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Gunn v. Minton: Terrorizing Patent Practitioners with "Arising Under" Jurisdiction in Patent Malpractice Cases

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Outline

- Introduction
- What is attorney malpractice?
- State jurisdiction? Why and an example
- Federal jurisdiction? Why? How? Fed. Cir. asserts
- Minton v. Gunn – the Texas edition
- *Byrne* and the O'Malley dissents
- Gunn v. Minton – the Supreme Court version and "the terror"

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What is attorney malpractice?

- A private action against an attorney to remedy harm suffered by a client or an associated third-party due to an attorney's professional action or omission
- Malpractice is a state-based cause of action
  - "Legal malpractice has traditionally been the domain of state law, and federal law rarely interferes with the power of state authorities to regulate the practice of law." Singh v. Duane Morris LLP, 538 F.3d 334 (5th Cir. 2008)
  - Theory of recovery is usually based upon contract, tort, a fiduciary principle or standard of behavior

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What is attorney malpractice?

- For example, Texas law:
  - Peeler v. Hughes & Luce, 909 S.W.2d 494, 496 (Tex. 1995)
    - Attorney owed plaintiff a duty stemming from the relationship;
    - Attorney breached that duty;
    - The breach proximately caused plaintiff's injuries, and
    - Damages
  - Williams v. Briscoe, 137 S.W.3d 120, 124 (Tex. App. – Houston [1st Dist.] 2004, no writ)
    - Plaintiff has burden to prove success on the underlying cause of action

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What is attorney malpractice?

- For example, Texas law:
  - Ballesteros v. Jones, 985 S.W.2d 485, 489 (Tex. App. – San Antonio 1998, pet. denied)
    - To prove the causation element, the plaintiff must establish that the underlying action would have been successful "but for" the attorney's negligence
    - "Case within a case" or "suit within a suit"
- Most other jurisdictions have similar 3-4 elements and "case within a case" structure to evaluate the prior underlying action

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What is attorney malpractice?

- Examples of (alleged) malpractice
  - Tomar Electronics v. Watkins III, 2009 WL 2222707 at *1 n.1, *5 (D. Ariz. 2009)
    - Disbarred attorney for misappropriating information, acquiring an ownership interested adverse to client without consent; lack of candor to PTO by making materially false statements; negligent in preparation of an infringement opinion; attorney showed "a clear pattern and practice of violating court orders" that "undermined the integrity of [the court] and our judicial system" during a patent infringement suit in Minnesota

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What is attorney malpractice?

- Examples (con't)
  - Lemkin v. Hahn, Loeser & Parks, LLP, 2010 WL 1881962 at *2 (Ohio Ct. App. 2010)
    - Patent draftsman claims to be co-inventor (draftsman isn't a client); failure to prosecute application when the application was discontinued by inventor's co.
  - Parus v. Banner & Witcoff, Ltd., 585 Supp.2d 995, 997 (N.D. Ill. 2008)
    - Attorney facilitating trade secret misappropriation by disclosing PAIR file and TS information to conflicting party; conflicting representation; intentional misidentification of patent applications to conceal competing patent applications from the principle client

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What is attorney malpractice?

- Examples (con't)
  - Cold Spring Harbor Laboratory v. Ropes & Gray LLP, 762 F.Supp.2d 543, 549-50, 554 (E.D.N.Y. 2011)
    - Copied +11 pages of text from prior art patent application; failed to distinguish client's invention over the prior art application during prosecution; attempted to blackmail client into signing waiver of copying
  - Did you notice that 3 of these four examples are from a federal court?
    - If malpractice actions are state actions, why are so many in federal court? More on that later….

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State jurisdiction? Why ?

- State-based tort
  - +90% of cases reviewed for this presentation were initially filed in state court
- Attorneys are usually proximate to the client
- Malpractice as a dispute is a private, civil matter
- Attorney behavior is regulated by the state and bar
  - Consumer protection
- Malpractice is based upon a concluded, separate legal matter

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State jurisdiction – an example

- *New Tek Manufacturing I* (Neb. 2005)
  - Background
    - 1987 - US Pat. No. 4,640,365
      - Row following guidance device
      - Reissue filed to expand coverage over competitor
    - 1988 - Responsibility shifts from Attorney 1 to Attorney 2
      - Maintenance of '365 and prosecution of reissue application
      - Failed to pay maintenance fee and failed to prosecute
    - 1990 – Revived reissue application; failed to pay '365 maintenance fee
    - 1991 – '365 maintenance fee grace period expires
    - 1992 – Reissue Pat. No. 34080 issues (albeit defectively)

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New Tek Manuf. v. Beehner, 270 N.W.2d 336 (Neb. 2005)

- Background
  - 1994 – Attempt to pay RE'080 maintenance fee rejected
    - PTO rejects fee; RE'080 expired due to failure to pay '365 maintenance fee on time
  - After 1994 – petition to revive '365 and late maintenance fee accepted by PTO
    - RE'080 could not be revived
      - Lost broader reissue claim that focused on competitor's device
    - Intervening rights in original patent due to non-timely maintenance payment

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New Tek Manuf. I

- Malpractice lawsuit
  - 1995 – Attorney sued for professional negligence in state district court
  - *Markman* hearing on RE'080 reissue regarding competitor device
    - Yes, you read that right – a full *Markman* hearing in state dist. ct.
    - Claim construction determined non-infringement; malpractice claim dismissed
  - New Tek appeals
    - Errors in conducting *Markman* hearing; non-enforcement value of RE'080; subject matter jurisdiction for case

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New Tek Manuf. I

- Subject matter determination – 702 N.W.2d 336
  - New Tek argues that Neb. courts do not have jurisdiction under Section 1338(a)
    - Argues that *Christianson* says patent issue in case requires federal jurisdiction
  - Neb. Sup. Ct. disagrees:
    - "Not every case involving a patent question is within exclusive jurisdiction of the federal courts, because not every dispute involving a patent arises under the patent laws within the meaning of § 1338(a)."

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New Tek Manuf. I

- Neb. Sup. Ct. disagrees:
  - "A cause of action will arise under federal patent law when it involves the validity, scope or infringement of a patent …. When patent issues are merely implicated incidentally in a cause of action, however, federal courts do not have jurisdiction of the case pursuant to § 1338."
  - "Patent matters that are primarily concerned with tortious wrongdoing may be tried in the state courts, and where such a state court suit is brought, the validity of a patent or its infringement may properly be considered by the state court."

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New Tek Manuf. I

- Neb. Sup. Ct. disagrees:
  - "The sole cause of action presented in this case is professional negligence." "Patent law is implicated only incidentally in that … alleged damages requires consideration of the **hypothetical** infringement of the [reissue] '080 patent."
    - Note "**hypothetical**" – that comes up again and again and again
      - . . . and again.
  - "[T]he question is whether, absent [Attorney's] negligence, New Tek would have been successful in an infringement action []. The construction and alleged infringement of the '080 patent is relevant only insofar as it helps us to determine who would have prevailed in that **hypothetical** action."

