



ISBA Professional Conduct Advisory Opinion

Opinion No. 15-01
May 2015

Subject: Corporate and In-House Counsel; Unauthorized Practice of Law

Digest: An in-house lawyer, admitted to the bar of a state other than Illinois but with a permanent office in Illinois, may practice before the United States Patent and Trademark Office on behalf of his or her employer without a limited license under Illinois Supreme Court Rule 716. Such a lawyer's practice is restricted to those activities that are authorized by 37 C.F.R. 11.5(b).

References: Illinois Supreme Court Rules 706, 707, 716 and 779

Illinois Rules of Professional Conduct 5.5 and 8.5

Illinois Supreme Court order, *In re: Rule 716 – Limited Admission of House Counsel Amnesty Program*, M.R. 26432 (November 26, 2013)

37 C.F.R. 11.5(b)

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

ISBA Opinion 13-08 (October 2013)

FACTS

A Delaware corporation headquartered in California, with offices throughout the United States and the world, employs several patent attorneys as house counsel in its Illinois office. These patent attorneys do not hold general licenses to practice law in Illinois, and they do not appear before the Illinois courts. They do not hold limited licenses under Illinois Supreme Court Rule 716, and therefore they do not act on behalf of their employer for all purposes as if licensed in Illinois. Rather, they are licensed to practice law in other states, and are registered to practice before the United States Patent and Trademark Office (USPTO). Their practice includes patent prosecution before the USPTO, patent analysis and patent-related advice and counseling for their employer.

QUESTION

Is it permissible for a non-Illinois licensed attorney, who is a registered U.S. patent attorney, who does not hold a Rule 716 Illinois limited license, and who is employed as house counsel, to engage in patent prosecution before the USPTO and to provide patent analysis and patent-related advice and counseling for his or her employer from a permanent office in Illinois?

ANALYSIS

The question posed is governed by Illinois Rule of Professional Conduct 5.5, which provides in part as follows:

- (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 . . .

- (d) A lawyer admitted in another United States jurisdiction, and not disbarred or suspended from practice in any jurisdiction, may provide legal services in this jurisdiction that:
 - (1) are provided to the lawyer's employer or its organizational affiliates and are not services for which the forum requires *pro hac vice* admission; or
 - (2) are services that the lawyer is authorized to provide by federal law or other law of this jurisdiction.

The non-Illinois lawyers described in the inquiry have an office for the practice of law in Illinois, but they are not barred from practicing if they fit within an exception set forth in Rule 5.5. The Committee finds that such lawyers are not authorized to practice by subparagraph (1) of paragraph (d) of Rule 5.5, but they are authorized to practice by subparagraph (2).

The text of Rule 5.5(d)(1) suggests that legal services are permitted in this case because the lawyers providing them are doing nothing that requires *pro hac vice* admission, as they do not appear before the Illinois courts. See Ill. S. Ct. R. 707. But these lawyers are not licensed under Ill. S. Ct. R. 716 ("Limited Admission of House Counsel"), so the safe haven provided by Rule 5.5(d)(1) is not available to them:

If an employed lawyer establishes an office or other systematic presence in this jurisdiction for the purpose of rendering legal services to the employer, the lawyer may be subject to registration or other requirements, including assessments for client protection funds and mandatory continuing legal education. See Illinois Supreme Court Rules 706(f) . . . [and] 716 . . . concerning requirements for house counsel . . . admitted to practice in other jurisdictions who wish to practice in Illinois.

RPC 5.5, Comment [17].

Rule 716 states that out-of-state lawyers “may receive a limited license to practice law in this state when the lawyer is employed in Illinois as house counsel exclusively for a single corporation, partnership, association or other legal entity” A lawyer licensed under Rule 716 “has the authority to act on behalf of his or her employer for all purposes as if licensed in Illinois.” Rule 716(g). Rule 706(f) sets the fee for an application for limited admission at \$1,250.

While the wording “may receive a limited license” suggests that such licensure is optional for an in-house lawyer who does not wish to practice as if licensed in Illinois, the Illinois Supreme Court holds otherwise. On November 27, 2013, it issued a press release explaining an amnesty program for non-Illinois in-house lawyers who had not yet applied for limited licenses under Rule 716: “The Illinois Supreme Court has announced that, for a limited time, Illinois-based corporate counsel who failed to obtain a required limited law license will now be able to obtain that limited license without the risk of discipline.” (The complete press release, as well as the court’s order of November 26, 2013 (*In re: Rule 716 – Limited Admission of House Counsel Amnesty Program*, M.R. 26432), may be viewed on the court’s website.) Since the patent lawyers in question do not have licenses under Rule 716, the house counsel exception embodied in Rule 5.5(d)(1) does not permit the arrangement described in the present inquiry.

But Rule 5.5(d)(2) provides another exception to the ban on unauthorized practice of law: federal practice. Here, the employed lawyers are registered to practice before the USPTO. The scope of such practice includes not only the presentation of matters to the Patent Office, but also “advising a client concerning matters pending or contemplated to be presented before the Office.” 37 C.F.R. 11.5(b). To the extent that the legal work performed by the lawyers in question is done pursuant to federal authorization, it can be done by anyone authorized to appear before the USPTO, house counsel or otherwise.

The federal practice exception was added to Rule 5.5 with the promulgation of the 2010 Illinois Supreme Court Rules of Professional Conduct, but it has a history going back decades. Under *Sperry v. Florida ex rel. Florida Bar*, 373 U.S. 379 (1963), the imposition of a requirement that one be a member of a particular state’s bar in order to practice before the USPTO from that state was struck down as violative of the Supremacy Clause of the U.S. Constitution. State licensure requirements may not be imposed on persons rendering services pursuant to their authorization to practice before the USPTO:

If the authorization is unqualified, then, by virtue of the Supremacy

Clause, Florida may not deny to those failing to meet its own qualifications the right to perform the functions within the scope of the federal authority. A State may not enforce licensing requirements which, though valid in the absence of federal regulation, give “the State’s licensing board a virtual power of review over the federal determination” that a person or agency is qualified and entitled to perform certain functions, or which impose upon the performance of activity sanctioned by federal license additional conditions not contemplated by Congress.

373 U.S. at 385 (citations omitted).

Accordingly, the lawyers described in the present inquiry need not be licensed under Rule 716. As long as they are registered to practice before the USPTO, their qualifications to do so are assured, and they may carry on such work from an office in Illinois without being burdened with certification by the Committee on Character and Fitness (Rule 716(b)), an application fee (Rule 716(e)), an annual registration fee and continuing legal education requirements (Rule 716(i)).

As the Committee previously has mentioned with respect to immigration practice (ISBA Opinion 13-08 (October 2013)), it is important that the lawyers in the described arrangement not stray from the Patent Office niche that permits them to practice without an Illinois license. Rule 5.5 extends to “services that the lawyer is authorized to provide by federal law” The scope of USPTO practice is described at 37 C.F.R. 11.5(b). Patent attorneys not admitted in Illinois should consult that provision and make sure that their work is limited to that which is authorized. In order for these lawyers to handle matters that are not within the confines of their registration with the USPTO, they would need to obtain licenses under Rule 716.

Finally, the Committee notes that lawyers practicing in Illinois pursuant to Rule 5.5(d) are subject to Illinois disciplinary authority under RPC 8.5(a), as stated in Comment [19] of Rule 5.5. Such lawyers should be mindful of not going beyond the limits of their authority; unauthorized practice of law proceedings may be brought pursuant to Ill. S. Ct. R. 779.

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