



John Steele, Attorney at Law



ETHICS IN IP PRACTICE FALL 2014 (APLI; PALO ALTO)

John Steele
Attorney at Law

www.johnsteelelaw.com

john.steele@johnsteelelaw.com

650-320-7662 (USA)

© John Steele 2011-14

Disclaimer!

1

Malpractice



Ethics Rules

MR 1.1, 1.3, 1.7-10

PTO 10.77

CRPC 3-310

2012 US App LEXIS 9158 (Fed Cir; 5/4/12)

**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

767 F.3d 1334, 2014 U.S. App. LEXIS 17977,
112 U.S.P.Q.2D (BNA) 1173 (Fed. Cir. 2014)

Jang
v.
Boston Sci.
Corp.

- “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

2013 Md. Cir. Ct. LEXIS 8 (2013)

**Mirowski
Family
Ventures, LLC
v.
Boston
Scientific Corp.**

- Licenser/Licensee dispute
- Licenser alleges ACR with lawyer
- “Side switching” as to subject matter of the patent?
- DQ granted

541 Fed. Appx. 386, 2013 U.S. App. LEXIS 19552 (5th Cir. Tex. 2013)

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

2013 U.S. Dist. LEXIS 106375 (D. Mass. July 30, 2013)

**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

2013 U.S. Dist. LEXIS 185876 (D.S.C. Nov. 22, 2013)

**McCrary
v.
Killough**

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

965 F. Supp. 2d 1411,
2013 U.S. Dist. LEXIS 126845 (S.D. Fla. 2013)

**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**

2014 Del. Super. LEXIS 413 (Del. Super. Ct. Aug. 1, 2014)

**Young Conway
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

No. 150553/2011, 2014 N.Y. Misc. LEXIS 1775,
2014 NY Slip Op 30977(U) (N.Y. Sup. Ct. 4/11/14)

**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

2014 U.S. Dist. LEXIS 34438 (S.D.N.Y. Mar. 13, 2014)

**Shaub &
Williams, L.L.P.
v.
Augme Techs.,
Inc.**

- 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

2014 U.S. Dist. LEXIS 104998, 111 U.S.P.Q.2D (BNA) 1976, 2014 WL 3746957 (D.D.C. July 30, 2014)

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

2014 U.S. Dist. LEXIS 59834, 2014 WL 1762050 (D. Conn. Apr. 30, 2014)

**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

2014 U.S. Dist. LEXIS 72462 (D. Colo. May 9, 2014)

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!

2014 U.S. Dist. LEXIS 80797, 2014 WL 2673594 (D. Colo. June 13, 2014)

**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

2014 N.J. Super. LEXIS 153 (App.Div. Nov. 14, 2014)

**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

2013 U.S. Dist. LEXIS 97499 (D. Minn. July 12, 2013)

**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**

535 Fed. Appx. 31, 2013 U.S. App. LEXIS 19572 (2d Cir. N.Y. 2013)

**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

2014 NCBC 54, 2014 NCBC LEXIS 55 (N.C. Super. Ct. 2014)

**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

2014 Cal. App. Unpub. LEXIS 844 (Cal. App. 2d Dist. Feb. 4, 2014)

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

355 Ore. 476, 326 P.3d 1181, 2014 Ore. LEXIS 433
(Or. 2014)

**Crimson Trace
Corp.**

v.

**Davis Wright
Tremaine LLP**

- **Alleged conflicts: Inequitable conduct as to prosecutor/litigator; 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**

News accounts

**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)**

**Highmark Inc. v.
Allcare Health Mgmt.
Sys.**

**134 S. Ct. 1744, 2014
U.S. LEXIS 3106, 110
U.S.P.Q.2d (BNA) 1343
(U.S. 2014)**

2014 U.S. Dist. LEXIS 77484 (N.D. Cal. June 3, 2014)

Creagri, Inc.

v.

**PinnacLife,
Inc.**

- No fees under FRCP 11, § 285
- The test for pre-filing investigation
- Atty'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

564 Fed. Appx. 742, 2014 U.S. App. LEXIS 7516, 2014 WL 1588808 (5th Cir. Tex. 2014)

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

2014 U.S. Dist. LEXIS 133049; 148644, 48183, 65328

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**
- **35 U.S.C. § 285**
- **Fed. R. Civ. P. 11**
- **Inherent Authority**



2013 U.S. Dist. LEXIS 166570 (W.D. La. Nov. 20, 2013)

**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

229 Cal. App. 4th 264, 176 Cal. Rptr. 3d 596, 2014
Cal. App. LEXIS 776 (Cal. App. 2d Dist. 2014)

**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?**

John Steele
Attorney at Law

www.johnsteelelaw.com

john.steele@johnsteelelaw.com

650-320-7662 (USA)

© John Steele 2011-14