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New Tek Manuf. I

- Neb. Sup. Ct. disagrees:
  - "[I]t is difficult to see how this case arises under federal patent law when on the record before us, the only patent that has been construed, and of which infringement is alleged, has expired. The federal government has no interest in **hypothetical** determinations regarding an unenforceable patent."
- Reversed summary judgment; sent case back to state district court for infringement determination

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Federal jurisdiction? How?

- Subject matter jurisdiction statutes
  - Diversity – 28 U.S.C. § 1332
    - No defendant is a citizen of the same state as any plaintiff
    - Exceeds $75,000
  - Federal Question – 28 U.S.C. § 1331
    - District courts have original jurisdiction of all civil actions arising under the Constitution, laws or treaties of the United States.
    - Citizenship doesn't matter
    - Amount in controversy doesn't matter

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Subject matter jurisdiction statutes

- "Patents, etc." - 28 U.S.C. § 1338
  - (a) District courts have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights. …
- Nothing changed with the America Invents Act re: Section 1338 to avoid "unsettling the law in ways that no one can fully anticipate."

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Christianson v. Colt Industries, 486 U.S. 800 (1988)

- Jurisdictional "tag" between Fed. Cir. and 7th Cir.
  - Federal Circuit – this is an antitrust case
  - Seventh Circuit – this is a patent case; Section 1295(a)
  - Federal circuit – this is an antitrust case but we'll try it anyway
- Holding:
  - The Well-pleaded Complaint Rule: In "arising under" jurisdiction, the plaintiff must at least … make it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction, of patent law.

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Christianson

- Holding:
  - Section 1338(a) jurisdiction extends only to those cases in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims.
  - "Arising under" in Section 1338 is found similar to Section 1331 language to apply Section 1331 cases to Section 1338
    - Sup. Ct. links the two together for linguistic interpretation

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Grable & Sons Metal Products, Inc. v. Darue Eng. & Manuf., 545 U.S. 308 (2005)

- Background:
  - IRS seized real property for federal tax default
  - Grable filed in state court to regain control of property and quiet title several years later
    - Claimed improper service by IRS
  - Darue removes to federal court for interpretation of statut
    - Federal Question: Does "personal service" in tax statute mean "certified mail"?
  - Grable appeals; land title issues are state issues; there's no federal interest here, right?

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Grable

- Holding:
  - Respondent can remove if the action could have originally "arisen under" federal law
  - Federal question jurisdiction can lie over some state-law claims that implicate "significant" federal issues
    - One may resort to the "experience, solicitude, and hope of uniformity that a federal forum offers on federal issues"
    - "Really and substantially involve[s] a dispute or controversy respecting the validity, construction or effect of federal law"
    - Shies away from merely applying federal law in a state-law claim to open the "arising under" door

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Grable

- Holding:
  - The jurisdiction must also be consistent with congressional intent regarding the division of labor between state and federal judiciaries
    - The presence of a disputed federal issue and the importance of a federal forum are never dispositive – must always assess
  - "[W]hether the state-law claim necessarily stated a federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing a congressionally approved balance of federal and state judicial responsibilities."
    - Four-part test: "necessary element", "disputed", "substantial", "federal/state balance" (*Singh*)

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Grable

- Holding:
  - Finding: federal jurisdiction
    - Proper notice is an essential element in case
    - Meaning of a federal tax statute is in dispute
    - Construction of the statute is an important issue of federal law
    - Very rare case that a quiet title action challenges the meaning of a federal statue

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Empire Healthchoice Assurance v. McVeigh, 547 U.S. 677 (2006)

- Background:
  - Health insurance co. seeking reimbursement
    - A state-based tort claim settlement; previously insured federal insurance program
  - Empire evokes federal question jurisdiction (Section 1331)
    - District court dismissed – found no SMJ
    - Affirmed on appeal

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Empire Healthchoice

- Holding (Ginsberg):
  - Result: state jurisdiction
    - Rejected Empire's attempt to bring a state-based reimbursement claim through federal court
    - *Grable* – federal agency, compliance with a federal statue, question is "substantial" and resolution impacts not only that case but others; a "pure issue of law"
      - This case - a state tort claim; "fact-bound and situation-specific"
    - "It is hardly apparent why a proper federal-state balance would place such a non-statutory issue under the complete governance of federal law to be declared in a federal forum. The state court … is competent to apply federal law, to the extent it is relevant …."

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Federal jurisdiction? Why?

- Desire for singular, national treatment of IP law
  - Constitutional basis
  - Establishment of the Federal Circuit (Federal Courts Improvement Act of 1982)
  - Specialized federal agencies (PTO; Library of Congress)
  - America Invents Act
- Practitioners view themselves in an exclusive federal practice
  - Prosecution in front of a federal agency; PTO registration
  - Litigation in federal courts

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Federal jurisdiction? Why?

- States demonstrate confusion over dealing with IP-type issues
  - *Sperry v. Florida*, 373 U.S. 379 (1963)
  - Most IP is based upon federal statutes and common law; federal judges have experience handling

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Federal jurisdiction – Fed. Cir. asserts itself

- *Air Measurement* & *Immunocept*
  - "Odd facts"
    - Two different decisions
    - Decided on the same day (Oct. 15, 2007)
    - Decided by the same Fed. Cir. Panel (Michel, Lourie, Rader)
    - Opinion drafted by the same Judge (Chief Judge Michel)
    - *Immunocept* cites to *Air Measurement* as precedent

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Air Measurement Tech. v. Akin Gump Strauss Hauer & Feld, LLP (Fed. Cir. 2007)

- Background:
  - 1992 - US Pat. No. 5,157,378
    - Self-contained breathing apparatus
    - Four additional continuation patents issue
  - 2000-03
    - Attorney belatedly filed several infringement actions
      - Six infringement actions – all settle out
      - Fired Attorney and hired new counsel

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Air Measurement

- Background:
  - New counsel during litigation discovered "errors" made during prosecution and litigation by Attorney
    - Failed to file first application within 1 year of first sale of SCBA device
    - Failed to disclose two prior art patents during prosecution
    - Failed to timely file application for one of the four continuations
    - Miscalculated settlement damages in one of the six infringement cases
    - Failed to inform client of mistakes
    - Failed to inform client about potential litigation defenses due to mistakes
    - Made misrepresentations to client

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Air Measurement

- Malpractice Lawsuit
  - 2003
    - Filed in Texas state court; Akin Gump removed to W.D.Tex.
    - AMT moved for remand → rejected
      - Substantial question of patent law: "AMT suit necessarily depends on resolution of a substantial question of federal patent law because in order to prevail AMT must establish that their infringement claim where otherwise valid, but that [Attorney's] negligence afforded the patent defendants certain defenses under patent law."

