

**UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE ADMINISTRATIVE LAW JUDGE**

In the Matter of:

GARY WALPERT,

Respondent.

Proceeding No. D2018-07

June 14, 2019

**INITIAL DECISION AND ORDER**

This matter arises from a disciplinary complaint filed by the Director of the Office of Enrollment and Discipline (“OED Director”) for the United States Patent and Trademark Office (“USPTO” or “the Office”) against patent practitioner Gary Walpert (“Respondent”) pursuant to 35 U.S.C. § 32 as implemented by 37 C.F.R. Part 11. For the reasons that follow, the Court finds that Respondent has violated USPTO’s rules of practice as charged in Counts I, II, III, and IV, but not Count V, and that the appropriate sanction is exclusion from practice before the Office.

**PROCEDURAL HISTORY**

On December 15, 2017, the OED Director filed a *Complaint and Notice of Proceedings Under 35 U.S.C. § 32* (“Complaint”) charging Respondent with five counts of violating USPTO’s ethical rules for patent practitioners. The matter was referred to this Court for hearing.<sup>1</sup> The Court issued a *Notice of Hearing and Order* scheduling a hearing to commence in April 2018 in Washington, D.C. After requesting and receiving an extension of time, Respondent filed an *Answer* to the *Complaint* on February 1, 2018.

Subsequently, the OED Director filed an unopposed motion requesting that the hearing be postponed because a key witness, John Kikoski, had moved to Japan and would not be available to provide testimony until August 2018, at the earliest. By order dated March 9, 2018, the Court vacated and continued the hearing.

Meanwhile, on March 2, 2018, the OED Director had filed a *Motion for Partial Summary Judgment* seeking summary judgment on Counts I and V of the *Complaint* and an order suspending Respondent from practice before USPTO for a period of three years. On May 9, 2018, the Court issued a ruling granting partial summary judgment in the OED Director’s favor on Count I. However, the Court declined to grant summary judgment on Count V or to impose sanctions, finding that material facts remained in dispute.

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<sup>1</sup> Pursuant to an Interagency Agreement in effect beginning March 27, 2013, Administrative Law Judges of the U.S. Department of Housing and Urban Development are authorized to hear cases for USPTO.

On May 14, 2018, the Court issued a *Second Notice of Hearing and Order* rescheduling the hearing to take place in October 2018. The order also established various prehearing deadlines, including an October 2, 2018 deadline for the parties to submit their anticipated exhibits to the Court in advance of the hearing.

Respondent did not file any exhibits with the Court on October 2, 2018. Instead, he filed a motion to reschedule the hearing, a motion to reschedule the deadline to submit exhibits, and a motion to order the production of a confidential settlement agreement that he alleged was relevant to this matter. The settlement was between Respondent's former law firm and a former client, neither of whom are parties to this matter.

Counsel for the OED Director opposed Respondents' motions and further noted that, aside from failing to produce copies of exhibits, Respondent had not yet even disclosed any witnesses or exhibits that he intended to use at hearing, even though the deadline to do so had long since passed.

By omnibus order dated October 5, 2018, the Court denied Respondent's three motions. However, the Court noted that, at hearing, (1) Respondent would be allowed to attempt to introduce late-disclosed exhibits relating to the testimony of John Kikoski, who had not been deposed until October 1, 2018, provided that Respondent identified any such exhibits to the OED Director by October 12, 2018; and (2) although the Court could not compel the production of a confidential settlement agreement between non-parties, Respondent would be permitted to object to testimony regarding the confidential settlement if the agreement itself were not produced.

The Court held a hearing in this matter on October 16-17, 2018. At hearing, the Court heard testimony from Respondent and from OED staff attorney Andrew Roberts. Pursuant to 37 C.F.R. § 11.50, the Court also accepted transcripts of Kikoski's videorecorded deposition testimony and the deposition testimony of Kevin Farrell, who had been deposed on August 9, 2018, in lieu of requiring these witnesses' personal appearance at the hearing. The Court admitted Government Exhibits 1-99 and Respondent's Exhibits 1-2, 4-7, 9, 11-13, 15-26, and 28 into evidence. The parties filed post-hearing briefs in February 2019 and response briefs in March 2019.<sup>2</sup> The record is now closed and this matter is ripe for decision.

## LEGAL FRAMEWORK

USPTO has the "exclusive authority to establish qualifications for admitting persons to practice before it, and to suspend or exclude them from practicing before it." Kroll v. Finnerty, 242 F.3d 1359, 1364 (Fed. Cir. 2001); see also Sperry v. Fla. ex rel. Fla. Bar, 373 U.S. 379 (1963). This authority flows from 35 U.S.C. § 2(b)(2)(D) and § 32.

35 U.S.C. § 2(b)(2)(D) authorizes USPTO to establish regulations governing the conduct of patent attorneys and agents practicing before it. Prior to May 3, 2013, the USPTO Code of

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<sup>2</sup> The briefing schedule and the Court's issuance of this decision were delayed by a lapse in appropriations that caused a partial federal government shutdown beginning on December 22, 2018, resulting in the closure of this Court until January 28, 2019, for lack of funds. This matter was stayed for the duration of the partial government shutdown. On January 29, 2019, the Court issued an order lifting the stay and establishing new deadlines for the submission of post-hearing briefs.

Professional Responsibility, promulgated at 37 C.F.R. §§ 10.20 to 10.112 (2012), governed the conduct of persons practicing before the Office. Effective May 3, 2013, these regulations were supplanted by the USPTO Rules of Professional Conduct promulgated at 37 C.F.R. §§ 11.101 to 11.901. See 78 Fed. Reg. 20180 (Apr. 3, 2013) (implementing new rules of conduct).<sup>3</sup>

35 U.S.C. § 32 authorizes USPTO to discipline malfeasant patent practitioners, including by suspending or excluding a person from practice before USPTO for violating its rules of conduct. See also 37 C.F.R. § 11.19(b)(1)(iv). The practitioner must receive notice and opportunity for a hearing before such disciplinary action is taken. 35 U.S.C. § 32. Disciplinary hearings are conducted in accordance with USPTO's procedural rules and with section 7 of the Administrative Procedure Act, 5 U.S.C. § 556, by a hearing officer appointed by USPTO. 37 C.F.R. §§ 11.39, 11.44. The OED Director bears the burden of proving alleged violations by clear and convincing evidence, and the respondent bears the burden of proving any affirmative defenses by clear and convincing evidence. Id. § 11.49.

### **FINDINGS OF FACT**

Respondent is an attorney licensed to practice in Massachusetts and New York. He holds degrees from the Massachusetts Institute of Technology and Harvard Law School. He registered with USPTO as a patent agent in 1971 and as a patent attorney in 1972. He is currently in active status before USPTO and runs his own practice, Walpert Intellectual Property, from his home.

Respondent has spent the bulk of his career working as a patent attorney at more than half a dozen different law firms. In 2010, he began working for the firm of Byrne Poh LLP and serving as general counsel for a startup company called Wingate Capital, Inc. ("Wingate"). His representation of Wingate ended acrimoniously with a lawsuit he filed against the company and its CEO. See Walpert v. Jaffrey, 127 F. Supp. 3d 105 (S.D.N.Y. 2015) (submitted to the record as Government Exhibit 99). Respondent asserts that he lost substantially all of his life's savings through his dealings with Wingate.

In 2013, Respondent began representing another startup called EnvAirHealth (EAH). This proceeding centers on allegations that Respondent violated various USPTO rules of practice during his representation of EAH and displayed a lack of candor during subsequent related disciplinary investigations conducted by the state bar and USPTO.

#### **Respondent Joins EAH**

EAH was formed in or around February 2013 by entrepreneur John Kikoski and several colleagues with the goal of developing novel technology to help detect and prevent hospital-acquired infections. Kikoski and Respondent were old acquaintances who had known each other since the 1990s, having worked on several major tech-related projects together. Kikoski testified that he had always been impressed with Respondent's intellectual property acumen, considered

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<sup>3</sup> Here, Respondent's alleged misconduct occurred both before and after May 3, 2013, implicating both the old and new rules of conduct. In this decision, unless otherwise noted, citations to the Code of Federal Regulations refer to the current rules that have been in effect since May 3, 2013.

him a friend, and trusted him completely. For these reasons, he reached out to Respondent before EAH had even been incorporated to see if Respondent wanted to participate.

On April 18, 2013, Kikoski emailed Respondent a confidentiality agreement “so that we may involve you [Respondent] in EnvAirHealth as a potential co-founder.” Respondent signed the agreement and sent it back two days later. Subsequently, Respondent was listed as one of five “original members” and a 5% owner of EAH in drafts of a limited liability company (LLC) agreement that circulated between Kikoski, Respondent, and other members of the startup. Kikoski testified that the 5% ownership interest was conferred at Respondent’s own request as compensation for Respondent’s legal services. The OED Director alleges that this compensation arrangement created a conflict of interest that required Respondent to obtain his client’s informed consent. Respondent disputes this charge, claiming, among other things, that he never received any payment from EAH for his legal services and that the 5% ownership interest was gratuitous and never materialized.

