

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

In the Matter of )  
 )  
David J. Mahalek, )  
 )  
Respondent. )  
\_\_\_\_\_ )

Proceeding No. D2016-31

**FINAL ORDER**

The Director of the Office of Enrollment and Discipline (“OED Director”) for the United States Patent and Trademark Office (“USPTO” or “Office”) and David J. Mahalek (“Respondent”) have submitted a Proposed Settlement Agreement (“Agreement”) to the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (“USPTO Director”) for approval.

The Agreement, which resolves all disciplinary action by the USPTO arising from the stipulated facts set forth below, is hereby approved. This Final Order sets forth the parties’ stipulated facts, legal conclusions, and sanctions.

**Jurisdiction**

1. At all times relevant hereto, Respondent of Chicago, Illinois, has been an attorney who practiced before the USPTO in trademark matters and is subject to the USPTO Code of Professional Responsibility and/or the USPTO Rules of Professional Conduct. 37 C.F.R. §§11.1., 11.14(a), and 11.19(a).
2. The USPTO Director has jurisdiction over this matter pursuant to 35 U.S.C. §§2(b)(2)(D) and 32, and 37 C.F.R. §§11.19, 11.26.

**Stipulated Facts**

3. Respondent was admitted to practice law in Illinois by the Attorney Registration & Disciplinary Commission of the Supreme Court of Illinois in November 6, 2003. As of the filing date of this Proposed Settlement Agreement, Respondent is an attorney of good standing in Illinois.
4. Respondent was an attorney at the law firm of Niro, Haller & Niro (“Niro”). One of Respondent’s client’s at Niro was Mr. Daniel Henderson
5. Mr. Daniel Henderson is the named inventor of a family of patent applications filed in the USPTO including U.S. Patent Application Nos. 10/033,824 (“the ’824 application”)

and 11/045,677 (“the ’677 application”). Mr. Henderson assigned his rights to the ’824 and ’677 applications to Intellect Wireless, a company that he owns.

6. The ’824 application was filed on December 19, 2001, and the ’677 application was filed on January 28, 2005.

7. The USPTO rejected the claims in the ’824 and ’677 applications on the grounds that the claims were previously disclosed in U.S. Patent No. 5,452,356 (“the Albert patent”). The Albert patent was filed on December 10, 1993.

8. To overcome the rejection, on February 9, 2007, Robert K. Tendler, the patent attorney handling the prosecution of Mr. Henderson’s patent applications, submitted a declaration to the USPTO that was signed by Mr. Henderson. The declaration falsely averred that Mr. Henderson had actually reduced to practice the claimed invention, and that he had demonstrated a working prototype of the claimed invention in July 1993.

9. On February 10, 2007, Mr. Henderson informed Mr. Tendler that (i) he (Mr. Henderson) had not reviewed the Rule 131 Declaration before signing it and (ii) the device demonstrated in July 1993 did not display a picture on two-line alphanumeric display as represented in the Rule 131 declaration, *i.e.*, that Mr. Henderson had not actually reduced to practice the claimed “picture” feature of the claimed invention.

10. In the February 13, 2007, Revised ’210 Patent Declaration Mr. Henderson stated he was relying on a constructive reduction to practice, that he conceived of the claimed invention prior to February 10, 1993 and did not abandon, suppress or conceal the invention from at least before February 10, 1993 to January 5, 1994, the filing date of this application. Paragraphs 9, 10, 11, and 12 from the February 9, 2007 Initial ’210 Patent Declaration, which discussed the date of a demonstration of an actual reduction to practice and the “Intellect Product,” were removed in the February 13, 2007 Revised ’210 Patent Declaration.

11. The only reference to an actual reduction to practice that remained was in paragraph 11 of the February 13, 2007 Revised ’210 Patent Declaration (which was originally paragraph 15 of the February 9, 2007 Initial ’210 Patent Declaration).