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Air Measurement

- 2006
  - Second challenge to SMJ - based upon *Grable* analysis
  - District court said that *Grable* didn't change analysis but did certify a question to Fed. Cir. on interlocutory appeal:
    - "Whether a Texas state-law legal malpractice claim arising out of underlying patent prosecution and patent litigation necessarily raises a question of federal patent law, actually and disputed and substantial, that a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities."

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Air Measurement

- Federal Circuit SMJ determination – 504 F.3d 1262
  - *Christianson* analysis
    - "This is a matter of first impression"
    - Two-part test finds federal question jurisdiction
    - Look to the well-pleaded complaint at time of removal; not an amended complaint
  - *Grable*: Substantial question of patent law?
    - Seven allegations of error speak to a mix of patent prosecution and litigation errors
    - Case-witin-a-case: "AMT must establish that they would have prevailed in the prior litigation but for [Attorney's] negligence that compromised the litigation" – the case-within-the-case causation determination

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Air Measurement

- Substantial question of patent law?
  - A necessary element = substantiality in *Grable* test?
    - "Because the underlying suit here is a patent infringement action against [defendants], the district court will have to adjudicate, **hypothetically**, the merits of the infringement claim. Because proof of patent infringement is necessary to show AMT would have prevailed in the prior litigation, patent infringement is a 'necessary element' of AMT's malpractice claim and therefore apparently presents a substantial question of patent law conferring § 1338 jurisdiction."
    - "For example, patent infringement is disputed, for there is no concession by [Attorney] that the prior [] litigants infringed AMT's patents, and the issue is substantial, for it is a necessary element of the malpractice case."

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Air Measurement

- Federal-state balance?
  - "We would consider it illogical for the [W.D. Tex.] to have jurisdiction under § 1338 to hear the underlying infringement suit and for us then to determine that the same court does not have jurisdiction under § 1338 to hear the same substantial patent question in the 'case within the case' context of a state malpractice claim."
  - *Grable* is based upon the substantiality and federalism factors. "Here, the patent infringement aspect of the malpractice claim counsels in favor of federal jurisdiction."

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Air Measurement

- Federal-state balance?
  - "There is a strong federal interest in the adjudication of patent infringement claims in federal court because patents are issued by a federal agency. The litigants will also benefit from federal judges who have experience in claim construction and infringement matters. … In § 1338, Congress considered the federal-state division of labor and struck a balance in favor of this court's entertaining patent infringement."
- A repeated sound-bite given by courts following the Federal Circuit precedent: "AMT would certainly have to prove patent infringement; that alone confers § 1338 jurisdiction."

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Immunocept, LLC v. Fulbright & Jaworski, LLP (Fed. Cir. 2007)

- Background:
  - 1996 – U.S. Pat. No. 5,571,418
    - Hemofiltration of toxic mediator-related disease (a.k.a. – septic shock)
  - 2002 – Negotiations with larger medical company
    - Claim 1 – used transition phrase "consisting of"
      - Added during prosecution
    - Potential licensor determined that this was not good enough for protection from competing methods
  - 2005 – Sued Attorney for legal malpractice based upon defective claim language
  - 2006 – Summary judgment on statute of limitations and that valuation of patent is too speculative; Immunocept appeals

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Immunocept

- Federal Circuit SMJ determination – 504 F.3d 1281
  - Sole source of attorney error is a claim re: patent drafting mistake
  - A substantial question of federal law?
    - "Because patent claim scope defines the scope of patent protection, []we surely consider claim scope to be a substantial question of patent law. As a determination of patent infringement serves as the basis of § 1338 jurisdiction over related state law claims, so does a determination of claim scope. After all, claim scope determination is the first step of a patent infringement analysis."

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Immunocept

- Federal-state analysis?
  - Claim scope is a question of law
  - Federal judges have expertise in patent law
  - Uniformity of patent law, e.g., Federal Courts Improvement Act of 1982
- "[W]e hold that where, as here, determination of claim scope is a necessary, substantial, and contested element of a malpractice claim stemming from patent prosecution, there is 'arising under' jurisdiction under § 1338."

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The impact of the two Fed. Cir. decisions

- Most cases after 2007 originally filed in state court are removed to federal court citing *Air Measurement* & *Immunocept*
  - Most malpractice cases still originally filed in state court and then removed; opinions favoring Fed. Cir. are from denial of remand motions
- Affects the progress of several ongoing cases
  - Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP, 107 Cal. Rptr. 3d 373 (Cal. App. 6th Dist. 2010)
  - Minton v. Gunn, 301 S.W.3d 702 (Tex. App. - Fort Worth 2009)

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The impact of the two Fed. Cir. decisions

- Decisions are considered a significant change to malpractice law. Mallen & Smith, Legal Malpractice, § 24:24 at 664-65
  - But it didn't change the outcome in one case . . . .

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New Tek Manufacturing II (Neb. 2008)

- Remand from *New Tek I*
  - State district court found on SJ no infringement; dismissed malpractice suit
- Take two on SMJ determination – 751 N.W.2d 135
  - "After this court's decision in New Tek I [], the [] Federal Circuit decided two cases that addressed the issue of whether federal jurisdiction exists under 28 U.S.C. § 1338(a) with respect to legal malpractice actions presenting issues of patent law. In light of those cases, we ordered supplemental briefing from the parties to address whether Nebraska state courts have jurisdiction over the subject matter of this action. We reiterate our determination in *New Tek I*, that this professional malpractice case arises entirely under state law, and conclude that we do have subject matter jurisdiction over the claim."
  - Affirmed decision of state district court; malpractice suit dismissed

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Minton v. Gunn

- Background
  - TEXCEN – trade securities through a telephone network
  - 1995 – signs a lease with stock broker to use TEXCEN
    - Some development still occurring – requires use to certify for NASDAQ – a kind of "chicken/egg" issue
  - 1996 – files provisional application
  - 2000 – U.S. Pat. No. 6,014,643 issues

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Minton v. Gunn

- Background
  - Patent litigation – Minton v. NASD, Inc., 226 F. Supp. 2d 845 (E.D. Tex. 2002)
    - Didn't tell litigation counsel about the TEXCEN lease; NASD found it in discovery
    - Patent found invalid on § 102(b) "on sale" bar and obvious over prior art patent
    - Argued for reconsideration that TEXCEN was experimental at time of lease;
      - Denied → fired counsel

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Minton v. Gunn

- Background
  - Appeal - Minton v. NASD, Inc., 336 F.3d 1373 (Fed. Cir. 2003)
    - Again argued experimental use using new counsel
    - Too bad, so sad – you should have brought that up during trial
      - "The experimental use doctrine has long been a fixture of patent law . . . , and Minton was surely aware of the experimental use exemption when NASDAQ filed its summary judgment motion. . . . . Nor has Minton come forward with any other justification for his tardiness in raising the issue. On the other hand, Minton's shifting tactics certainly had some prejudicial effect on NASDAQ, who was forced to respond to Minton's new argument, and placed an extra burden on the court, which had already carefully sifted through the numerous complex issues in the case to reach a final decision."