### **Respondent’s Representation of EAH, 2013-2016**

The parties have stipulated that, between April 2013 and June 2016, EAH viewed Respondent as the company’s intellectual property counsel and relied on him to handle all of its intellectual property matters. During this time, Respondent and EAH developed a total of 21 patent applications to be filed with USPTO.<sup>4</sup> Respondent’s main role was to review the draft patent applications, correct obvious errors and advise if more material was needed, and file the applications with USPTO to preserve EAH’s intellectual property rights.

Respondent testified that from the outset of the representation, he followed a strategy, of which he advised Kikoski, that entailed “buy[ing] time and spend[ing] less money” by filing a series of provisional patent applications which he planned to eventually convert into one or more all-encompassing utility patents. In an email dated February 18, 2014, Respondent explained to Kikoski and one of EAH’s other members that “[w]hen we prepare the utility(s), we will be combining many if not all of the provisionals to gain priority.” During his testimony, Kikoski agreed that Respondent had planned to somehow tie all the applications together eventually and had “talked about some sort of integrated super patent.”

Between May 2013 and October 2014, a number of patent applications—mostly provisional applications—were filed with USPTO on behalf of EAH under Respondent’s signature or the signature of one of his colleagues at Byrne Poh. Respondent testified that he left Byrne Poh in early 2014. He did not retain copies of EAH’s files when he left. From November 2014 to April 2015, fourteen more EAH patent applications—mostly nonprovisional utility applications claiming priority from the earlier provisional applications—were filed under Kikoski’s e-signature and correspondence information. Kikoski testified that he never filed or signed any applications himself, so Respondent must have filed these applications.<sup>5</sup>

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<sup>4</sup> The OED Director has submitted copies of 35 patent applications that Respondent caused to be filed on behalf of EAH. Some of these applications cover the same inventions and are part of interrelated “patent families.”

<sup>5</sup> Although Respondent did not address the e-signatures at hearing, his post-hearing reply brief alleges that Kikoski authorized Respondent to sign his name on the applications.

On May 1, 2015, Respondent was hired as a patent attorney by the law firm of Pierce Atwood LLP (“Pierce Atwood”). At that time, he entered into a Counsel Agreement with the firm that permitted him to “continue to be a member of [EAH] and continue to provide counsel and services to [EAH] as he now does and for which he does not charge a fee” and to “receive financial remuneration from [EAH] as a result of being a member thereof.” Such services consisted of “counseling regarding intellectual property and transactional matters,” according to engagement letters Respondent sent EAH after joining his new firm.

Beginning in July 2015, Kikoski received from USPTO a series of notices stating that various patent applications filed under his e-signature had gone abandoned for failure to timely respond to deficiency notices. He testified that he did not know why he was receiving the notices, but he was surprised and concerned. On July 30, 2015, he informed Respondent via email that he had received two abandonment notices the day before, adding, “As recent as last week, you assured me that everything was fine with all EnvAirHealth PTO matters. Clearly, this is not the case. I am shocked by what has transpired and need your assistance to correct these matters as soon as possible.” Respondent did not reply in writing, but addressed the issue in a phone call with Kikoski. Later that same day, Kikoski sent an email thanking Respondent for his follow-up and his “assurance that the Abandonment Notices received will be resolved as reinstated patents.” Kikoski further stated that he had received a third abandonment notice and “would greatly appreciate ... if you could address this matter along with the two prior ones.” Respondent replied, “Will do John.” Subsequently, Kikoski sent similar emails regarding at least six other notices of abandonment he received between July 2015 and January 2016, thanking Respondent in each message for Respondent’s assurances that the abandoned patent applications would be resolved as reinstated patents. Kikoski testified that, although he was concerned about the notices, Respondent repeatedly orally reassured him that they were “standard operating procedure” and “no big deal” and that Respondent was on top of the situation and would re-file or reinstate the patent applications. Admittedly, however, Respondent did not file a petition to revive any of the referenced patent applications.

Meanwhile, four nonprovisional utility patent applications were filed on behalf of EAH after Respondent joined Pierce Atwood. First, on [REDACTED], Respondent filed the specification and claims for U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”). This application claimed priority from a provisional application that Respondent had filed on [REDACTED]. On [REDACTED], Respondent filed the drawings associated with the [REDACTED] application. On [REDACTED], USPTO issued a filing receipt, which was received and brought to Respondent’s attention by Pierce Atwood’s docket administrator,<sup>6</sup> identifying [REDACTED], as the filing date for the [REDACTED] application, given that the associated drawings had not been submitted until that date. Because the [REDACTED] application was filed more than one year after the provisional application from which it claimed priority, restoring the benefit of the provisional filing date required the applicant to file a grantable petition under 37 C.F.R. § 1.78(b) within two months stating that the delay was unintentional. However, admittedly, Respondent never filed such a petition.

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<sup>6</sup> Immediately after Pierce Atwood received the filing receipt, the docket administrator emailed Respondent stating that she believed the priority date had been lost and asking whether she should take action. Respondent replied that he would look into the matter when he returned from vacation and asked the docket administrator to check the file. She later emailed Respondent that the drawings associated with the application had indeed been filed on [REDACTED] which was one day late. There is no evidence of any further communication from Respondent.

On [REDACTED], U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”) and U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”) were filed on behalf of EAH by one of Respondent’s associates at Pierce Atwood.<sup>7</sup> Each application claimed priority from a provisional application said to have been filed on [REDACTED]. However, the cited provisional applications had actually been filed on [REDACTED]. Again, because the [REDACTED] and [REDACTED] applications were filed more than one year after the associated provisional applications, restoring the benefit of the provisional filing dates required the filing of a grantable petition under 37 C.F.R. § 1.78(b). USPTO’s filing receipts for the [REDACTED] and [REDACTED] applications issued on [REDACTED] specifically warned that the priority data claimed on the applications was inconsistent with USPTO records, and a handwritten note in Pierce Atwood’s files shows that a staff member at the firm asked Respondent to check the priority dates for both applications. However, Respondent never filed a § 1.78(b) petition for either of the applications. In addition, on [REDACTED], USPTO issued a Notice to File Missing Parts for each application because the filing fees had not been paid and an abstract describing the technical disclosure had not been provided. Responses were due within two months, but Respondent never filed any response.

On November 23, 2015, U.S. Patent Application No. 14/893,450 (“the ‘450 application”) was filed on behalf of EAH by one of Respondent’s associates at Pierce Atwood. On January 20, 2016, USPTO mailed Pierce Atwood a Notice of Abandonment for the ‘450 application stating that it had gone abandoned for failure to file the full U.S. basic national filing fee within 30 months. Respondent never filed a petition to revive the application.

### **Termination of Employment by Pierce Atwood and EAH**

In early 2016, attorney Kevin Farrell, the newly installed chair of Pierce Atwood’s patent practice group and Respondent’s supervisor, discovered that Respondent had not entered any time into the firm’s billing records for several months. Upon further investigation, Farrell found four apparent filing irregularities in the firm’s electronic docketing system pertaining to patent applications Respondent was handling. Specifically, the docketing system displayed the following messages: “CONFIRM FILING DATE” for the [REDACTED] application; “CHECK PRIORITY INFO” for the [REDACTED] and [REDACTED] applications; and “FILE PETITION TO REVIVE?” for the ‘450 application.

On March 9, 2016, Farrell and Pierce Atwood’s Managing Partner, David Barry, met with Respondent to discuss his performance. During the meeting, they confronted Respondent about the four filing irregularities and asked whether he had made EAH aware of them. Respondent assured them that he had, and agreed to provide evidence of his communications with the client. Farrell raised the issue with Respondent several more times in the ensuing weeks, but Respondent failed to produce the promised evidence.

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<sup>7</sup> Although some applications were filed by other attorneys, Respondent remained responsible for them. He routinely gave work to associates and staff at his firm, but he was EAH’s only patent attorney and Kikoski’s sole contact at Pierce Atwood.

On the morning of April 15, 2016, Farrell directed Respondent to provide evidence of his communications with EAH by 2:00 that afternoon. Later that day, Respondent forwarded three emails to Farrell purporting to show that he had informed EAH of the four filing irregularities and had advised how they could be addressed. Each of the emails was addressed to "John" at [REDACTED] and was dated February 5, 2016. However, the word "February" was misspelled in one of the headers, and Respondent now admits that he knew Kikoski's email address was actually [REDACTED] not the address to which the messages were sent. Pierce Atwood's IT director reviewed the emails and confirmed that Respondent had sent them to an invalid email address on the morning of April 15, 2016, after which he had forwarded the sent messages to his personal email account before sending them back to his Pierce Atwood account and forwarding them to Farrell. This enabled Respondent to alter the "sent" dates to make it appear as if the messages had been sent three months earlier, which he admits doing.