12. The revised declaration also included the following averments: (1) that Mr. Henderson was “bringing the claimed subject matter to commercialization;” (2) that there was a “prototype now in the Smithsonian;” and (3) that there was a “product brochure and packing receipt.”

13. The Patent Examiner who reviewed the application, in an interview summary regarding a related patent application that contained the same mistake, stated that the Rule 131 Declarations in this and all the related cases rely solely on constructive reduction to practice.”

14. As a result of the declarations, the ’824 and ’677 applications were allowed and issued as U.S. Patent Nos. 7,266,186 (“the ’186 patent”) and 7,310,416 (“the ’416 patent”), respectively.

Count I

15. Mr. Henderson engaged the Niro firm to help enforce the '186 and '416 patents.

16. On May 14, 2009, Respondent and other attorneys from the Niro law firm filed a complaint on behalf of Intellect Wireless in the United States District Court for the Northern District of Illinois, namely *Intellect Wireless, Inc. v. HTC Corp., HTC America, Inc., and AT&T Mobility LLC*, Case No. 1:09-cv-2945 (the "HTC litigation").

17. Paragraph 3 of the complaint alleged that "Henderson's prototype for a wireless picturephone device was received as part of the permanent collection of the Smithsonian Institution in the National Museum of American History."

18. The complaint accused HTC Corporation, HTC America, Inc., and AT&T Mobility LLC (collectively, "HTC") of infringing the '186 and '416 patents. Paragraph 12 of the complaint alleged that HTC infringed the '186 and '416 patents by, among other activities, "providing wireless portable communication devices that receive and display caller ID information, [and] non-facsimile pictures."

19. On November 6, 2009, Mr. Henderson sent Respondent and other Niro attorneys an email in which he admitted that the device he constructed of the inventions "did not operate" because it "did not actually receive caller id" or pictures as claimed in the '186 and '416 patents. The email stated, in pertinent part and with emphasis added:

The first demonstration of the intellipager was . . . in June 1993 . . . later on, I had travelled . . . to the Consumers Electronics show . . . where I demonstrated my intellipager and intellect products. . . . I decided to construct a prototype myself using a numeric pager manufactured by NEC and enclosing it in a prototype case along with a Sharp pocket autodialer. **This device did not actually receive caller id automatically from the telephone network as there was no provision for it by the pager company I used at the time . . . .**

\* \* \* \* \*

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During the demonstration I also showed them a **mock-up** of the intellect device that included a picture of someone sending a message, which was a picture of myself. **It did not operate** but was used in conjunction to demonstrate what the invention could include.

20. On February 19, 2010, attorneys from the Niro law firm served HTC with Intellect Wireless's First Supplemental Response to HTC Corporations' First Set of Interrogatories ("First Supplemental Response to Interrogatories"). In those responses the Niro firm stated that "there was not an actual reduction to practice of the inventions of the '186 or the '146 patent either before or after the constructive reduction to practice."

21. On September 23, 2010, counsel for HTC informed Respondent in an email that the declarations Mr. Henderson and Mr. Tendler submitted to the USPTO were false and stated that HTC was going to amend its answer to allege inequitable conduct.

22. On November 10, 2010, HTC filed an amended answer and asserted a number of affirmative defenses including unenforceability due to, among other things, Mr. Henderson engaging in inequitable conduct when he submitted sworn declarations to the USPTO that falsely claimed that he had actually reduced to practice the claimed invention in the '186 and '416 patents, when in fact, the inventions were never successfully built.<sup>1</sup>

23. On December 3, 2010, Respondent and other Niro attorneys filed an Answer to First Amended Counterclaims of HTC. In those counterclaims HTC alleged that Mr. Henderson's '824, '677, and '846 declarations contained false and misleading statements given Mr. Henderson's claim of actual reduction to practice.