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Minton v. Gunn

- Background
  - Malpractice suit - 2006 WL 3542699
    - 2004 – Filed malpractice action in state court for $100,000,000
    - 2006 – Minton v. Gunn, No. 048-207288-04 (48th Dist. Ct., Tarrant Co., Tex. Sep. 19, 2006) (Order)
      - Grants a no-evidence, take-nothing summary judgment
      - Briefs on appeal indicate the trial court did not struggle with IP issues

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Minton v. Gunn, 301 S.W.3d 702 (Tex. App. - Fort Worth 2009, pet. granted)

- Subject matter determination
  - May 2008 – oral argument before panel
    - All briefs before oral argument are on experimental use evidence until late 2007
    - Subject matter jurisdiction – brought up in late 2007
      - Cites *Air Measurement*
      - Minton originally filed suit in 2004 in Tarrant Co. and now pleads improper jurisdiction! Not the first time this has ever happened….
    - Court asks Minton's counsel about *Grable* factors, how the case is substantial and why the state court's cannot try a patent infringement malpractice case when malpractice is Texas law

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Minton v. Gunn (Fort Worth CoA)

- Majority opinion
  - Must prove by a preponderance of evidence that allegedly negligent failure to timely plead experimental use caused the dismissal of patent infringement claims
    - Minton claim that failure to brief and argue experimental use cost him patent infringement victory or favorable settlement
    - Gunn argues that facts at time of litigation did not indicate that experimental use was a legally or factually viable argument against on-sale bar
  - Uses *Christianson* and finds a potential federal question: underlying patent infringement suit

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Minton v. Gunn (Fort Worth CoA)

- Majority opinion
  - *Grable* analysis for permissive federal jurisdiction
    - First two points = Yes.
      - There is a federal issue that is both "necessary" and "disputed" related to the malpractice claim
    - Substantial? No.
      - "[T]he issue of whether there was evidence of experimental use . . . issue is predominantly one of fact, with little or no precedential value."
    - Federal/state balance? No.
      - Cites to analysis in Singh v. Duane Morris LLP, 538 F.3d 334, 338, 340 (5th Cir.2008)

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Minton v. Gunn (Fort Worth CoA)

- Majority opinion
  - Calls out the Federal Circuit's *Grable* analysis
    - "[W]e are obligated only to follow the rules for determining "arising under" jurisdiction established by the United States Supreme Court."
    - "[W]e believe the Federal Circuit misapplied United States Supreme Court precedent by disregarding the federalism analysis that the Supreme Court has applied to restrict the scope of federal 'arising under' jurisdiction to a 'small and special category' of cases where a substantial question of pure federal law is in dispute that has precedential value."
  - Affirms all points of SJ decision – malpractice dismissed

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Minton v. Gunn (Fort Worth CoA)

- Walker dissent
  - The shear volume of cases that have followed *Air Measurement* and *Immunocept* merits caution from simply disregarding these opinions as not binding on the court
  - Patent infringement is a necessary element of the malpractice claim, and patent infringement in and of itself is a substantial question of patent law
  - Both the on-sale bar and the experimental use exception need to be evaluated together – they are not stand-alone doctrines that can be separated

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Minton v. Gunn (Fort Worth CoA)

- Walker dissent
  - Challenges Majority to define how the Federal Circuit 's *Air Measurement* and *Immunocept* opinions did not follow *Christianson*, *Grable* and *Empire Healthchoice* properly
  - Majority puts the cart before the horse by not examining the well-pleaded complaint but rather the appeals evidence to determine subject matter jurisdiction
    - The complaint says malpractice based upon patent infringement → patents are exclusively federal → federal SMJ
- Rehearing vote is 3-3

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Minton v. Gunn, 355 S.W.3d 634 (Tex. 2011)

- Petitioner complains about the "twelve county exception in Texas to exclusive, nationwide, federal court jurisdiction" created by Ft. Worth CoA opinion
- Majority
  - Looks to *Christianson* and *Grable* tests for § 1338; cites to *Singh* for four-part test interpretation
  - Steps through first two prongs of *Grable* without issue
    - Federal issue is necessary element in state claim – yes
    - Federal issue is disputed in state claim – yes

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Minton v. Gunn (Tex.)

- Majority
  - Substantial? The application of patent law
    - "The third prong of the *Grable* test demands that the applicability of the experimental use exception be a substantial issue within Minton's state-based legal malpractice claim."
    - Views that interpreting the experimental use exception is more akin to "the construction and interpretation of a federal tax statute" in *Grable* than proving state-based reimbursement entitlement given in *Empire*
    - "[W]e do agree that the experimental use exception to the on-sale bar plays a substantial role within the context of Minton's state-based legal malpractice claim."

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Minton v. Gunn (Tex.)

- Majority
  - Federal/state balance?
    - Notes that *Grable* holds that construction of a federal statute is an important federal issue best handled by federal courts; also notes that *Air Measurement* and *Immunocept* hold that there is a federal interest in applying federal law uniformly
    - Notes the conflict of *Singh* (trademark) versus *USPPS* (patent) panels of Fifth Circuit for federalism analysis
    - The experimental use exception to the on-sale bar is a product of case law; however, it is tied to and requires analysis of the on-sale bar statute (35 USC § 102(b)); therefore, the court has to apply analysis to a federal statute

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Minton v. Gunn (Tex.)

- Dissent (Guzman)
  - "Our system of justice has a 'deep-rooted historic tradition that everyone should have his own day in court', but there is no right to a second day in a different court.
  - *Grable* analysis –three of four elements are not met
    - The federal issue is not in dispute – "disputed" means "validity, construction or effect" of the federal issue; the experimental use exception is well-established law; the dispute is regarding its applicability, not what it means

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Minton v. Gunn (Tex.)

- *Grable* analysis –three of four elements are not met
  - The federal issue is not substantial for three reasons:
    - determination is one of fact not law;
    - this issue does will not result in precedent that controls other cases; and
    - it involves federal common law and not a federal statute.

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Minton v. Gunn (Tex.)

- *Grable* analysis –three of four elements are not met
  - Congress did not intend to encroach on state practice when creating § 1338; only the Federal Circuit created the "gloss" that a malpractice action touching a patent "arises under" federal law
  - Malpractice actions do not impact any live patents, any live patent infringement matters, and cannot resurrect dead patents and litigation or make non-existent patents exist – the federal issue or property is gone/moot/dead

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Minton v. Gunn (Tex.)