On April 21, 2016, Farrell and Barry met with Respondent again and confronted him with the IT Director's findings, at which point Respondent admitted he had falsified the emails, although he maintained that he had, in fact, communicated orally with Kikoski about the filing irregularities. Pierce Atwood promptly terminated Respondent's employment.

Later that day, Kikoski was startled to receive an email from Pierce Atwood notifying him that Respondent had parted ways with the firm. Kikoski immediately called Respondent, who, according to Kikoski, reported "that he had some disagreement with senior management and that he was leaving the firm over an unrelated issue" and instructed Kikoski to tell the firm that Respondent was still EAH's attorney. Kikoski complied. At this time, Kikoski testified, he was unaware of any problems with EAH's patent applications other than the abandonment notices he had previously received and was "continuing to hear from [Respondent] that everything is under control and he's dealing with it." In the preceding months, EAH had been busy trying to settle on an LLC agreement and obtain outside funding, as shown by emails submitted by Respondent. In February 2016, the members of EAH had held a conference call, which was attended by Respondent, during which they had discussed leveraging the value of EAH's intellectual property in a transaction with an investor. Subsequently, they drafted a term sheet dated April 1, 2016 that valued the company at \$100 million based on the estimated worth of its intellectual property.

On May 2, 2016, Pierce Atwood reported Respondent to the Massachusetts Board of Bar Overseers ("BBO") for misconduct. Respondent obtained counsel. On June 13, 2016, at counsel's advice, Respondent called Kikoski to notify him of the BBO investigation and to provide, for the first time, a full account of the circumstances surrounding his departure from Pierce Atwood. According to Kikoski, during this phone call, Respondent also notified him for the first time of the irregularities in the [REDACTED], [REDACTED], [REDACTED], and '450 applications and asked him to support the false narrative that Respondent had previously advised EAH of the irregularities. Respondent maintains that he did previously advise EAH of the irregularities, and denies asking Kikoski to lie for him. Regardless, the June 13 phone call marked the end of Respondent's relationship with Kikoski, and EAH obtained new counsel shortly thereafter.

On June 16, 2016, Kikoski emailed Pierce Atwood requesting a full accounting of the 21 patent applications Respondent was handling for EAH. The reference to 21 applications

surprised Pierce Atwood, as Respondent had entered only four EAH applications (the [REDACTED], [REDACTED], [REDACTED], and '450 applications) into the firm's docketing system and the firm had no records associated with any others. Eventually, with difficulty, Pierce Atwood obtained access to the USPTO prosecution history records for most of EAH's patent applications and attempted to revive the applications and address various deficiencies at no charge to the client. Among other things, the firm responded to the Notices to File Missing Parts and paid the missing filing fees for the [REDACTED] and [REDACTED] applications, as well as filing petitions requesting the benefit of a provisional filing date for the [REDACTED], [REDACTED], and [REDACTED] applications, which were eventually granted by USPTO.

Ultimately, however, EAH allowed its patent applications to go abandoned. Kikoski and EAH have indicated that the company's patent portfolio was "a total mess" and unsalvageable. They assert that some of the provisional applications had expired, causing a loss of priority dates and claims; many of the utility applications were significantly narrower in scope than the provisional applications and failed to properly capture the inventors' claims; and some applications had been filed without sufficient prior art and claim development, limiting their value. In addition, the market had caught up to EAH's pioneering ideas and the "white space" had disappeared. Further, the company's reputation and the relationships between the founders had been irreparably damaged. Thus, on October 14, 2016, EAH sent Pierce Atwood a letter stating that revival or refiling of the applications no longer appeared to be a viable option and that the company would likely be better able to protect its remaining intellectual property through trade secrets. Pierce Atwood subsequently disengaged EAH as a client and reported Respondent's conduct to USPTO. After EAH accused Pierce Atwood of malpractice, largely due to EAH's perception that Respondent had mishandled its patent portfolio while in Pierce Atwood's employ, the two parties negotiated a settlement, the terms of which are confidential and were not discoverable in this proceeding.

### **BBO and OED Investigations**

While Pierce Atwood was attempting to revive EAH's patent applications, Respondent was under investigation by the Massachusetts BBO. Respondent admitted to the BBO that he had sent three fabricated emails to his supervisor at Pierce Atwood, but claimed he had done so in a moment of panic, already believing he was in serious danger of losing his job for unrelated reasons. He maintained that he had orally advised EAH of the filing irregularities involving the [REDACTED], [REDACTED], [REDACTED], and '450 patent applications, which he blamed on EAH's "limited resources," describing EAH as "an early stage development start-up with no revenue" that "does not currently have the means to pay for all the filing fees and other expenses necessary to prosecute its full portfolio of pending patent applications."

EAH sent letters to the BBO contradicting Respondent's claims. EAH also asserted that Respondent had failed to take action on numerous USPTO abandonment and deficiency notices and had falsely assured EAH that its patent applications would not be affected, all the while knowing that EAH was negotiating a term sheet with a Fortune 500 company based on its intellectual property. Respondent, however, countered that EAH was merely "attempting to lay the ground work for a claim against [Respondent] and/or Pierce Atwood rather than raising a legitimate concern." The record does not reveal the outcome of the BBO investigation.



On October 25, 2016, Pierce Atwood reported Respondent's conduct to USPTO by filing a complaint with the Office of Enrollment and Discipline ("OED"), which launched an investigation. The matter was assigned to OED staff attorney Andrew Roberts, who appeared as a witness at the hearing. Roberts conducted an investigation during which he sent Respondent three Requests for Information and Evidence Under 37 C.F.R. § 11.22(f) ("RFIs") and sought additional information from EAH and Pierce Atwood. Respondent admitted to OED that he had sent fabricated emails to his firm, but attributed his actions to a one-time lapse of judgment and asserted that he had kept his client properly informed about the status of its patents, referring OED to his letters to the BBO.

On November 2, 2017, OED sent Respondent a letter notifying him that it had concluded its investigation and that various disciplinary rules were under consideration. After USPTO's Committee on Discipline rendered a probable cause determination, the OED Director filed the *Complaint* that initiated the instant proceeding.

## DISCUSSION AND CONCLUSIONS OF LAW

Count I of the *Complaint* alleges that Respondent submitted falsified emails to his supervisors at Pierce Atwood, thereby engaging in conduct that involved dishonesty, fraud, deceit, or misrepresentation, in violation of 37 C.F.R. § 11.804(c), and/or that reflected adversely on his fitness to practice, in violation of 37 C.F.R. § 11.804(i). The Court granted summary judgment on this Count on May 9, 2018, finding that Respondent had violated § 11.804(c) by fabricating three emails and forwarding them to his supervisors in an attempt to mislead the firm into believing he had timely notified EAH in writing of the filing irregularities involving the ■■■, ■■■, ■■■, and '450 patent applications. The Court declined to find a separate violation of § 11.804(i), as this is a catchall provision prohibiting "other conduct" that adversely reflects on a representative's fitness to practice, and USPTO caselaw suggests there is no separate violation of the catchall provision when the same conduct already violates another subsection of § 11.804. See, e.g., *In re Flindt*, Proceeding No. D2016-04, slip op. at 39 (USPTO Aug. 4, 2017); *In re Campbell*, Proceeding No. D2014-11, slip op. at 7-8 (USPTO Apr. 29, 2014).

Because Count I has been resolved, the issues remaining for consideration are whether Respondent violated USPTO's rules of practice as alleged in Counts II, III, IV, and V of the *Complaint* and what sanctions are appropriate for his misconduct.

### Count II

#### (additional misconduct relating to the filing irregularities discovered by Pierce Atwood)

Count II of the *Complaint* alleges that, although Respondent represented to Pierce Atwood, the Massachusetts BBO, and OED that he had verbally notified EAH of the filing irregularities involving the ■■■, ■■■, ■■■, and '450 applications prior to April 2016, he did not actually provide such notice until June 13, 2016. Further, at that time, he asked Kikoski to support the false story that he (Respondent) had previously advised EAH of the filing irregularities. By reason of this conduct, the OED Director alleges that Respondent has violated 37 C.F.R. §§ 11.101, 11.103, and 11.104 (pertaining to competence, diligence, and

communication with the client); §§ 11.303, 11.801(a), and 11.801(b) (pertaining to candor before a tribunal and candor and cooperation in disciplinary matters); § 11.804(c); and/or § 11.804(i).

