Disclaimer!
1 Malpractice
Ethics Rules

MR 1.1, 1.3, 1.7-10
PTO 10.77
CRPC 3-310
Herman Minkin v. Gibbons

- Allegation: patent was too narrow
- SJ for defendant-lawyer
- Plaintiff failed to show that “but for” alternative patent wasn’t obvious
Gunn v. Minton (U.S. S.Ct., 568 U. S. __ (2013))

**Malpractice**
- Patent secured even though there was a possible on-sale bar
- Defendant raised the on-sale bar as defense in litigation
- Plaintiff (patentee) argued an experimental use exception, too late

**Jurisdiction**
- Complicated procedural history
- Federal Circuit: patent malpractice cases should be heard in federal court
- SCOTUS: the outcome of a malpractice will rarely if ever disturb federal law; claims are the province of the state courts

- “Forward looking” malpractice claims may be exclusively federal
- Jurisdiction fixed at the time of filing
- Later invalidation of patent irrelevant
1(a) Client Identity Issues
Mirowski Family Ventures, LLC v. Boston Scientific Corp.

- Licensor/Licensee dispute
- Licensor alleges ACR with lawyer
- “Side switching” as to subject matter of the patent?
- DQ granted
USPPS, Ltd. v. Avery Dennison Corp.

- Licensee’s lawyer took over prosecution; disclosed prior art to PTO; app rejected
- Licensee to exploit idea without royalties
- Person (no ACR; Holding Co. (yes ACR)
- Claim barred: SoL
Geils v. Geils Unlimited Research, LLC

- DQ denied. (Correct?)
- Complicated: owners of old company and new company dispute
- Lawyer repped old company, new company and (allegedly) owners
- Attorney as witness
McCrory v. Killough

- Owner of patent alleges that lawyer favored plaintiff’s partner.
- Alleges that patent was sold without owner’s permission.

Picazio v. Melvin K. Silverman & Assocs., P.C.

- Dispute between inventor and investor
- Allegation: law firm favored investor, failed to name inventor as inventor
- Claim dismissed as not ripe for adjudication
1(b)
Malpractice Risk: Expertise/Competence
Young Conaway Stargatt & Taylor, LLP v. Oki Data Corp.

- Alleged incorrectly instructed expert witness about effect of invalidating independent claim
- ALJ ruled against invalidation; hence no “but for” causation
- Failure to produce documents proving on sale defense
- Rule 56 granted in part, denied in part to lawyers under ‘but for’ standard
Candela Entertainment Inc. v. Davis & Gilbert, LLP

- MTD granted in part and denied in part
- Who was the client? ("near privity"?)
- Claim: failure to advise client about need for consent from licensors
Prior law firm lost motion to compel discovery of successor counsel, where legal malpractice claim had been dismissed and client had not waived privilege

Depositions of counsel are highly disruptive
Seed Co. Ltd v. Westerman

- Grants summary judgment to lawyers
- Alleged malpractice had been failure to attach English language translation to obtain priority date; and failure to allege that client accept settlement offer
- The failure to attach a translation was not required back when the act occurred
Harrier Techs. v. CPA Global, Ltd.

- Plaintiff survives motion to dismiss
- Alleged malpractice: failure to file maintenance fee
- In subsequent opinion, law firm’s suit against annuity reminder company was dismissed (2014 U.S. Dist. LEXIS 166662 (D. Conn. Dec. 2, 2014))
1(c)
Malpractice Risk: Settlement
Phillips v. Duane Morris, LLP

- Successful phase 1 trial result
- Willfulness damages next
- JMoL pending
- Negotiations and offers; stay not requested
- JMoL granted
- No judgmental immunity for Rule 56
- Tough result!
Wyers v. Greenberg Traurig, LLP

- Appellate counsel allegedly advised victorious plaintiff to reject settlement offers; Federal Circuit reversed the judgment for plaintiff/appellee.
- Court denied law firm’s summary judgment motion, holding that proof of harm would be addressed during trial.
Mortgage Grader, Inc. v. Ward & Olivo, L.L.P.