- *Grable* analysis –three of four elements are not met
  - The malpractice opinions of a Texas state court will not impact the uniformity of patent law; federal courts will always look to federal patent law and practice for their precedent
  - This decision forms two sets of malpractice law that is binding on Texas attorneys – law from the courts of Texas and law from the Federal Circuit – Fed. Cir. doctrine is outside of Texas' control and the requirements of the State of Texas and its Constitution

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Byrne v. Wood, Herron & Evans, LLP

- Background:
  - 1992 – U.S. Pat. No. 5,115,870
    - Flail trimmer guard mount and guide
    - 1995 – Reissue No. 34,815
  - 2004 – sued Black & Decker for patent infringement in E.D. Ky
    - B&D granted SJ non-infringement on RE '815
    - 2007 – affirmed by Fed. Cir. (235 Fed. Appx. 741)

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Byrne v. Wood, Herron & Evans, LLP (Fed. Cir. 2011) (O'Malley panel)

- Background:
  - Malpractice lawsuit– 2008 WL 3833699
    - 2008 – filed malpractice suit in state court
      - Removed to E.D. Ky; Byrne moved to remand back to state; denied citing *Air Measurement* as authority
    - 2009 – District court strikes testimony of inventor and expert; Byrne appeals to Fed. Cir. for striking testimony, SMJ

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Byrne (O'Malley panel)

- Nov. 2011 – 450 Fed. Appx. 956
  - SMJ determination (O'Malley, Lourie, Gajarsa)
    - Current Fed. Cir. case law supports jurisdiction, but "we believe this court should re-evaluate the question of whether jurisdiction exists to entertain a state law malpractice claim involving the validity of a **hypothetical** patent…."
    - Examines *Grable* and *Empire Healthchoice* for state/federal balance, law v. fact, significance of issue
    - Cites to several District cases and *Minton v. Gunn* (Fort Worth) as disagreeing with Fed. Cir.

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Byrne (O'Malley panel)

- SMJ determination (O'Malley, Lourie, Gajarsa)
  - "Against this backdrop, it is difficult to see the federal interest in determining the validity of a **hypothetical** patent claim that is ancillary to a state law malpractice action. The outcome of such determinations invariably will rest on case-specific inquiries comparing prior art against patent claims that have not and will never issue. As such, these determinations, which involve only *application* and not *interpretation* of patent law, have little or no bearing on other cases. On the other hand, finding federal jurisdiction over malpractice cases involving questions of **hypothetical** patent claims opens the federal courthouse to an entire class of actions, thereby usurping state authority over this traditionally state law tort issue."
  - O'Malley not being an activist: "We address the issues in this appeal, however, because our existing case law compels us to do so."

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Byrne (deny en banc reh'r)

- March 2012 – 676 F.3d 1024 (per curiam)
  - Denied panel rehearing
  - Denied en banc rehearing
  - New orders issued
- Dyk, Newman, Lourie issue a concurring opinion on the denial of rehearing en banc
  - "All of the malpractice cases that we have held are within the scope of section 1338 as pleaded have required the resolution of substantive patent law issues. The existence of these issues necessarily makes the issues "substantial" within the meaning of *Christianson* and indicates a "serious federal interest" in federal adjudication within the meaning of *Grable*."

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Byrne (deny en banc reh'r)

- Dyk concurring opinion
  - Federal interest in applying uniform standards of conduct before federal courts and PTO; patent malpractice involved attorney conduct before both
  - State court decisions could be incorrect and at minimum will impose different discipline resulting in different standards of attorney conduct; different states will impose different behaviors over practitioners in regards to an exclusively federal practice

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Byrne (deny en banc reh'r)

- Dyk concurring opinion
  - "[W]ith some exceptions, state law governing attorney malpractice is not preempted by federal law. But this hardly lessens the significant federal interest in the correct and uniform interpretation of federal patent law in the course of such state malpractice proceedings. That important interest supports recognizing federal jurisdiction where the outcome of the proceeding depends on an interpretation of federal patent law . . . ."

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Byrne (deny en banc reh'r)

- O'Malley is obviously not pleased
  - 28 page dissenting opinion; joined by Wallach
  - "It is time we stop exercising jurisdiction over state law malpractice claims. I dissent from the court's refusal to consider this matter *en banc* . . . ."
  - "[O]ur case law concludes that, whenever a patent law issue is raised in the context of a state law claim and must be resolved in the course of that otherwise state law inquiry, federal jurisdiction will lie . . . . That reading of *Christianson* is wrong, however."

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Byrne (deny en banc reh'r)

- O'Malley's dissenting opinion
  - Cites to *Grable* in that federal question jurisdiction is only for "rare cases" where the issue is "actually disputed and substantial" and does not upset the federal-state balance of responsibilities
    - Presence of a federal issue not good enough; "[T]his alternative basis for jurisdiction 'must be read with caution' because 'determinations about federal jurisdiction require sensitive judgments about congressional intent, judicial power, and the federal system.' *Merrell Dow Pharm*. 478 U.S. 804, 809-10, 813 (1986)

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Byrne (deny en banc reh'r)

- O'Malley's dissenting opinion
  - Cases before 2007 recognize that states are fully competent to handle state-law malpractice matters with federal issues
    - Uses *New Tek I*, several District court remands as examples
  - Federal Circuit has extended its jurisdiction into the unreal/surreal
    - Commentators at the time refer to *Air Measurement*/*Immunocept* decisions as a "substantial shift" in what was understood as the jurisprudence in patent malpractice law

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Byrne (deny en banc reh'r)

- O'Malley's dissenting opinion
  - Federal Circuit has extended its jurisdiction into the unreal/surreal
    - Three other precedential opinions extend reach to where a patent has never issued
      - *Davis v. Brouse McDowell, LPA*, 596 F.3d 1355 (Fed. Cir. 2010) – failure to timely file an application; need to prove that inventor would have received a patent from PTO "but for" attorney's malpractice
        - Several District courts do not agree with *Davis* and specifically reject its contention for non-existent patent rights – too speculative

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Byrne (deny en banc reh'r)

- O'Malley's dissenting opinion
  - Argues that Federal Circuit is out of synch with other Circuits over extending federal jurisdiction to state-law issues
    - Notes jurisdictional cases cited to Sections 1331 and 1338 from the 5th (*Singh*), 6th, 7th and 11th Circuits
  - The malpractice issues before the Federal Circuit are not "substantial"
    - *Christianson*, *Grable* and *Empire Healthchoice* should be read together not only for SMJ tests but also as examples
    - These cases are "only fact-specific applications of patent laws to the circumstances of each case"

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Byrne (deny en banc reh'r)

- O'Malley's dissenting opinion
  - Not "substantial" issues
    - Substantiality of *Air Measurement* seems to extend to all patent law malpractice cases
      - *Air Measurement* - Illogical that district court can hear patent infringement claim but not hear malpractice based upon patent infringement claim
        - "That is precisely the logic that would sweep into the federal courts *every* case in which an allegation of malpractice stemmed from an underlying federal matter. Such an approach directly conflicts with what *Grable* contemplated…."
      - *Air Measurement* is wrong in collapsing the "necessary element" requirement into the "substantial" requirement
        - Circumvents warning in Merrill Dow Pharm. of simply accepting a federal aspect in a state claim as allowing federal jurisdiction of an otherwise state claim

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Byrne (deny en banc reh'r)

- O'Malley's dissenting opinion
  - Not "substantial" issues
    - **Hypothetical** questions
      - *Air Measurement* – a **hypothetical** question of patent infringement is a question of fact not law
      - *Immunocept* – whether a patent would have issued under the circumstances of the case is a question of fact not law
      - "In undertaking that task, state courts and regional circuit courts, of course, can rely on and apply the body of patent law the Federal Circuit has developed."
      - "The patent-related malpractice claims over which we have extended our jurisdictional reach require only application of patent laws to the facts of a case, and they do not implicate the "validity, construction, or effect" of the patent laws."