24. On December 9, 2010, during a court status hearing in the HTC litigation, Respondent stated that "[t]he declarations make repeated reference to constructive reduction to practice. There was some – not prototypes, but some mock-ups built, and there was an electronic prototype that was built and demonstrated. So I think once they get the depositions, they'll understand the context of these statements."

25. On February 25, 2011, Respondent and the other Niro attorneys served HTC with Intellect Wireless's Second Supplemental Response to HTC Corporation's First Set of Interrogatories ("Second Response to Interrogatories"), wherein they asserted that there may be an actual reduction to practice earlier than the date of constructive reduction to practice as Mr. Henderson created a working prototype with functional electronics which he showed at the Winter Consumer Electronics Show in January 1994. This prototype presently resides in the collection of the Smithsonian Institution. Also on February 25, 2011, Respondent sent an email to Mr. Henderson, explaining that, with respect to the claimed invention, "[w]e're not taking the position that it wasn't an actual reduction to practice. We're trying to be more circumspect than that and convey an impression that we're unsure."

26. On March 9, 2011, Respondent and other Niro attorneys served HTC with Intellect Wireless's Third Supplemental Response to HTC Corporation's First Set of Interrogatories ("Third Response to Interrogatories"), which stated that "Mr. Henderson did build a prototype with functional electronics that he believed was an actual reduction to practice of United States Patent No. 6,278,862."

27. On March 10, 2011, during his deposition, Mr. Henderson testified that he never made a working prototype of either of the inventions claimed in the '186 and '416 patents.

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<sup>1</sup> To prove inequitable conduct, the challenger must show by clear and convincing evidence that the patent applicant (1) misrepresented or omitted information material to patentability, and (2) did so with specific intent to mislead or deceive the USPTO. *Therasense v. Becton, Dickinson and Co.*, 649 F.3d 1276, 1290 (Fed. Cir. 2011) (citing *Star Scientific Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1365 (Fed. Cir. 2008)).

28. On August 9, 2011, Respondent and the other Niro attorneys filed an Answer to the Second Amended Counterclaims of HTC. Those counterclaims alleged that Mr. Henderson's statements in an '824, '677, and '846 declarations were misleading given the fact that Mr. Henderson was claiming an actual reduction to practice. Respondent and the Niro firm responded by denying the statements were false and misleading.

29. On August 18, 2011, Respondent and the Niro attorneys argued in Intellect Wireless's Response in Opposition to HTC's Motion for Summary Judgment ("Response to Motion for Summary Judgment") that the Henderson declarations' references to "actual reduction to practice" are "not unmistakably false." The Response noted further that the revised Rule 131 declaration submitted on February 12, 2007, was intended to remove "the substantive references to actual reduction to practice to make clear the applicant was swearing behind the Albert reference based on constructive reduction to practice."

30. During the HTC trial on June 7, 2012, Mr. Henderson admitted that he did not build a device that could receive caller ID.

31. On September 6, 2012, the district court in the HTC litigation issued Findings of Fact, Conclusions of Law and an Order holding that the '186 and '416 patents are unenforceable due to inequitable conduct by Mr. Henderson and Mr. Tendler during the prosecution of the patents. *Intellect Wireless, Inc. v. HTC Corp.*, 910 F. Supp. 2d 1056 (N.D. Ill. 2012).

32. In the September 2012 Order, the district court also made the following findings:

- a) Mr. Henderson obviously knew that he had never constructed or reduced to practice a device capable of transmitting caller information, a picture, or an image, and that to state otherwise was false (*Id.* at 1072);
- b) The Rule 131 declarations submitted to the Office in response to the Albert reference contained false statements relating to reduction to practice (*Id.* at 1073);
- c) The Rule 131 declarations were required to obtain the allowance of the patents-in-suit (*Id.* at 1074);
- d) The Rule 131 declarations and false statements were material (*Id.*);
- e) Clear and convincing evidence strongly supported an intent to deceive, rather than mere mistake, as the single most reasonable inference to be drawn from the facts (*Id.*);
- f) Direct and circumstantial evidence supported a conclusion that false representations were made to the USPTO with respect to the nature of the product and actual reduction to practice (*Id.*);
- g) The statements that caller identification information and pictures or images were transmitted by wireless or any telephone network were false (*Id.*);

h) The record indicates that the Examiner acted in reliance on both [the original and revised] declarations, even if he was told, before or after the fact, that the applicant wanted to rely on constructive reduction to practice only (*Id.*); and,

i) A full disclosure or correction of the record was never made (*Id.*).