As a preliminary matter, Respondent challenges the OED Director's factual allegations, maintaining that he did timely notify his client of the filing irregularities via oral conversations with Kikoski. But Respondent has not provided any details such as the dates he believes he spoke to Kikoski about the irregularities or the substance of their conversations. Other than his word, there is no evidence that he timely communicated with his client. Kikoski disputes Respondent's account, and EAH has consistently represented that Respondent did not notify it of the filing irregularities until June 13, 2016. After considering all the evidence, the Court finds Respondent's account to be less credible than Kikoski's, for several reasons.

First, Respondent has already admitted to engaging in a deceit involving this very issue when he fabricated email messages and sent them to his supervisors at Pierce Atwood in April 2016 to create the false impression that he had communicated with Kikoski in writing about the filing irregularities. Respondent claims that this was an isolated lapse in judgment resulting from fear of losing his job. As he tells it, he knew he had advised Kikoski of the irregularities and believed that he could produce written evidence in the form of emails; when he could not find any such emails, he panicked and created the fake messages, believing that his supervisors would not accept his story without written evidence. Yet Farrell indicated that he likely would have accepted other evidence, and both Respondent and Kikoski testified that they mostly communicated by phone, not in writing, casting doubt on Respondent's claimed belief that he would find written evidence and desperation at being unable to do so. Moreover, Respondent was still on good terms with Kikoski at the time he created the fake emails. If he truly had already notified Kikoski of the filing irregularities, he could have simply asked Kikoski to confirm his story to Pierce Atwood. The fact that he did not, choosing instead to fabricate evidence out of whole cloth, seriously detracts from his credibility.

Further, the Court finds that Respondent created a fourth fake email which he submitted to the BBO in September 2016. This email is dated July 31, 2015, which was just after Kikoski began receiving Notices of Abandonment for EAH's patents, and purports to advise Kikoski of the need to settle on a fee arrangement with Respondent, finalize EAH's LLC agreement, clear up an outstanding balance at Byrne Poh, and provide Pierce Atwood with advance payments before the abandonment notices can be addressed. However, Respondent now concedes that he never sent this message to Kikoski.

Respondent asserts the email is not a fake message, but merely a draft he created as a memo to himself. But this explanation rings hollow. The supposed "memo" begins with the salutation "Hi John" and concludes, "Please get back to me as soon as you can. Best regards, Gary." It is addressed to the same invalid [REDACTED] email address as the other three faked messages. It contains a header indicating it was sent from Respondent's personal email account, and because Respondent declined to produce an electronic version of the message during the OED investigation, OED was unable to check the metadata to evaluate when it was created and whether it was sent. Further, the body of the message reads not as a memo-to-self, but as a notice to Kikoski of issues in need of resolution before EAH's abandoned patent applications can be reinstated. If Respondent truly drafted the document on July 31, 2015, as he

claims, it is unclear why he never sent it to his client to clarify the work that needed to be done. Instead, he submitted it to the BBO in 2016 as evidence of client communications, (although he claims to have later retracted it), raising suspicions that he prepared it for that very purpose. In sum, there is every reason to believe that this email, like the three Respondent forwarded to Farrell in April 2016, was also fabricated to serve as evidence of client communications that never actually took place. The fact that Respondent continued to falsify evidence, and continues to lie about it before this Court, strikes another severe blow to his credibility.

In addition, contrary to Respondent's assertions, the fabricated emails do not represent an isolated incident of dishonesty on his part. Respondent has shown himself to be less than truthful in numerous other instances, including in situations having nothing to do with EAH.

For example, in May 2007, an Administrative Law Judge for the International Trade Commission (ITC) determined that, while prosecuting two patents in 1988, Respondent had affirmatively misrepresented material facts with the intent to deceive USPTO. Specifically, the ITC judge found that although Respondent had told his client he was amending a patent specification to broaden the claims, he led the patent examiner to instead believe that the amendment was non-substantive. OED staff attorney Roberts conducted his own investigation and separately concluded that Respondent had been dishonest to the patent examiner, although the statute of limitations prevented OED from bringing any disciplinary action.<sup>8</sup>

As another example, at the outset of the hearing, when questioned about his work for the Wingate Capital startup, Respondent gave testimony that conflicted with allegations he had previously raised in his lawsuit against Wingate, Walpert v. Jaffrey, 127 F. Supp. 3d 105 (S.D.N.Y. 2015). Specifically, he denied participating in litigation or creating two LLCs for Wingate while he was the company's in-house counsel, directly contradicting his prior testimony in Walpert v. Jaffrey. Also, he initially disclaimed knowledge of the Walpert v. Jaffrey lawsuit, stating that he did not recognize the District Court's written decision when confronted with it at hearing. It is a mystery why Respondent would claim ignorance of a lawsuit he filed and deny the allegations he raised in that suit, especially considering their minimal relevance to this matter. However, this does not inspire confidence in his honesty and credibility as a witness.<sup>9</sup>

Respondent suggests that it is Kikoski who has been lying throughout this proceeding because Kikoski does not want to make representations inconsistent with the allegations he raised against Respondent while pursuing a settlement from Pierce Atwood. However, there is

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<sup>8</sup> Respondent argues that the ITC judge's finding of inequitable conduct was not final and states that he disagrees with it. However, the record shows that the judge's finding was not disturbed by the ITC on appeal, and it is fully supported by the reasoning spelled out in the judge's written decision and by Roberts' testimony describing his separate investigation.

<sup>9</sup> The OED Director argues that Respondent's credibility is further impaired by Wingate's allegation in Walpert v. Jaffrey that Respondent created a fake employment contract. Before the District Court, Respondent had produced a contract purporting to show Wingate's agreement to pay him \$900,000 per year as general counsel, while Wingate alleged that the contract was forged and that Respondent had not actually performed any work for the company, citing an email he had sent a colleague at his then-firm Byrne Poh stating, "I am planning to do almost nothing for them [Wingate] and concentrate on the [Byrne Poh] patent practice until a major breakthrough, *i.e.*, money shows up. Still not too likely." 127 F. Supp. 3d at 111-12, 131-32. However, these disputes were not resolved on the merits, as the District Court entered default judgment in Respondent's favor after Wingate's CEO sold his assets, fled the country, and failed to appear at trial. Id. at 124-28. Accordingly, it would be inappropriate to hold Wingate's allegations against Respondent in this proceeding.

no indication Kikoski engineered his testimony to bolster his settlement position. The settlement was already a done deal by the time he testified in this matter. He appeared only pursuant to a subpoena from USPTO.<sup>10</sup> He is not a party to this proceeding and his interests are not aligned with the OED Director's. In short, his motives to dissemble are minimal.

By contrast, Respondent has a clear motive to bend the truth to preserve his own self-interest, and the record shows that he has consistently acted in a self-serving manner throughout this matter, valuing his own interests over the interests of his firm, his client, and the truth. When Respondent's supervisors at Pierce Atwood discovered problems with the [REDACTED], [REDACTED], [REDACTED], and '450 applications, Respondent admittedly engaged in a deceit with the goal of preserving his own interests when he fabricated emails to try to save his job. When the firm fired him on April 21, 2016, he did not disclose to his client the full circumstances surrounding his termination. In particular, he did not advise EAH that the events precipitating his termination related to his work for EAH. According to Kikoski, Respondent instead reported that he had had a disagreement with management and instructed Kikoski to immediately write emails proclaiming EAH's continued loyalty to Respondent.

In a June 17, 2016 letter to the Massachusetts BBO, Respondent later cited one of these April 21 emails to suggest that all was well with his client, even though he and Kikoski had apparently ended their business relationship during a phone call four days earlier. Respondent's representations to the BBO spurred EAH to write to the disciplinary board stating, among other things, that the company had remained loyal to Respondent only because he had initially concealed the true circumstances of his departure from Pierce Atwood and his mishandling of EAH's patent portfolio. Although Respondent had finally given EAH a full accounting of his actions on June 13, 2016, EAH surmised that he had done so only because he was under investigation by then.

Thus, the evidence reveals that, to preserve his own interests, Respondent lied to his firm about client communications until confronted with evidence of his deception. Similarly, after being fired, he self-servingly misrepresented to his client the circumstances surrounding his termination until the BBO began investigating and his attorney advised him to come clean. He then continued to present to the BBO a version of the facts that was skewed to present him in a favorable light. In context, and considering the other evidence of Respondent's lack of trustworthiness, the Court does not believe his unsupported testimony that he timely notified EAH of the irregularities involving the [REDACTED], [REDACTED], [REDACTED], and '450 applications. Instead, the Court credits Kikoski's representations that EAH did not learn of the irregularities until June 13, 2016, at which time Respondent also asked Kikoski to lie to the BBO on his behalf.