- Alleged malpractice: obtained “one time payment” settlement rather than license and royalties
- Plaintiff failed to serve “affidavit of merit”; claim dismissed
- Failure of dissolved law firm to buy tail coverage did not void statutory LLP immunity as to partner who did not work on the matter
1(d)
Malpractice Risk: Prosecution Errors
JJ Holand Ltd. v. Fredrikson & Byron, P.A.

- Claim: unsuccessful prosecution of TM
- ACR appeared to end
- Former client claimed that key memo wasn’t turned over
- MTD based on SoL denied b/c of alleged failure to turn over memo
- How to handle?
1(e)
Malpractice Risk: Non-paying client
Joseph DelGreco & Co. v. DLA Piper L.L.P.

- Claims against lawyers dismissed
- Claim: withdrawal for failure to pay fees was malpractice
- How to handle the client who doesn’t pay
- $275 k bill; $605 k for trial
Law Offices of Peter H. Priest, PLLC v. Coch

- Lawyer substantially assisted client with prosecution and monetization of patent
- Delinquent client agreed that lawyer, as “partner” with client, would get 25% of revenues
- Lawyer’s failure to abide by Rule 1.8 consent requirements voided any right to revenue
- Lawyer’s fraud claim dismissed
Drimmer v. Hankin

- Attorney repped multiple def’ts in infringement action
- Developed conflict with one defendant
- Slow termination of individual def’t
- Analysis of emails
- SoL not conclusive
1(f)
Malpractice Risk: Firm’s Conflict
Crimson Trace Corp. v. Davis Wright Tremaine LLP

- Alleged conflicts: Inequitable conduct as to prosecutor/litigating; failure to obtain consent; failure to advise about weakness of asserting that patent
- Allegedly filed confidential settlement publicly, harming opposing party
- Internal law firm privilege upheld
Axcess International, Inc. v. Baker Botts

- Firm allegedly represented technology competitor
- Jury found for plaintiff and assessed damages at $40.5 million
- Jury also found that statute of limitations had expired
- Interesting appeal
1(g)

Exceptional Cases
Exceptional Cases

Octane Fitness, LLC v. ICON Health & Fitness, Inc.
134 S. Ct. 1749, 2014
U.S. LEXIS 3107, 110
U.S.P.Q.2d (BNA) 1337
(U.S. 2014)

134 S. Ct. 1744, 2014
U.S. LEXIS 3106, 110
U.S.P.Q.2d (BNA) 1343
(U.S. 2014)
Creagri, Inc. v. Pinnaclife, Inc.

- No fees under FRCP 11, § 285
- The test for pre-filing investigation
- Att’y’s didn’t buy and test def’t’s product (but did take steps)
- Risk management tips?
Per Prof. David Hricik: Post-Octane Results

39 cases ➔ no fees

23 cases ➔ fees

5 case remanded
1(h)
Causation

Sanders v. Flanders

- Effervescent mouthwash tablet
- Plaintiff discovered he had no applications pending
- Proof of lost damages, out of pocket damages, and attorneys fees was insufficient
- Plaintiff failed to make offer of proof below
- Required concrete proof of damages
2

Third Party Claims
Cromeans v. Morgan Keegan & Co.

- Class action; bond offering with allegedly inaccurate offering documents
- Underwriter sued IP company’s IP counsel (who won MtD); sued City’s lawyers (who won MtD)
- Class sued underwriter’s counsel (who won SJ as to legal malpractice and negligent misrepresentation); SJ denied as to fraud.
3
Litigation Conduct
10. Litigation Conduct

- MR 3.1 – 3.9
- PTO 11.301 – 309
- Fed. R. Civ. P. 11
- Inherent Authority
Turfgrass Group, Inc. v. Northeast La. Turf Farms, LLC

- Motion to exclude evidence from P.I. denied
- IP lawyers need P.I.’s
- P.I. wasn’t properly licensed
- Lawyer proffered inconsistent stories re employment status
- Lawyer admonished
Parrish v. Latham & Watkins

- Anti-SLAPP protection denied
- Prior action brought in bad faith
- Theory in case below had changed;
- Litigation below was preemptive, anti-competitive strike?