33. On October 9, 2013, the Court of Appeals for the Federal Circuit affirmed “the district court’s judgment that the asserted patents are unenforceable due to inequitable conduct.” *Intellect Wireless v. HTC Corp.*, 732 F.3d 1339 (Fed. Cir. 2013).

34. The Federal Circuit made the following findings:

a) “There is no dispute . . . that Mr. Henderson did not actually reduce the claimed invention to practice” (*Id.* at 1339);

b) The original declaration contained multiple unmistakably false statements that the invention was actually reduced to practice (*Id.* at 1343);

c) Mr. Henderson’s revised declaration filed February 16, 2007 failed to correct the falsehoods in the original declaration (*Id.*);

d) At best, the revised declaration “obfuscated the truth” (*Id.*) and “dances around the truth” (*Id.* at 1345);

e) The revised declaration expressly mentioned “actual reduction to practice” and “bringing the claimed subject matter to commercialization,” which further obscured the truth (*Id.*);

f) The revised declaration described a prototype in the Smithsonian that was in development for a demonstration in July of 1993, which could be read to mean a device embodying the claimed device was built during that month, but such a prototype “was never built” (*Id.* at 1345);

g) The revised declaration also described a product brochure and packing receipt, which implied the existence of an actual working device, “even though there was no product” (*Id.* at 1345);

h) The revised declaration also referenced “commercialization,” but “that never occurred” (*Id.*);

i) The revised declaration nowhere expressly stated the truth, which was that “neither [Mr. Henderson] nor Intellect Wireless actually reduced to practice” the inventions claimed in the ’186 and ’146 patents (*Id.* at 1343);

j) At best, the device built was a “simulation” in that it contained only preloaded images and was not capable of wireless communication (*Id.* at 1345); and

k) There was a specific intent to deceive the USPTO (*Id.*).

35. On November 22, 2013, HTC filed a motion for attorney's fees under 28 U.S.C. § 1927, and on June 20, 2014, filed an amended motion for attorney's fees under 28 U.S.C. § 1927. Both of these motions were predicated on Respondent's, and the other Niro attorneys, litigation misconduct.

36. On January 21, 2014, HTC filed a Motion For Expedited Discovery seeking to obtain documents regarding whether Respondent and the other Niro attorneys knew that the declarations were false prior to filing the lawsuit.

37. On January 30, 2014, the district court issued an Order granting HTC's Motion For Expedited Discovery and ordering Respondent and the other Niro attorneys to respond by February 13, 2014.

38. Respondent and the Niro lawyers engaged independent counsel to represent them with respect to the motions for discovery and attorneys' fees.

39. On March 27, 2014, HTC filed a Motion to Compel Production of documents related to the Motion for Expedited Discovery.

40. On May 6, 2014, the district court issued an Opinion and Order granting HTC's Motion to Compel Production and ordered Respondent and the other Niro attorneys to produce the requested documents by May 13, 2014.

41. On June 24, 2014, HTC filed a Motion For Adverse Inference, seeking to have the district court conclude that Respondent and the other Niro attorneys were aware of the false statements in the Henderson declarations before the HTC lawsuit was filed because of Respondent's and the other Niro attorneys' failure to comply with the January 30, 2014 and May 6, 2014 Orders.