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Byrne (deny en banc reh'r)

- O'Malley's dissenting opinion
  - The federal interest and the federal/state balance
    - State adjudication of malpractice suits do not threaten the federal uniformity of patent law
      - Most are state-procedure issues – SoL, presentation of evidence
      - State rulings are not binding on federal courts even if they opine on the meaning of patent law
      - *New Tek I & II* have not been cited by any federal court as precedent for claims construction, infringement and prosecution history estoppel in 7 years
    - These are actions between private parties and not at or about actions of a government entity

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Byrne (deny en banc reh'r)

- O'Malley's dissenting opinion
  - The federal interest and the federal/state balance
    - A federal agency can vindicate itself in a federal forum if it needed to
      - States don't impair the PTO's function
      - A state court determining if a patent would have issued doesn't side-step the PTO or the federal courts – no patent will ever issue and no infringement suit will be won
    - There are still other malpractice elements to prove; the patent issue in the case-within-a-case is not dispositive
    - States have a strong interest in protecting all their residents from negligent legal services and regulating the practice and behavior of all of their attorneys

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Byrne (deny en banc reh'r)

- O'Malley's dissenting opinion
  - The federal interest and the federal/state balance
    - Federal Circuit since 2007 has faced 9 patent malpractice appeals; 4 since May 2011 – rate of hearing malpractice cases is increasing
    - "[s]tate courts addressing the traditional state law domain of attorney malpractice only will need to consider patent law issues to the extent necessary to determine whether a tort plaintiff has shown causation or established a right to damages."
    - "In any matter involving a federal issue, there will always be some federal interest in having the matter proceed in federal court, and litigants will always benefit to some degree from having the judges in those courts hear the matter."

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Byrne, the O'Malley dissents and SCOTUS

- November 2011 – *Byrne* O'Malley panel decision
- December 2011 – Texas Supreme Court *Minton* decision
- March 2012
  - Gunn files petition for writ of cert. with SCOTUS based upon *Minton* (Tex.)
  - *Byrne* en banc denial and O'Malley dissent
  - Gunn updates cert. petition with *Byrne* dissent
- April 2012
  - Memorylink Corp. v. Motorola, Inc., 676 F.3d 1051 (Fed. Cir. 2012) (denial of petition for reh'r en banc) (O'Malley, dissenting)
    - No change in inventorship will occur; no binding effects on patent law

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Byrne, the O'Malley dissents and SCOTUS

- April 2012
  - SCOTUS demands response from Minton to Gunn's petition
  - USPPS, Ltd. v. Avery Dennison Corp., 676 F.3d 1341 (Fed. Cir. 2012) (per curium) (O'Malley, concurring)
    - Opinion notes that unless overruled by an *en banc* court that prior panel decisions are binding
    - Calls the transfer from the Fifth Circuit "wrong"; only the Fed. Cir.'s case law and Fifth Circuit's opinion turns that incorrect transfer from "wrong" into "plausible"; uses *Grable* and determines that this case expands reach of Fed. Cir. into fraud and breach of fiduciary duty; "[I] believe that our case law in this area is wrong." Joined by Mayer

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Byrne, the O'Malley dissents and SCOTUS

- April 2012
  - Landmark Screens, LLC v. Morgan, Lewis, & Bockius, LLP, 676 F.3d 1354 (Fed. Cir. 2012) (O'Malley, concurring)
    - Concurs in full with most of opinion but only in result with subject matter jurisdiction
    - Calls for full *en banc* review and reversal: "[T]he mischief our case law in this area has caused is apparent"

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Byrne, the O'Malley dissents and SCOTUS

- May 2012
  - Minkin v. Gibbons, P.C., 680 F.3d 1341 (Fed. Cir. 2012) (O'Malley, concurring)
    - Reyna – gives a nice acknowledgement to O'Malley's concerns; also expresses some opinion on the fact that he has to follow certain precedents even if they may be disagreed with, including *Air Measurement* and *Immunocept*
    - O'Malley, concurring – admitting that opinion was written by "the thoughtful majority"; still disagrees that jurisdiction is proper; calls for *en banc* review

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Byrne, the O'Malley dissents and SCOTUS

- June 2012
  - Minton files brief in opposition
  - Byrne files petition for writ of cert. in *Byrne*
- October 2012 – Gunn's petition granted

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Why did SCOTUS accept *Gunn*?

Question Presented:

Did the Federal Circuit depart from the standard this Court articulated in Grable & Sons Metal Products, Inc. u. Darue Eng'g & Mfg., 545 U.S. 308 (2005), for "arising under" jurisdiction of the federal courts under 28 U.S.C. § 1338, when it held that state law legal malpractice claims against trial lawyers for their handling of underlying patent matters come within the exclusive jurisdiction of the federal courts?

Because the Federal Circuit has exclusive jurisdiction over appeals involving patents, are state courts and federal courts strictly following the Federal Circuit's mistaken standard, thereby magnifying its jurisdictional error and sweeping broad swaths of state law claims - which involve no actual patents and have no impact on actual patent rights - into the federal courts?

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Why did SCOTUS accept *Gunn*?

- Third time was the charm?
  - Davis v. Brouse McDowell, LPA, 596 F.3d 1355 (Fed. Cir. 2010), cert. denied, 131 S.Ct. 118 (2010)
  - Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP, 107 Cal. Rptr. 3d 373 (Cal. App. 6th Dist. 2010), cert. denied, 131 S.Ct. 1472 (2011)
- O'Malley dissents – 5 opinions in two months
- Possible procedural problem to hear an appeal from Fed. Cir.
- Two state supreme courts appear in conflict
- What does "substantial" mean?

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Petitioners' brief and amicus curiae briefs

- Petitioners' brief
  - Legal malpractice does not come within view of "arising under" jurisdiction for patent-related issues
    - State has an interest in regulating behavior of its attorneys
      - *New Tek I &II* are demonstrations of this interest
    - State has an interest in interpreting its own malpractice law
      - State interpretation of federal law does not threaten federal law
    - Patent issue is **hypothetical** – the patent has already been invalidated by a federal district court
  - Fed. Cir.'s interpretation of *Grable* "substantiality" is incorrect
    - A patent issue that is "necessary" to the malpractice suit is not "substantial" for interpreting patent law

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Petitioners' brief and amicus curiae briefs

- AIPLA amicus brief
  - Use *Gunn* to overturn *Air Measurement* and *Immunocept*
  - Since *Christianson* the Federal Circuit has conflated the "necessary" and "substantial" aspects of the "arising under" test, even after *Grable* and *Empire Healthchoice*
  - Pervasiveness of *Air Measurement* and *Immunocept* opinions and need to overturn them now
- Law Professors amici brief
  - Go back to bright line standard of Justice Holmes in *American Well Works*
  - Too much litigation about where to litigate

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Petitioners' brief and amicus curiae briefs

- Mallen amicus brief
  - Underlying patent issue is merely **hypothetical** and therefore not disputed or substantial; therefore it is no different than handling any other state-court matter
  - State based opinions and handling of cases with federal issues rarely have an impact due to lack of distribution of those opinions; therefore, minimal influence on the law
  - Pages 7-8: the scariest chart you will ever see in your professional career: The frequency of legal malpractice intellectual property decisions by decade as adjusted by United States population
    - And you wonder why your malpractice insurance is so high?