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<sup>10</sup> Kikoski did receive a list of written questions from USPTO before testifying, raising concerns that he could have prepared his answers ahead of time, but his videotaped testimony satisfied the Court that he did not do so. Counsel for the OED Director had sent the questions to Kikoski's attorney in August 2018, when USPTO believed Kikoski's deposition would need to be taken by written question in Asia, but Kikoski had returned to the country very shortly thereafter. When asked whether he had reviewed the questions ahead of time, Kikoski testified, "I know that there were documents sent to [my attorney], I just didn't have the opportunity to look at those in detail ... I could open one of the attachments and it was an overwhelming attachment and I literally had just gotten off a plane in San Francisco Airport and changing planes [sic] and I just didn't have an opportunity to go and review that document." He also stated that he had later tried to review the document to prepare for deposition but could no longer access the email attachment. Because Kikoski seemed to think he should have reviewed the questions ahead of time, as he was providing excuses for not looking at them, the Court believes he would have said so if he did.

USPTO's Rules of Professional Conduct require a patent practitioner to properly communicate with his client, which includes keeping the client reasonably informed about the status of the matters the practitioner is handling, consulting with the client regarding how to accomplish the client's goals, and explaining matters to the extent reasonably necessary to permit the client to make informed decisions. 37 C.F.R. § 11.104. The Rules also require a practitioner to act with "reasonable diligence and promptness" in representing clients. *Id.* § 11.103. A practitioner also must provide "competent representation," which requires him to demonstrate "the legal, scientific, and technical knowledge, skill, thoroughness and preparation reasonably necessary for the representation." *Id.* § 11.101; see also *In re Stecewycz*, Proceeding No. D2015-09, slip op. at 13-14 (USPTO Dec. 16, 2015) (explaining that minimum level of effective representation required by USPTO involves exhibiting professional responsibility, being prepared, acting with reasonable diligence and promptness, and not neglecting legal matters entrusted to the practitioner).

Respondent violated these requirements when he failed to promptly notify EAH of the irregularities involving the [REDACTED], [REDACTED], [REDACTED], and '450 applications or to consult with the client regarding how to address these issues, instead choosing to ignore them. Respondent also did not handle the four patent applications in question diligently and competently. He has stipulated that EAH relied on him to handle all of its intellectual property matters, yet when OED asked about his work on these four applications, he could not recall the names of the Pierce Atwood staff to whom he had assigned the work or any details such as how much work was performed and on what dates. He claims that all of EAH's patent applications were interrelated and that he intended to eventually combine them into one or more all-encompassing utility applications, yet he did not retain files for the many applications that pre-dated his tenure at Pierce Atwood, nor did he enter any of the prior applications into Pierce Atwood's docketing system, which would have generated reminders for USPTO deadlines and allowed the staff working on EAH's matters to keep track of the interrelated applications.<sup>11</sup> Under Respondent's watch, the [REDACTED] application was filed late; the [REDACTED] and [REDACTED] applications were filed late, with essential components missing, and claiming the wrong priority dates<sup>12</sup>; and the '450 application went abandoned for failure to

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<sup>11</sup> Pierce Atwood employs a commonly used computerized docketing system that automatically calculates upcoming USPTO deadlines in patent matters. Farrell testified that if Respondent had told the firm about the patent applications he had filed for EAH before he began working there, the applications would have been added to the docketing system, but they were not. When asked by OED whether Kikoski would have reasonably expected EAH's prior applications to be docketed with Pierce Atwood, Respondent stated that Kikoski had never expressed any interest or concern on this point. This is undoubtedly true, as one would not expect a client to be aware of a law firm's internal docketing procedures. But it is not the client's role to specifically instruct his attorney to properly enter matters into his firm's tracking system. A client should be able to reasonably rely on his lawyer to keep track of the matters the lawyer is responsible for handling. Respondent's statement to OED, though likely not technically false, serves as another example of his tendency to present the facts in a skewed and self-serving manner.

In addition, Respondent's failure to keep records of his client's matters shows a lack of diligence and competence as a representative and fits with a pattern of leaving his files behind whenever he changed jobs. To explain why he did not have records of the 2007 ITC matter, he testified that one of his former firms, K&L Gates, had left boxes of files outside his home after he stopped working for them and the documents were ruined by rain. He also told OED that while he was working as Wingate's general counsel, his files were lost when Wingate was evicted from its office space for nonpayment of rent. The Court is not impressed by these stories and believes it is incumbent upon an attorney to keep better track of client records.

<sup>12</sup> The OED Director suggests that Respondent intentionally misrepresented the priority dates on these applications to make it appear they were filed on time. Respondent counters that it would have been nonsensical for him to do so, as it is impossible to deceive USPTO about filing dates, and asserts he was merely mistaken about the priority

pay the filing fees. Despite receiving notifications of these problems both from USPTO and from Pierce Atwood staff, and despite the fact that Pierce Atwood's docketing system warned of irregularities for all four applications, there is no indication Respondent took action to address the problems or made EAH aware of them until June 13, 2016. Because he did not keep EAH promptly and reasonably informed of the status of the applications and failed to exercise the diligence and competence required of a patent practitioner, the Court finds that he violated §§ 11.101, 11.103, and 11.104 as charged.

Respondent engaged in further misconduct when he falsely represented to the Massachusetts BBO and to OED that he had timely informed EAH of the filing irregularities prior to April 2016. USPTO's Rules of Professional Conduct prohibit a practitioner from knowingly making a false statement of fact or law to a tribunal and from offering evidence known to be false. 37 C.F.R. § 11.303(a)(1), (3). A practitioner is also prohibited from knowingly making a false statement of material fact, or knowingly failing to disclose a fact necessary to correct a known misapprehension, in connection with a disciplinary matter. *Id.* § 11.801(a), (b). Respondent violated both rules by lying to two disciplinary tribunals while he was under investigation.

In addition, by lying to his firm, the BBO, and OED about whether he had timely informed his client of the filing irregularities, and by asking Kikoski to support this false story before the BBO, Respondent engaged in "conduct involving dishonesty, fraud, deceit or misrepresentation," in violation of 37 C.F.R. § 11.804(c).

As an alternative to the violations the Court has already found, the *Complaint* alleges that Respondent's conduct also violated the catchall provision at 37 C.F.R. § 11.804(i) prohibiting "other conduct that adversely reflects on the practitioner's fitness to practice before the Office." Because the OED Director has not established "other conduct" that would constitute a separate violation of § 11.804(i), the Court declines to find a violation of this provision.

### **Count III** **(misconduct relating to EAH's abandoned patent applications)**

Beginning in July 2015, Kikoski received a series of notices from USPTO stating that EAH's patent applications had been deemed abandoned due to the company's failure to respond to deficiency notices from USPTO. All or almost all of the abandoned applications were nonprovisional utility applications with deficiencies that included missing filing fees and failure to submit a properly executed Application Data Sheet or inventor's oath.

Count III of the *Complaint* alleges that Respondent failed to appropriately communicate with EAH about reviving the abandoned patent applications and failed to file petitions to revive. By reason of this conduct, the OED Director alleges that Respondent has again violated 37 C.F.R. §§ 11.101, 11.103, 11.104, and/or 11.804(i). As discussed above, the first three provisions require a practitioner to act competently, promptly, and diligently and to keep his

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dates because he did not have the files for the provisional applications from which priority was claimed. The Court finds Respondent's explanation plausible. Regardless, however, the error was caused by his lack of diligence.

client reasonably informed regarding the matters the practitioner is handling, while the fourth proscribes “other conduct” that adversely reflects on the practitioner’s fitness to practice.

Respondent concedes that he did not file petitions to revive EAH’s abandoned patent applications, but denies violating any of the cited rules of practice. He claims that Kikoski orally instructed him not to undertake the expensive work of reviving the patent applications until EAH acquired outside funding. He further maintains that he provided proper and competent advice to EAH in accordance with his overarching patent strategy, which entailed filing a series of provisional patent applications to serve as placeholders that would eventually be combined into one or more utility patents, and fully informed Kikoski of the consequences of Kikoski’s decision not to pursue the applications, but EAH simply did not have the financial resources to prosecute them.

Respondent’s account is directly refuted by written evidence showing that he assured EAH he would reinstate its abandoned patent applications. Specifically, Kikoski wrote a series of emails forwarding the Notices of Abandonment to Respondent and asking him to address the matters, then thanking him for his “assurance[s] that the Abandonment Notices received will be resolved as reinstated patents.” In at least one case, Respondent wrote back, “Will do, John.” And consistent with this written evidence, Kikoski credibly testified that Respondent repeatedly reassured him in phone conversations that the abandonment notices were “no big deal,” that everything was still going according to plan, and that Respondent would be able to reinstate the patents without loss of rights.

As for Respondent’s assertion that EAH lacked the financial resources to pursue its patent applications, the only supporting evidence he submitted was a spreadsheet purporting to show that, at the time Respondent left Byrne Poh, EAH owed the firm an outstanding balance of \$910 for disbursements and paralegal services. However, the spreadsheet is of limited probative value, as it is not authenticated, the labels on the columns are blacked out, and it is dated “FY2010-2013,” whereas Respondent testified that he did not leave Byrne Poh until 2014. Moreover, Kikoski testified that Respondent, who was his sole point of contact with Byrne Poh, never told him EAH had an outstanding balance with the firm. Kikoski explained that whenever Byrne Poh billed EAH, Respondent would advise which bills to pay and which ones not to pay, as Respondent was not billing EAH for his own time. This is consistent with Respondent and EAH’s billing arrangement with Pierce Atwood and is entirely believable.