42. On January 8, 2015, the district court issued an Opinion and Order granting HTC's motion for an adverse inference that Respondent and the other Niro attorneys knew the Henderson declarations contained false statements prior to bringing the HTC lawsuit and due to independent counsel's decisions when responding to the Court's orders to produce documents.

43. The January 8, 2015 Opinion and Order also held that Respondent and attorneys [REDACTED], Paul C. Gibbons, and [REDACTED] were liable under 28 U.S.C. § 1927 for unreasonable and vexatious multiplication of proceedings in the HTC litigation.

44. In the January 8, 2015 Opinion and Order, the district court found that although Respondent and the other Niro attorneys knew that Mr. Henderson did not build an operational prototype, they continued to take the position in pretrial pleadings that the declarations were not false.

## Count II

45. On October 20, 2010, Respondent and other Niro attorneys filed a complaint on behalf of Intellect Wireless in the United States District Court for the Northern District of

Illinois, Intellect Wireless, Inc. v. Sharp Corp., Sharp Electronics Corp., Hewlett-Packard Co., Palm, Inc., Dell Inc., Case No. 1:10-cv-6763 (the “Sharp litigation”).

46. The Sharp litigation complaint accused Sharp Corporation, Sharp Electronics Corporation, Hewlett-Packard Company, Palm, Inc., and Dell Inc. (collectively, “Sharp”) of infringing the ’186 and ’416 patents. Paragraph 15 of the complaint alleged that Sharp had infringed the ’186 and ’416 patents by, among other activities, providing wireless portable communication devices that receive and display caller ID information, [and] non-facsimile pictures.

47. On January 7, 2011, Respondent and other Niro attorneys filed an amended complaint in the Sharp litigation. Paragraph 15 of the amended complaint contained the allegation that Sharp infringed the ’186 and ’416 patent by providing wireless portable communication devices that receive and display caller ID information and non-facsimile pictures.

48. On June 10, 2011, Sharp filed an Answer and Counterclaims alleging that Mr. Henderson had engaged in inequitable conduct.

49. On July 1, 2011, Respondent and other attorneys from the Niro firm, after receiving the November 2009 email which stated that the device did not operate, filed an Answer to Counterclaims which denied that the ’824, ’677, and ’846 patents contained false or misleading statements.

50. On September 12, 2012, one day after the district court in the HTC litigation issued its decision holding the ’186 and ’416 patents unenforceable due to inequitable conduct, the district court in the Sharp litigation issued an order dismissing the case without prejudice.

51. On October 20, 2014, the Sharp litigation defendants filed a Motion for Sanctions against Respondent and the other Niro attorneys based on their pursuit of infringement claims in the Sharp litigation when they knew the ’186 and ’416 patents were obtained by false declarations.

52. On November 6, 2014, the Sharp litigation defendants filed Supplemental Authority in Support of an Award of Attorneys’ Fees Against the Attorneys for Intellect Wireless under 28 U.S.C. § 1927.

53. On March 31, 2015, the district court in the Sharp litigation issued a Memorandum Opinion and Order granting the Defendant’s Motion for Sanctions against Respondent and the other Niro attorneys.

54. In the Memorandum Opinion and Order, the district court made the following findings:

- a) The evidence establishes that Respondent and the other Niro attorneys knew no later than November 6, 2009, that the Mr. Henderson’s declarations contained multiple false statements, including that there was a “working prototype” (Order at 41);