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Respondent's brief and amicus curiae briefs

- Respondent's brief
  - The resolution of the experimental use exception issue is substantial and will affect federal patent law
  - There is an underlying exclusive federal action – patent infringement – that is unlike *Grable* and *Empire Healthchoice* and that makes this case even more substantial than the facts of those two "arising under" cases
  - The case is not **hypothetical** – it affects real-world patent rights like continuation and divisional applications
  - The number of patent malpractice cases versus all federal civil cases is about 1.5 cases/district/year – very small and will not overwhelm the federal system to accept them

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Respondent's brief and amicus curiae briefs

- Wood Herron amicus brief
  - "**Hypothetical**" patent determinations in state courts have "real world" impact on claims construction, novelty and non-obviousness through *stare decisis* and history of the case – they are substantial
  - The development of 50 state bodies of common law for interpreting federal patent law is not in the federal interest or the intent of Congress
    - Federal courts cannot review and correct this common law – no appeals mechanism!
  - Reversing the Texas Supreme Court will result in all patent malpractice cases originating in state courts except for diversity jurisdiction

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Respondent's brief and amicus curiae briefs

- National Laboratories amici brief
  - The Federal Circuit is not only interpreting the *Grable* test correctly for patent malpractice but is also using it correctly for other disputes with patent-related issues, including contracts and torts
  - States making patent-related decisions that influence patent law would frustrate the national purpose and uniformity of patent law, which in turn hurts predictability and investment
  - Other "strong" federal interests in non-patent related cases have provoked federal court jurisdiction
    - For example, the Bayh-Dole Act

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Respondent's brief and amicus curiae briefs

- IP Law Assoc. of Chicago amicus brief
  - Upholding *Minton* from Texas Supreme Court also upholds *Air Measurement* and *Immunocept* decisions
  - Congress views all patent-related issues as "substantial" because of the structure the federal government has built to support the prosecution, litigation and administration of practitioners of patents
  - America Invents Act demonstrates the continued federal interest in excluding States from patent-related issues
    - PTO now has some "litigation like" administrative hearings; submission of evidence
    - Counterclaims can give federal jurisdiction under well-plead complaints

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Oral Argument at SCOTUS

- January 16, 2013
- Five areas where the Justices seemed to focus their attention:
  - *Grable* test – "substantiality" (Ginsberg, Sotomayor)
  - The federal interest and the impact upon the federal system of state-based decisions (Scalia, Sotomayor, Kennedy)
  - The federal/state balance in hearing these cases (Scalia)
  - Impact upon the practice of patent practitioners (Kagan, Sotomayor, Roberts)
  - The number of cases swept into federal court (Scalia, Kennedy)

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Oral Argument at SCOTUS

"I mean, it seems to me it's Twiddle Dum or Twiddle Dee, whichever court system you go to, you are going to terrorize the lawyers of that State on the basis of an opinion of a court that is not dispositive on those issues."

- Justice Scalia, Gunn v. Minton, oral argument

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Thank you!

- Questions?
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    - mike.sellers@bgllp.com
      - 713.221.1587

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Appendix

- Alleged malpractice examples
  - Cases from 2007-2012
  - All had some association with Section 1338(a) determination
  - Patent prosecution and litigation

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What is (allegedly) malpractice? Examples!

- Prosecution accusations
  - *Air Measurement Tech. v. Akin Gump Strauss Hauer & Feld, LLP*, 504 F.3d 1262, 1266 (Fed. Cir. 2007) – failed to timely file to avoid on sale bar; failed to disclose other patents during prosecution; failed to filed continuation patent application
  - *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1284-85 (Fed. Cir. 2007) – drafting error "consisting of" rendered patent inadequate for licensing
  - *New Tek Manuf. v. Beehner*, 270 N.W.2d 336, 343-44 (Neb. 2005) – failed to diligently prosecute reissue; failed to timely pay maintenance fees; dead reissue patent
  - *Byrne v. Wood, Herron & Evans, LLP*, 2008 WL 3833699 at *3 n.1 (E.D. Ky. 2008) – "should have achieved a better patent"
  - *Memorylink Corp. v. Motorola*, 676 F.3d 1051, 1051 (Fed. Cir. 2012) – negligent failure to identify proper inventors

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What is (allegedly) malpractice? Examples!

- Prosecution accusations
  - *USPPS, Ltd. v. Avery Dennison Corp.*, 647 F.3d 274, 276 (5th Cir. 2011) – failure to disclose conflict of interest in representation during prosecution of assigned patent
  - *Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP*, 676 F.3d 1354, 1358-59 (Fed. Cir. 2012) – failed to file a complete divisional application; failure to notify client re: loss of divisional application
  - *Minkin v. Gibbons*, 2010 WL 5419004 at *2 (D.N.J. 2010) – drafted claims "too narrowly" offering no protection against competitors; substandard legal representation – partner inexperienced in prosecution, associates too junior (<3.5 yrs experience), using contract attorneys for legal work
  - *Arc Products v. Kelly*, 2010 WL 4363427 at *1 (E.D. Mo. 2010) – abandonment of application with only partial revival
  - *Davis v. Brouse McDowell, LPA*, 596 F.3d 1355, 1358 (Fed. Cir. 2010) – poorly drafted US application; PCT application not timely filed

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What is (allegedly) malpractice? Examples!

- Prosecution accusations
  - *Touchcom, Inc. v. Bereskin & Parr*, 2008 WL 4889148 at *1 (Fed. Cir. 2008) – conflict of interest during prosecution of application
  - *Carter v. ALK Holdings*, 605 F.3d 1319, 1321-22 (Fed. Cir. 2010) – improper listing of inventors
  - *Warrior Sports, Inc. v. Dickinson Wright, PLLC*, 632 F.Supp.2d 694, 695 (E.D. Mich. 2009) – failed to pay maintenance fees resulting in patent lapse; failure to timely reinstate lapsed patent
  - *Tattletale Portable Alarm Systems, Inc. v. Calfee, Halter & Griswold, LLP*, 2009 WL 790314 at *1 (Ohio Ct. App. 2009) – failure to pay maintenance fees results in lapse of "crucial patent", loss of contract
  - *Lemkin v. Hahn, Loeser & Parks, LLP*, 2010 WL 1881962 at *2 (Ohio Ct. App. 2010) – patent draftsman claims to be co-inventor; failure to prosecute application when application not applied for

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What is (allegedly) malpractice? Examples!