Further, Kikoski and EAH have consistently maintained that they would have paid any necessary fees and expenses brought to their attention by Respondent, including USPTO filing fees. Kikoski even signed an affidavit denying that he or EAH had ever instructed Respondent to forego action on their patent applications due to EAH’s supposed inability to pay mandatory fees and expenses and denying he had ever told Respondent that EAH could not afford such fees and expenses. “[E]very time [Respondent] wanted me to pay a bill or write a check, he’d come to me and ask me, and I would do so,” Kikoski testified. He agreed that, as a startup, EAH wanted to defer as many expenses as possible, but indicated that this mentality did not extend to expenses necessary to preserve the company’s intellectual property rights. Kikoski also denied that Respondent ever asked EAH to pay back fees or advance fees before he would file petitions

to revive EAH's patent applications, and Respondent admits he did not ask his client for money upfront as a condition of working on the patents.

Respondent insists that if EAH had truly valued its patents, it would not have allowed them to die after Pierce Atwood offered to revive them in 2016. According to Respondent, EAH could have kept its patent portfolio alive and preserved its rights by following his strategy of filing one or more integrated utility patents, but Kikoski chose not to do so because "he didn't care and he wasn't willing to spend any of his money." Respondent suggests that EAH's true problems stemmed from the members' inability to attract investors or finalize an operating agreement; the abandonment of the patent applications merely gave Kikoski a convenient excuse to shut down a failing business and pursue a settlement from Pierce Atwood.

Kikoski, however, has explained that EAH was unable to finalize a deal with an investor because the company's key asset, its intellectual property, never reached a licensable state and could not be leveraged to obtain funding due to Respondent's mishandling of the patent portfolio. Kikoski and EAH identified several reasons why the patent portfolio was no longer salvageable by the time Pierce Atwood offered to try to revive it, including that one of the primary inventors had resigned from EAH in disgust at the mishandling of the portfolio and that, due to Respondent's delay in capturing the company's intellectual property rights in the form of patents, EAH had missed its opportunity to monetize its portfolio because the market had caught up to its formerly pioneering ideas. Contrary to Respondent's argument that he could have preserved EAH's intellectual property rights via a strategy that involved creating one or more integrated utility patents, Kikoski and EAH stated that many priority dates had already been lost and many of the utility applications Respondent had already filed were significantly narrower in scope than the provisional applications from which they claimed priority. In addition, the record shows that almost all of EAH's utility applications contained unanswered deficiency notices and subsequent abandonment notices. Respondent has not explained how his dubious and vaguely outlined patent strategy could have resolved these issues without loss of rights.

Based on the foregoing, the Court concludes that Respondent led his client to believe that the Notice of Abandonment were not a major concern and that he would revive its abandoned patent applications as a matter of course without loss of rights, but failed to take action to revive any of them. Respondent may have believed that EAH would not be able to come up with the money necessary to perform the work—although it is also possible that he simply did not diligently follow through with performing the work—but he did not reasonably consult with EAH to advise the client of its options and ascertain how the client wished to proceed. By this conduct, Respondent failed to keep EAH reasonably informed of the status of its patent matters and contributed to the loss of its intellectual property rights. Further, Respondent's conduct did not meet USPTO's standards for competent and diligent representation of clients. For these reasons, the Court finds that Respondent violated 37 C.F.R. §§ 11.101, 11.103, and 11.104. See *In re Warnock*, Proceeding No. D2016-08 (USPTO Apr. 22, 2016) (finding violations of same rules on default judgment when practitioner failed to take steps to revive abandoned patent applications or otherwise protect client's intellectual property rights). The Court again declines to find a violation of 37 C.F.R. § 11.804(i) because the OED Director has not established "other conduct" that would separately violate this catchall provision.



**Count IV**  
**(conflicts of interest and failure to obtain informed consent)**

Count IV alleges that Respondent failed to obtain EAH's informed consent to the risks associated with transacting business with his client. The OED Director asserts that Respondent's 5% ownership interest in EAH created a conflict of interest, but he did not disclose any potential risks to EAH or discuss what might happen to his agreement to represent the company free of charge if there came a time when he no longer believed his ownership interest held any value. By reason of this conduct, the OED Director alleges that Respondent has violated 37 C.F.R. §§ 10.62 (2012), 10.65 (2012), and 11.108(a), and/or §§ 10.23(b)(6) (2012) and 11.804(i).

Sections 10.62 and 10.65 are part of the USPTO Code of Professional Responsibility that governed Respondent's conduct before May 3, 2013. Section 10.62 provides that, except with the consent of the client after full disclosure, a practitioner "shall not accept employment if the exercise of the practitioner's professional judgment on behalf of the client will be or reasonably may be affected by the practitioner's own financial, business, property, or personal interests." 37 C.F.R. § 10.62(a) (2012). Section 10.65 provides that, unless the client has consented after full disclosure, a practitioner "shall not enter into a business transaction with a client if they have differing interests therein and if the client expects the practitioner to exercise professional judgment therein for the protection of the client." *Id.* § 10.65 (2012).

While these rules do not impose an absolute bar on a representation in the presence of a conflict of interest, they do require practitioners to "vigilantly and critically scrutinize all of their business relationships to ensure that they do not accept representation of a client under circumstances where their exercise of professional judgment on behalf of [the] client reasonably could be affected by the practitioner's other interests." *In re Bender*, Proceeding No. D00-01, slip op. at 31 (USPTO Sept. 30, 2003). And when a conflict of interest exists, the rules require the practitioner to, at a minimum, disclose the conflict to the client and explain how it may affect his exercise of professional judgment. *See id.*, slip op. at 32 (requiring practitioner to disclose extent of relationship that created conflict and explain how it might create divergent interests).

Section 11.108(a) came into effect on May 3, 2013, and imposes requirements similar to § 10.62 and § 10.65. Specifically, § 11.108(a) prohibits a practitioner from entering into a business transaction with a client or knowingly acquiring an interest adverse to a client unless (1) the transaction and its terms are fair and reasonable to the client and are fully disclosed in writing in a way that the client can reasonably understand; (2) the client is advised in writing that he should seek the advice of independent legal counsel, and has a reasonable opportunity to do so; and (3) the client gives informed consent in writing to the essential terms of the transaction and the practitioner's role. 37 C.F.R. § 11.108(a). Thus, the rule treats any business transaction with a client as an inherent conflict of interest that requires written consent after full disclosure.

In this case, the OED Director argues that Respondent's acceptance of an ownership interest in EAH in lieu of receiving a cash fee for legal services created a conflict of interest because it gave rise to a risk that his motivation to diligently provide services would be affected by how much he valued his interest in the company. In particular, Respondent's belief that EAH was not enjoying success may have led to his lack of communication with the client, whereas he

would have been more diligent if he had been billing EAH on an hourly basis, according to the OED Director. Kikoski has indicated that Respondent did not disclose or discuss any risks or potential conflicts of interest arising out of his compensation arrangement; Kikoski simply trusted Respondent based on their longstanding friendship. The OED Director argues that Respondent should have disclosed the risks of the compensation arrangement to EAH and obtained the client's informed consent.

Respondent admits that he did not obtain informed consent from EAH to the risks associated with transacting business with a client, nor did he disclose the risk that, under his compensation arrangement with EAH, his motivation to continue diligently providing legal services might be affected by how much he valued his interest in the company. However, Respondent questions whether any risks or conflicts of interest existed and argues that he did not violate USPTO's rules of conduct.

First, he argues that EAH was separately represented by a qualified corporate counsel. The record does show that EAH hired a corporate attorney on a deferred-fee basis in May 2014 to try to help the company finalize an LLC agreement. But this is not relevant to the question of whether Respondent's ownership interest in EAH created a conflict of interest that could have influenced his representation of the company as intellectual property counsel.

Respondent asserts that he never actually received a 5% ownership interest in EAH because the members of the startup never executed an operating agreement. Because there was no operating agreement, he argues, his odds of receiving financial remuneration were "tentative at best, zero at worst" and he "really didn't have a financial interest in the LLC." However, Respondent admitted to the Massachusetts BBO that he held a minority interest in EAH. Kikoski explained that Respondent was promised this equity stake as compensation for providing legal services. Whether Respondent financially profited from his interest is beside the point.