- b) After reviewing the November 6, 2009 email, Respondent knew or reasonably should have known that Mr. Henderson's statements in the declarations were not consistent with an actual reduction to practice (*Id.* at 42);
- c) HTC's counsel alerted Respondent and the other Niro attorneys of the false declarations on September 23, 2010; a month before the complaint was filed in the Sharp litigation (*Id.* at 44);
- d) The failure of Respondent and the other Niro attorneys to reconcile the November 6, 2009 email they received with the declarations before filing the Sharp litigation was "objectively unreasonable and vexatious" (*Id.* at 42);
- e) Respondent and the other Niro attorneys failed to withdraw the infringement claims (*Id.* at 45);
- f) Respondent and the other Niro attorneys chose to file an amended complaint that repeated misleading allegations about the prototype in the Smithsonian, and to pursue infringement claims on a patent Respondent and the other attorneys knew or should have known was unenforceable due to "the filing of an affirmatively false affidavit" (*Id.* at 45, 47);
- g) The amended complaint "unnecessarily multiplied these proceedings by requiring each defendant to submit an additional answer" (*Id.* at 45);
- h) The answers to the counterclaims continued to repeat the false assertions that Mr. Henderson had developed a "functional" or "working" prototype (*Id.* at 51); and
- i) Respondent knew that Mr. Henderson did not actually reduce to practice the invention of U.S. Patent No. 6,278,862 "because the only independent claim in the '862 patent requires 'automatically passing said caller-identification information' and 'receiving caller-identification information . . . at said portable communication device,'" which are features that Mr. Henderson device did not have, as he told Respondent in the November 6, 2009 email (*Id.*).

### LEGAL CONCLUSIONS

55. Respondent acknowledges that, based on the above Stipulated Facts, his conduct violated the following:

#### Count I

- a. 37 C.F.R. §§ 10.23(a), 10.23(b)(4), 10.23(b)(5), 10.85(a)(2), 10.85(a)(3) by, *inter alia*, filing a complaint alleging that HTC infringed the '186 and

'416 patents when he knew or should have learned the patents were procured by false declarations;

- b. 37 C.F.R. §§ 10.23(a), 10.23(b)(4), 10.23(b)(5), 10.85(a)(2), and 10.85(a)(3) by, *inter alia*, serving the Second Response to Interrogatory, which stated that “there may also be an actual reduction to practice earlier than then the date of constructive reduction to practice”;
- c. 37 C.F.R. §§ 10.23(a), 10.23(b)(4), 10.23(b)(5), 10.85(a)(2), and 10.85(a)(3) by, *inter alia*, serving the Third Response to Interrogatory, which stated that “Mr. Henderson did build a device he believed was an actual reduction to practice of United States Patent No. 6,278,862”;
- d. 37 C.F.R. §§ 10.23(a), 10.23(b)(5), and 10.85(a)(2) by, *inter alia*, unreasonably multiplying the proceedings when filing the Response to Summary Judgment when he knew the Henderson declarations contained false statements;
- e. 37 C.F.R. §§ 10.23(a), 10.23(b)(4), 10.23(b)(5), 10.85(a)(2), and 10.85(a)(3) by, *inter alia*, stating in the Response to Summary Judgment that certain references in Mr. Henderson’s declaration amounted to an “actual reduction to practice” were “not unmistakably false”;
- f. 37 C.F.R. §§ 10.23(a), 10.23(b)(4), 10.23(b)(5), 10.85(a)(2), and 10.85(a)(3) by, *inter alia*, filing Answers to Amended Counterclaims that denied allegations that Mr. Henderson’s declarations contained misleading statements;
- g. 37 C.F.R. § 11.804(i) by engaging in the aforementioned conduct on or after May 3, 2013, to the extent that it does not otherwise violate a provision of the USPTO Rules of Professional Conduct.

### **Count II**

- a. 37 C.F.R. § 10.23(a), 10.23(b)(4), 10.23(b)(5), 10.85(a)(2), and 10.85(a)(3) by, *inter alia*, filing a complaint and amended complaint alleging that Sharp infringed the '186 and '416 patents when he should have learned before filing the lawsuit that Mr. Henderson’s declarations contained false statements;
- b. 37 C.F.R. § 10.23(a), 10.23(b)(5), and 10.85(a)(2) by, *inter alia*, unreasonably multiplying the proceedings when filing Intellect Wireless’s amended complaint;
- c. 37 C.F.R. § 10.23(a), 10.23(b)(4), 10.23(b)(5), 10.85(a)(2), and 10.85(a)(3) by, *inter alia*, filing Answers to Counterclaims that asserted without sufficient basis

in fact that Mr. Henderson constructed a claimed “functional” or “working” device; and/or

- d. 37 C.F.R. § 10.23(b)(6) by engaging in the aforementioned conduct prior to May 3, 2013, to the extent that it does not otherwise violate a provision of the USPTO Code of Professional Responsibility.