- Prosecution accusations
  - *Weather Central, Inc. v. Reinhart Boerner Van Deuren, SC*, 2009 WL 367694 at *1 (W.D. Wisc. 2009) – improperly drafted and prosecuted patent application
  - *Tomar Electronics v. Watkins III*, 2009 WL 2222707 at *1 n.1, *5 (D. Ariz. 2009) – disbarred attorney for misappropriating information, acquiring an ownership interested adverse to client without consent and lack of candor to PTO by making materially false statements; negligent in preparation of an infringement opinion
  - *LaBelle v. McGonagle*, 2008 WL 3842998 at *1 (D. Mass. 2008) – never performed prior art search, prosecution of application; deceived re: status of application
  - *Danner v. Foley & Lardner, LLP*, 2010 WL 2608294 at *2 (D. Or. 2010) – inadequate level of representation before filing application and untimely filed application

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What is (allegedly) malpractice? Examples!

- Prosecution accusations
  - *Max-Planck-Gesellschaft Zur Foerderung Der Wissenschaften E.V. v. Wolf Greenfield & Sacks, PC*, 661 F.Supp.2d 125, 127 (D. Mass. 2009) – conflict of interest between co-inventors with adverse interests
  - *Chopra v. Townsend, Townsend and Crew, LLP*, 2008 WL 413944 at *1 (D. Colo. 2008) – failure to respond to Office Actions and abandoned client's patents
  - *Parus v. Banner & Witcoff, Ltd.*, 585 Supp.2d 995, 997 (N.D. Ill. 2008) – facilitating trade secret misappropriation; conflicting representation; intentional misidentification of patent applications to conceal from other client
  - *Cold Spring Harbor Laboratory v. Ropes & Gray LLP*, 762 F.Supp.2d 543, 549-50, 554 (E.D.N.Y. 2011) - copied over 11 pages of text from another patent application; failed to distinguish client's invention during prosecution
  - *Genelink Biosciences, Inc. v. Colby*, 722 F.Supp.2d 592, 594 (D.N.J. 2010) –Japanese application to irrevocably lapses and US application goes abandoned

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What is (allegedly) malpractice? Examples!

- Prosecution accusations
  - *Roof Technical Services, Inc. v. Hill*, 679 F.Supp.2d 749, 751 (N.D. Tex. 2010) – submitted a patent that did not conform to PTO guidelines, failed correct deficiencies in a timely manner, failed to timely petition to revive, failed to inform clients of status, ignored request for information on application, gave incorrect and misleading information regarding application, failed to cooperate with clients in attempt to revive abandoned application
  - *Adamasu v. Gifford, Krass, Groh, Sprinkle, Anderson & Citkowski, PC*, 409 F.Supp.2d 788, 790 (E.D. Mich. 2005) – revival of application shortened potential lifespan of patent
  - *Revolutionary Concepts, Inc. v. Clements Walker, PLLC*, 2011 WL 2732783 (N.C. Ct. App. 2011) – failure to file a PCT in a timely manner

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What is (allegedly) malpractice? More examples!

- Litigation accusations
  - *Air Measurement Tech. v. Akin Gump Strauss Hauer & Feld, LLP*, 504 F.3d 1262, 1266 (Fed. Cir. 2007) – miscalculated settlement damages; failed to inform client of mistakes; failed to inform client about opposing side's defenses; made misrepresentations to client
  - *Byrne v. Wood, Herron & Evans, LLP*, 2008 WL 3833699 at *3 n.1 (E.D. Ky. 2008) – "had the litigation been handled properly, there would have been infringement"
  - *Warrior Sports, Inc. v. Dickinson Wright, PLLC*, 632 F.Supp.2d 694, 695 (E.D. Mich. 2009) – forced client to settle previous litigation actions on unfavorable terms
  - *Magnetek, Inc. v. Kirkland and Ellis, LLP*, 954 N.E.2d 803, 807 (Ill. App. Ct. 2011) – failure to pursue claims of inequitable conduct; failure to discover evidence of alleged misconduct

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What is (allegedly) malpractice? More examples!

- Litigation accusations
  - *Premier Networks, Inc. v. Stadheim and Grear, Ltd.*, 918 N.E.2d 1117, 1120 (Ill. App. Ct. 2009) – failure to use "scientific evidence" to rebut opposing party's claims
  - *Rockwood Retaining Walls, Inc. v. Patterson, Thuente, Skaar & Christensen, P.A.*, 2009 WL 5185770 at *2 (D. Minn. 2009) – failed to properly defend against inducement infringement; failures in discovery, witness preparation and evidence in damages
  - *Tomar Electronics v. Watkins III*, 2009 WL 2222707 at *1 (D. Ariz. 2009) – "a clear pattern and practice of violating court orders" that "undermined the integrity of [D. Minn.] and our judicial system" in patent infringement suit

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What is (allegedly) malpractice? More examples!

- Litigation accusations
  - *Haase v. Abraham, Watkins, Nichols, Sorrels, Agosto and Friend, LLP*, 2010 WL 519747 at *1 (E.D. Tex. 2010) – incorrectly advised client to not disclose results of tests on accused product to testifying expert
  - *Eddings v. Glast, Phillips & Murray*, 2008 WL 2522544 at *1 (N.D. Tex. 2008) – failure to timely produce evidence re: costs for offsetting damages
  - *Rocky Mountain Tech. Eng. Co. v. Kamlet, Shepherd & Reichert, LLP*, 2009 WL 952099 at *1 (D. Colo. 2009) – failure to prosecute patent infringement case leading to dismissal
  - *Berndt v. Greenwich Insurance Co.*, 2008 WL 5114269 at * 1 (W.D. Wisc. 2008) – "a most unusual circumstance of self-proclaimed will infringement without even an arguable basis to believe that the conduct was not infringement"

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What is (allegedly) malpractice? More examples!

- Litigation accusations
  - *E-Pass Techs, Inc. v. Moses & Singer, LLP*, 117 Cal. Rep. 3d 516, (Cal. App. 1st Dist. 2011) – "the attorney defendants incorrectly advised E–Pass that it 'would make more money suing prospective licensees than by negotiating licenses or deals with them' and failed to appreciate and disclose to E–Pass that there was no evidence to support its infringement claims"; litigation tactics "abusive"; choice of litigation strategy, including failing to present evidence to support its claim, warranted an award of attorney fees as a sanction; the litigation had a " history of questionable pre-filing investigation and a discovery strategy of unwarranted delay and obstruction," which supported a finding that the case was exceptional and justified an award of attorney fees; $2.3M in fees to opposing parties for attorneys fees in frivolous lawsuits
  - *Minton v. Gunn*, 355 S.W.3d 634 (Tex. 2011) – failure to plead experimental use exception to on-sale bar during patent infringement litigation