Respondent disputes that the 5% interest was given to him as compensation for legal services, variously asserting that it was conveyed gratuitously or simply because he was a co-founder of the company, but these assertions are unpersuasive. Kikoski, whom the Court has already found to be a credible witness, explained that EAH's co-founders received a stake in the company "to compensate them for the time and effort that they are putting in" and testified that Respondent had asked for a 5% interest during a verbal discussion of what would constitute fair compensation for his legal services. And Respondent admits he did not receive any other compensation for serving as EAH's intellectual property counsel. The 5% interest was obviously understood by both Respondent and EAH to have been conferred in lieu of legal fees as compensation for legal services.

Respondent testified that he did not perceive any risks in his compensation arrangement because his interests were aligned with the client and with Kikoski, with whom he had shared a long friendship prior to his representation of EAH. Respondent also testified that although he was "aware generally that there was a conflict with a client," he did not consider it significant because "[i]f it didn't work out well, I'd be no worse off than I was before."

Respondent misapprehends the nature of the risks his compensation arrangement created for the client. The arrangement encouraged Respondent to view EAH as a money-making venture instead of a client and to balance the time and effort he put into the representation against the value of his potential return. If he stopped believing that the venture would be profitable—whether because he believed no funding was forthcoming, because he realized EAH’s intellectual property rights had been lost through his own neglect of the patent portfolio, or for any other reason—he would not have been motivated to continue diligently representing EAH’s interests. It would have been in his own best interests to cut his losses and not spend any more time on the venture.

By contrast, other members of EAH such as the primary authors of the patents made more significant outlays in sweat equity by engaging in the innovation, research, and development necessary to create EAH’s inventions. These members likely wanted to preserve the company’s rights in its intellectual property, even at a cost, so that they would not lose the equity they had already contributed. In fact, one of the primary inventors was so disappointed in Respondent’s failure to preserve the company’s intellectual property rights that he resigned from EAH and is no longer on good terms with the other members, according to Kikoski. If EAH had been represented by a disinterested outside counsel being paid regular attorney fees, counsel would have likely discussed with the client whether to continue prosecuting the patent applications, rather than simply abandoning the work when it appeared that the company would not be profitable. But Respondent had no motive to continue working for free. As he stated at hearing, “My reason with working for [Kikoski] ... was not to gratuitously give him thousands of hours of billable time.”

Accepting an interest in a client’s business as compensation for legal services constitutes a “business transaction” that requires a practitioner to make written disclosures and obtain the client’s informed consent in writing pursuant to 37 C.F.R. § 11.108(a). See ABA, MODEL RULES OF PROF’L CONDUCT R. 1.8 cmt. 1 (2017) (stating that requirements of Rule 1.8, which is analogous to § 11.108, “must be met when [a] lawyer accepts an interest in the client’s business or other nonmonetary property as payment”); ABA Comm. on Ethics & Prof’l Responsibility, Formal Op. 00-418 (2000) (requiring compliance with rule where attorney acquired stock in client corporation in lieu of cash fee). Respondent engaged in such a transaction, but admits he did not disclose the associated risks or obtain informed consent from EAH. (Stips 93, 95.) Accordingly, Respondent violated § 11.108(a) on and after May 3, 2013, by engaging in an ongoing business transaction with EAH whereby he held a 5% ownership interest in the company in exchange for his legal services, and by failing to obtain EAH’s informed consent to this arrangement in writing.

Further, because Respondent’s ownership interest in EAH reasonably may have affected his exercise of professional judgment as EAH’s intellectual property counsel, he should not have accepted this job without obtaining informed consent to the conflict of interest. 37 C.F.R. § 10.62 (2012). And because his compensation arrangement constituted a business transaction in which his interests diverged from EAH’s, he should not have engaged in this transaction without obtaining informed consent. 37 C.F.R. § 10.65 (2012); see also Comm. on Prof’l Ethics & Conduct v. Mershon, 316 N.W.2d 895 (Iowa 1982) (finding that attorney violated ethics rules by forming corporation with client without fully disclosing potential conflict of interest, even

though attorney acted honestly and did not profit from the transaction). Because he did not obtain the client's consent after full disclosure of the conflicts of interest, Respondent's conduct prior to May 3, 2013<sup>13</sup> violated § 10.62 and § 10.65.

The Court declines to find additional violations of the catchall provisions at § 10.23(b)(6) (2012) and § 11.804(i), both of which prohibit "other conduct that adversely reflects on the practitioner's fitness to practice," because the OED Director has not established "other conduct" that would warrant finding a separate violation.

**Count V**  
**(lack of candor before Massachusetts BBO)**

Count V alleges that Respondent lied to the Massachusetts BBO about his disciplinary history. While Respondent told OED that he "has had a long and distinguished career as a patent attorney and *has never been subject to discipline*," he told the Massachusetts BBO that he "has had a long and distinguished career as a patent attorney and *has no record of prior disciplinary issues*." The OED Director alleges that the differing language was intended to mislead the BBO, which would not have had access to OED's records showing that Respondent had, in fact, been subject to a disciplinary investigation by OED from 2007 to 2009 and had been issued a warning letter by OED. By reason of this conduct, the OED Director alleges that Respondent has again violated 37 C.F.R. §§ 11.303, 11.801(a), 11.804(c), and/or 11.804(i). As noted above, § 11.303 requires candor before a tribunal, § 11.801(a) requires candor in connection with disciplinary matters, § 11.804(c) proscribes dishonest conduct, and § 11.804(i) proscribes "other conduct" that adversely reflects on fitness to practice.

The OED disciplinary investigation that took place in the late 2000s stemmed from an ITC Administrative Law Judge's May 2007 determination that Respondent had engaged in inequitable conduct when prosecuting a patent in 1988. OED staff attorney Roberts investigated the matter and independently concluded that Respondent had been dishonest to the patent examiner and disrespectful of the integrity of the patent system. However, at the time of the investigation, the statute of limitations barred OED from taking disciplinary action. *See* 28 U.S.C. § 2462; *Johnson v. SEC*, 87 F.3d 484 (D.C. Cir. 1996). Thus, the OED Director ended the investigation by sending a warning letter to Respondent on January 30, 2009 briefly summarizing the investigation and concluding that Respondent's conduct "may not be sanctionable discipline [sic] at this time under these exact circumstances, but nonetheless does warrant that [Respondent] be warned against future misconduct" involving the disciplinary rules in question. The letter did not mention the statute of limitations.

Roberts testified that a warning letter is not public and is not considered a form of discipline or a sanction under USPTO rules, but it "involves disciplinary issues." Thus, Respondent should not have represented to the BBO that he had no record of disciplinary issues. However, Roberts admitted that the standard as to what constitutes a "disciplinary issue" is somewhat subjective.

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<sup>13</sup> The precise date on which Respondent was offered an ownership interest in EAH is unclear. However, he had become involved by April 20, 2013, at the latest, as he signed a confidentiality agreement on that date and has stipulated that he provided legal advice to the company beginning in April 2013. Thus, the transaction whereby he agreed to provide legal services in exchange for an ownership interest must have occurred in or before April 2013.

Respondent testified that he believed his statement to the Massachusetts BBO was true at the time he made it because he did not recollect having a record of prior disciplinary issues. After receiving OED's warning letter in 2009, he recalled being advised by his then-counsel that he had nothing to worry about. He was not aware he had escaped discipline only because of the statute of limitations. Respondent further asserts that he had no intent to mislead the BBO. In a show of good faith, after OED first questioned Respondent about the discrepant language, Respondent sent a letter to the BBO in June 2017 addressing the issue and enclosing a copy of the 2009 warning letter.

Although Respondent has shown dishonesty in many other contexts, the OED Director has not established by clear and convincing evidence that he knowingly misrepresented his disciplinary history to the BBO. The 2009 warning letter, while sternly worded, concluded that Respondent's conduct was not sanctionable without mentioning the statute of limitations. Respondent may have reasonably believed that this was a decision on the merits and that the situation did not rise to the level of a noteworthy "disciplinary issue." Moreover, a review of Respondent's letters to the BBO and OED reveals that the paragraphs containing the discrepant language differ in numerous other minor ways. Therefore, it does not appear that Respondent made just one change with the intent to substantially alter the meaning. Instead, the paragraphs may have simply been drafted at different times and edited slightly differently. In addition, the letters were prepared and signed by Respondent's attorney, not by Respondent himself. For all these reasons, the Court declines to find that Respondent violated the Rules of Professional Conduct as charged in Count V.

### **Conclusion**

After considering all the evidence in the record, the Court finds as follows:

- Count I: The Court has already found that Respondent violated § 11.804(c) as charged.
- Count II: Respondent violated §§ 11.101, 11.103, 11.104, 11.303(a), 11.801(a) and (b), and 11.804(c) as charged.
- Count III: Respondent violated §§ 11.101, 11.103, and 11.104 as charged.
- Count IV: Respondent violated §§ 10.62 (2012), 10.65 (2012), and § 11.108(a) as charged.
- Count V: The charged violation has not been established.