#### Miscellaneous Factors

56. Respondent was the most junior attorney in a law firm who relied on the expertise and advice of senior lawyers and patent attorneys. Respondent in good faith believed what he was being told by Daniel Henderson, and Respondent in good faith relied on the expertise and advice of the lawyers in his firm with respect to the law and prosecution of a patent infringement case.

57. By the time Respondent first encountered the case, Mr. Henderson and his lawyer, Mr. Tendler, had attempted to revise the original patent filing to state that due diligence was shown “from the conception date to the constructive reduction to practice afforded by the filing date of this patent application,” but they apparently overlooked and therefore neglected to remove a lingering reference to “actual reduction to practice,” and to references which gave the impression that Mr. Henderson built the claimed invention. Mr. Tendler testified the very purpose of the supplemental filing was to take the original declaration “and strip out every inkling of actual reduction to practice” and that he notified the PTO Henderson was relying on constructive reduction to practice only. The Patent Examiner who reviewed the application, in an interview summary regarding a related patent application that Respondent believes contained the same mistake, stated that the Rule 131 Declarations in this and all the related cases rely solely on constructive reduction to practice.

58. Respondent had nothing to do with the patent application as originally filed by Mr. Tendler and Mr. Henderson declaring he had reduced his invention to actual practice, and he did not have anything to do with the subsequently filed Rule 131 Declaration in which Mr. Henderson and Mr. Tendler had left in a reference to actual reduction to practice as well. However, Respondent acknowledges he continued to prosecute the case without confirming what occurred with the patent applications and with knowledge at some point that Henderson’s original declarations were false and his revised declarations were inconsistent.

59. Respondent’s law firm engaged an expert who advised them that the basis for the patent was constructive reduction to practice and agreed with their assessment that the reference to actual reduction to practice was an oversight.

60. In the course of the proceedings, however, Respondent made repeated efforts to make clear they were not relying on actual reduction to practice. For example:

- a. Although Respondent advised Mr. Henderson in a private email that they were not taking the position his inventions were not an actual reduction to practice and that they were trying to be circumspect, in the First Supplemental Response to Interrogatories he

had affirmatively stated “*there was not an actual reduction to practice* of the inventions of the ‘186 patent or the ‘416 patent either before or after the constructive reduction to practice.”

b. And in the Third Supplemental Response to Interrogatories, which Respondent filed approximately two weeks after the private email exchange with Mr. Henderson, Respondent stated that Mr. Henderson does not believe the functional prototype was an actual reduction to practice of the ‘186 patent or the ‘416 patent, and Intellect Wireless does not intend to rely upon an actual reduction to practice of the inventions in this case.

61. With respect to the sanctions hearings in federal district court, Respondent’s law firm hired independent counsel to handle the matter for them. Respondent had nothing to with the selection of counsel but in good faith believed that it was the appropriate way to handle the matter. Respondent thereafter provided any and all documents requested by independent counsel and relied completely on the advice and expertise of independent counsel to respond appropriately to any and all discovery requests.

62. As noted above, Respondent was the most junior attorney who relied on the knowledge and expertise of senior partners and lawyers. He believed in good faith that his representations distinguishing a working prototype and actual reduction to practice were appropriate, and he believed in good faith that Mr. Henderson satisfied the requirements for a constructive reduction to practice.

63. Nevertheless, Respondent understands the seriousness of false or misleading statements being made to the United States Patent Office.

