---

---

---

---

---

---

## Legal Services Outsourcing

- Multi-billion dollar global industry
- Domestic and foreign service providers
- Legal and law-related services
- Outsourcing made possible by:
  - Secure, internet-enabled communications and information sharing; and
  - Client demands for reduced cost.

18

---

---

---

---

---

---

---

---

## Outsourcing Defined

- Any situation in which an organization delegates a task to an external person or enterprise, usually to decrease costs or increase efficiency
- Not specifically limited to offshoring
- Outsourced services can be anything! *E.g.*
  - Local copying shop
  - Foreign lawyers to draft patent application.

19

---

---

---

---

---

---

---

---

## Legal Services Outsourcing

- Examples:
  - Photocopying
  - Document management
  - Computer system design and maintenance
  - Legal research services
  - Patent application drafting
  - Motion papers preparation

20

---

---

---

---

---

---

---

---

## Outsourcing Ethics Risks

- Competence
- Supervision
- Consultation
- Communication
- Confidentiality
- Fees and fee-splitting
  - *Lawyer's Obligations When Outsourcing Legal and Nonlegal Support Services*, ABA Form. Op. 08-451

21

---

---

---

---

---

---

---

---

## Competence and Supervision

- Utah RPC 1.1: *“A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.”*
  - ABA: “A lawyer may outsource legal or nonlegal support services provided the lawyer remains ultimately responsible for rendering competent legal services to the client . . .”

22

---

---

---

---

---

---

---

---

## Competence and Supervision

- ABA recommendations:
  - Reference/background checks;
  - Interview/assess education and experience of outsource provider;
  - Investigate security of provider’s facilities (including computer systems)

23

---

---

---

---

---

---

---

---

## Consultation and Consent

- Does client get a say?
  - Utah RPC 1.2(a): Lawyer must consult with client as to the means by which objectives of representation are to be pursued.
  - Utah RPC 1.4(b) and (c): Reasonably consult with client about means by which client’s objectives are to be accomplished and keep client reasonably informed about status of matter

24

---

---

---

---

---

---

---

---



## Confidentiality

- Utah RPC 1.6 provides that
  - A lawyer shall not reveal information relating to representation of client unless client gives informed consent, or disclosure is impliedly authorized;
  - Must make reasonable efforts to prevent inadvertent disclosure.

25

---

---

---

---

---

---

---

---

## Confidentiality

- ABA suggests:
  - Written confidentiality agreement with provider;
  - Check for conflicts on provider's part; and
  - **Get Client's informed consent.**

26

---

---

---

---

---

---

---

---

## Fee-Splitting

- Some "outsourcing" may involve subcontracting legal work to another lawyer or law firm.
- Division of fees **between lawyers not in same firm unethical** unless:
  - Client consents;
  - Total fee reasonable; and
  - Proportionate division or each lawyer assumes joint responsibility.
    - Utah RPC 1.5(e); 37 C.F.R. 11.105(e)

27

---

---

---

---

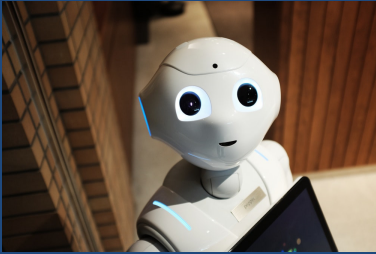
---

---

---

---

## Rise of the Robot Lawyer



---

---

---

---

---

---

---

---

## Can Software Practice Law?

- “Practice of law” – no fixed definition.
- State-by-state. Common law or code.
- Includes:
  - Drafting instruments to secure legal rights.
  - Counseling, advising and assisting another in connection with legal rights or responsibilities.
  - Preparing documents for filing in court.
  - Rendering service for another that requires any degree of legal knowledge or skill.

29

---

---

---

---

---

---

---

---

## Practice of Law: Utah Definition

“The representation of the interests of another person by informing, counseling, advising, assisting, advocating for or drafting documents for that person through application of the law and associated legal principles to that person’s facts and circumstances.”

- Utah Sup. Ct. R. 14-802(b)(1).