### **SANCTIONS**

The OED Director asks the Court to sanction Respondent by entering an order excluding him from practice before USPTO or suspending him for a lengthy period due to his "wide-ranging and longstanding rule violations." Respondent counters that the appropriate sanction is a public reprimand, probation, or a very short suspension, such as a two-month suspension.

In determining an appropriate sanction, USPTO regulations require the Court to consider the following four factors: (1) whether the practitioner has violated a duty owed to a client, the public, the legal system, or the profession; (2) whether the practitioner acted intentionally, knowingly, or negligently; (3) the amount of the actual or potential injury caused by the misconduct; and (4) the existence of any aggravating or mitigating factors. 37 C.F.R. § 11.54(b). The Court often looks to the American Bar Association's Standards for Imposing Lawyer Sanctions for guidance when determining the proper length and severity of a sanction, or when determining whether aggravating or mitigating factors exist. See *In re Chae*, Proceeding No. D2013-01, slip op. at 4 (USPTO Oct. 21, 2013); ABA, STANDARDS FOR IMPOSING LAWYER SANCTIONS (2005) ("ABA Standards").

### 1. Violation of Duties Owed

In this case, Respondent violated duties he owed to his client, the public, the legal system, and the legal profession. He violated duties owed to his client by failing to disclose conflicts of interest and obtain informed consent where necessary; by failing to represent EAH diligently and competently; and by failing to reasonably confer with EAH or to keep the company informed of the status of its patent matters, in some cases even misleading the client about the status of its matters and concealing information such as the relationship between EAH's patent applications and Respondent's termination from Pierce Atwood. An attorney stands in a fiduciary relationship to his client in which he owes a duty to represent the client's interests diligently and in good faith. See, e.g., *Carter v. ALK Holdings, Inc.*, 605 F.3d 1319, 1325 (Fed. Cir. 2010); *In re Bender*, slip op. at 20. Respondent breached his fiduciary relationship with EAH by misleading the client and failing to protect the client's interests.

Respondent also violated duties owed to the public, the legal system, and the legal profession. As an officer of the court and a representative of the judicial system, an attorney bears a duty of honesty and integrity. Respondent utterly disregarded this duty when he fabricated evidence of client communications, lied to his firm, misled his client, and made material misrepresentations to the Massachusetts BBO and OED during disciplinary investigations. Such conduct is prejudicial to the administration of justice and decreases public confidence in the integrity and professionalism of the patent bar and its ability to self-regulate. As argued by the OED Director, "no single transgression reflects more negatively on the legal profession than a lie." *In re Young's Case*, 913 A.2d 727, 736 (N.H. 2006).

### 2. Whether Respondent Acted Intentionally, Knowingly, or Negligently

Respondent acted intentionally in fabricating the emails at issue in Count I. He also acted intentionally when he lied to his firm, the BBO, and OED about whether he had advised EAH of the filing irregularities at issue in Count II and tried to recruit Kikoski to support his false story.

Respondent acted knowingly and negligently in failing to represent EAH with diligence and competence and failing to properly communicate with the client as charged in Counts II and III. He also acted knowingly and negligently in failing to obtain informed consent to conflicts of interest as charged in Count IV. Had he "vigilantly and critically scrutinize[d]" his business relationship with EAH, as required under USPTO's conflict-of-interest rules, see *In re Bender*,

slip op. at 31, he would have recognized the existence of conflicts of interest that triggered an obligation to make full disclosure and obtain the client's informed consent.

### 3. Actual or Potential Injury Caused

The OED Director argues that Respondent's actions caused significant actual harm to his client, as Kikoski testified that EAH was "devastated" by Respondent's mishandling of its patent portfolio and was left with "no IP" and a reputation that was "tarnished and ... in tatters." Respondent denies harming his client, arguing that EAH was overvalued, that the company failed due to its inability to attract investors and settle internal disputes over an operating agreement, and that Kikoski could have revived the patent portfolio but chose to let it die.

The Court has already rejected some of Respondent's arguments and has found that his lack of diligence and competence as patent counsel contributed to the loss of EAH's intellectual property rights. According to a term sheet dated April 1, 2016, EAH's members valued the company at \$100 million. Respondent characterized this as an "outlandish value," but Kikoski testified that the term sheet was prepared with Respondent's input and the \$100 million figure was based on the estimated value of EAH's intellectual property on the open market. Respondent himself seemed to agree that EAH was founded on valuable ideas, as he noted that the goal of the company "was wonderful" and "saved lives." The Court need not determine the precise value of the company or its intellectual property to conclude that Respondent caused significant harm by failing to preserve EAH's rights in its inventions.

### 4. Aggravating and Mitigating Factors

The American Bar Association has promulgated a list of potential aggravating and mitigating factors to be considered when assessing disciplinary sanctions for attorneys. See ABA Standards §§ 9.22, 9.32. The OED Director asserts that a number of aggravating factors warrant a severe sanction in this case, including a prior disciplinary offense, a selfish and dishonest motive, a pattern of misconduct, multiple offenses, submission of false evidence, Respondent's refusal to acknowledge the wrongful nature of his conduct, and Respondent's substantial experience in the practice of law. Respondent counters that a lenient sanction is appropriate because his fabrication of emails was an isolated incident and he is 76 years old and does not expect to practice law much longer.

Respondent's fabrication of emails to submit to his employer as false evidence of client communications was an egregious act of dishonesty, and as discussed above, it was not an isolated incident. Rather, Respondent has engaged in a pattern of dishonest conduct motivated by his own self-interest. This has included lying to his employer in an attempt to save his job, concealing information from EAH in an attempt to preserve his good relationship with the client, creating yet another fake email for submission to the BBO in an attempt to protect his bar license, and making material misrepresentations to both the BBO and OED during their disciplinary investigations. Respondent's actions have violated multiple USPTO rules of conduct. He professes great remorse for fabricating the three emails he submitted to Pierce Atwood, but he has not admitted any other wrongdoing and has continued to bend the truth before this Court, such as when he insisted, implausibly, that the fake email he submitted to the

BBO was merely a memo-to-self. These are significant aggravating factors supporting the imposition of a severe sanction.

Respondent has been practicing law for more than forty years without incurring any known sanctions until now. However, the record shows he was dishonest toward USPTO in 1988 and avoided sanctions only because his misconduct was not detected until after the statute of limitations had run. Accordingly, his clean disciplinary record does not outweigh the substantial aggravating factors present in this case. Moreover, as an experienced practitioner, Respondent should have known better than to engage in the bad behavior at issue here.

As for Respondent's argument that exclusion or a lengthy suspension will disproportionately impact him because he is 76 years old, he has not cited any precedent suggesting it is appropriate to consider advanced age as a mitigating factor. This would compromise the intended deterrent effect of disciplinary sanctions by suggesting to older practitioners that they will be held to a more lenient standard.

#### 5. Conclusion

Respondent has violated duties owed to his client, the public, the legal system, and the legal profession. He acted with a high degree of culpability in purposely fabricating documents and lying to his employer and two disciplinary tribunals. He also caused significant harm to his client. A number of aggravating factors are present that weigh in favor of a serious sanction, especially the fact that Respondent engaged in a pattern of misconduct with dishonest and selfish motives. After considering all the evidence and the factors discussed above, the Court determines that Respondent's misconduct warrants exclusion from practice before the USPTO.

#### ORDER

For the reasons set out above, Respondent shall be **EXCLUDED** from practice before the U.S. Patent and Trademark Office.<sup>14</sup>

So **ORDERED**,



Alexander Fernández  
United States Administrative Law Judge

**Notice of Appeal Rights:** Within thirty (30) days of this initial decision, either party may appeal to the USPTO Director. 37 C.F.R. § 11.55(a).

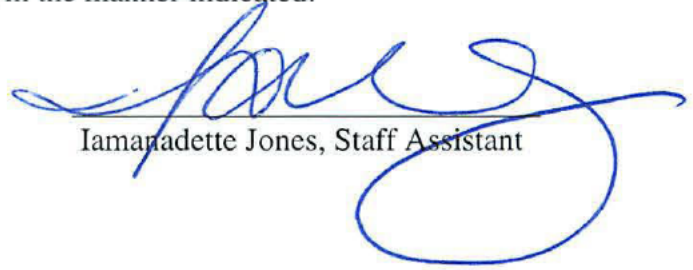
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<sup>14</sup> Respondent is directed to 37 C.F.R. § 11.58, which sets forth Respondent's duties while excluded. Respondent shall remain excluded from the practice of patent, trademark, and non-patent law before the USPTO unless and until the OED Director grants a petition reinstating Respondent pursuant to 37 C.F.R. § 11.60.



**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing **INITIAL DECISION AND ORDER** issued by Alexander Fernández, Administrative Law Judge, in D2018-07, were sent to the following parties on this 14<sup>th</sup> day of June, 2019, in the manner indicated:



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