#### **Agreed Upon Sanction**

64. Respondent acknowledges, based on the above stipulated facts and legal conclusions, and it is hereby ORDERED that:

- a) Respondent is suspended from practice before the USPTO in patent, trademark and non-patent matters for eighteen (18) months commencing on the date the Final Order is signed;
- b) Respondent shall comply with 37 C.F.R. § 11.58;
- c) The OED Director shall comply with 37 C.F.R. §11.59;
- d) The OED Director shall publish this Final Order in OED’s electronic FOIA Reading Room, which is publicly accessible at:  
<http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>;
- e) The OED Director publish the following notice in the Official Gazette:

#### **Notice of Suspension**

This notice concerns David J. Mahalek of Chicago, Illinois. The United States Patent and Trademark Office (“USPTO”) has suspended Mr.

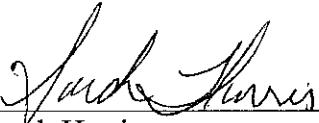
Mahalek from practice before the USPTO in patent, trademark, and non-patent matters for eighteen (18) months for violating 37 C.F.R. §§ 10.23(a), 10.23(b)(4), 10.23(b)(5), 10.85(a)(2), and 10.85(a)(3).

Mr. Mahalek was counsel with other attorneys who filed lawsuits, *Intellect Wireless, Inc. v. HTC Corp.*, Case No. 1:09-cv-2945 and *Intellect Wireless, Inc. v. Sharp Corp.*, Case No. 1:10-cv-6763, alleging that HTC Corp. and Sharp Corp. had infringed their client's patents. The patents were issued as a result of the client submitting a declaration to the USPTO that falsely stated, among other things, that the client had actually reduced the invention to practice prior to the date of a prior art reference cited in a rejection. While Mr. Mahalek did not represent the client with regard to the declaration submitted to the USPTO, during the litigation of these cases, the client informed Mr. Mahalek that he did not actually build the claimed invention disclosed in the patents as he had stated in the declaration to the USPTO. After learning that his client failed to actually reduce the invention to practice, Mr. Mahalek filed a new complaint alleging infringement of the patents, took the position in pretrial pleadings that the declaration was not false, and served documents which stated that there was a working prototype. Although his office hired independent counsel, they failed to comply with court orders to produce documents. As a result of his participation in these cases, the district court judges held that Mr. Mahalek's actions unreasonably and vexatiously multiplied the proceedings and ordered that he, and the other attorneys involved, be liable under 28 U.S.C. § 1927 for HTC's and Sharp's attorneys' fees.

This action is the result of a settlement agreement between Mr. Mahalek and the OED Director. Disciplinary decisions involving practitioners are posted at the OED's Reading Room, which is publicly accessible at: <http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>.

- f) Nothing in the Agreement or this Final Order shall prevent the USPTO from considering the record of this disciplinary proceeding, including the Final Order,
- (1) when addressing any further complaint or evidence of the same or similar misconduct concerning Respondent brought to the attention of the Office; and/or
  - (2) in any future disciplinary proceeding against Respondent (i) as an aggravating factor to be taken into consideration in determining any discipline to be imposed and/or (ii) to rebut any statement or representation by or on Respondent's behalf;

- g) The parties shall file a motion with the Administrative Law Judge hearing this matter requesting the dismissal of the pending complaint; and
- h) The parties shall bear their own costs incurred to date and in carrying out the terms of this Agreement and any Final Order.

  
\_\_\_\_\_  
Sarah Harris  
General Counsel for General Law  
United States Patent and Trademark Office

1/27/17  
Date

on behalf of

Michelle K. Lee  
Under Secretary of Commerce for Intellectual Property and  
Director of the United States Patent and Trademark Office

cc: Director of the Office of Enrollment and Discipline  
United States Patent and Trademark Office

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*Attorney for Respondent*