30

---

---

---

---

---

---

---

---

### UPL Comm. v. Parsons (1999)

- Quicken Family Lawyer – self-help interactive software package that could prepare different types of legal documents based on user’s input answers.
- Court holds this “interaction” with a “cyberlawyer” = practicing law.
- Legislature amends “practice of law” definition to exclude “design, creation, publication, sale . . . of software.”
  - Requires warning that s/w not a substitute for advice of attorney. Tex. Gov’t Code Ann. 81.101.

31

---

---

---

---

---

---

---

---

### The LegalZoom Boom

- *Parsons* limited to Texas.
- Explosion of interactive, online programs to create legal documents.
  - Avvo, LegalZoom, Rocket Lawyer, etc.
- Many online providers have combination of software drafting, human review/editing.
  - Some offer attorney review for added fee.
- Includes drafting and filing TM and patent applications.

32

---

---

---

---

---

---

---

---

### Who Is Practicing Law?

- When software is doing the creation of the legal document, who (or what) is “practicing law”?
  - Programmers?
  - Owners of s/w provider?
  - People who may interface with public?
- Where is the lawyer?
  - **Could be aiding UPL?** Utah RPC 5.5(b)(2).
- Is there legal malpractice exposure? Or are consumers willing to accept the risk?

33

---

---

---

---

---

---

---

---

## A.I. as a Tool for Lawyers

- Most companies use s/w to respond to subpoenas, implement legal holds, and preserve data.
  - Recent survey: 57% in 2017.
- AI used to make judgments on securities fraud/insider trading.
- AI used to help with document production.
  - Most of these are tools to aid the lawyer, with lawyer in control of final work product.

34

---

---

---

---

---

---

---

---

## Artificial Lawyering: Replacing the Lawyer Entirely with Tech.



35

---

---

---

---

---

---

---

---

## A.L.: The DoNotPay Bot

- Parking ticket fighter
  - Developed by 19-year old college student.
  - Asks users questions, determines if appeal should be filed, and prepares papers.
  - Won 160,000 of 250,000 cases!!!
- Available in 50 states.
- No lawyer involved!



36

---

---

---

---

---

---

---

---

### Artificial Lawyering Expanding

- Landlord-tenant disputes.
- Class actions.
- Flight refunds.
- Fraudulent credit card charges.
- Complaint about workplace discrimination.
- Immigration.
  - [www.donotpay.com](http://www.donotpay.com)
- DoNotPay’s services **are free**

37

---

---

---

---

---

---

---

---

### More Artificial Lawyering

- LawGeex – Contract review
  - natural language processing that reads contracts for particular terms; places pre-programmed comments or preferred terms; drafts revisions
- “It’s Over Easy” - Divorce
  - Website asks questions, creates legal documents, allows downloading, service of process, all to make divorce easy and without a lawyer.

38

---

---

---

---

---

---

---

---

### A.I. Practicing Law

- “AI will not eliminate lawyers any more than ATMs eliminated bank employees. It will change the way lawyers work and, by making lawyers more productive, **will change the number of lawyers society needs.**”

– Ronald D. Rotunda (quot. 9-11-17).

39

---

---

---

---

---

---

---

---

## Where are Regulators?

- Bars are using (sometimes) UPL rules to try to stop some practices:
  - LegalZoom sued in 8 states. Has not been stopped.
  - Uphill battle: innovation outpacing Bar resources?

40

---

---

---

---

---

---

---

---

## The Debate Over Artificial Lawyering

- Technology fills access to justice gap.
- Consumers should have freedom to make own choices.
- The Bar is only out to protect the Bar.
- Lawyers have training needed to protect the public.
- Lawyers have MP insurance.
- Lawyers can prevent consumers from losing valuable rights.

41

---

---

---

---

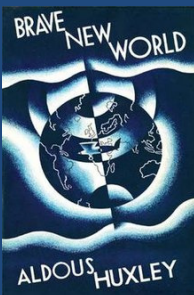
---

---

---

---

## The Brave New World Expands



O wonder!  
How many godly  
creatures are there here!  
How beauteous mankind  
is! O brave new world,  
That has such people in't

- William Shakespeare, *The Tempest*, Act V, Scene I, ll. 203-206

42

---

---

---

---

---

---

---

---

# THANK YOU!

Michael E. McCabe, Jr.  
mike@ipethicslaw.com  
301.538.1110  
www.**IP**ethics**Law**.com



43

---

---

---

---

---

---

---

---