No. 10-

IN THE

Supreme Court of the United States

LANDMARK SCREENS, LLC,

Petitioner,

v.

MORGAN, LEWIS & BOCKIUS LLP AND THOMAS D. KOHLER,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE CALIFORNIA COURT OF APPEAL, SIXTH APPELLATE DISTRICT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether a legal malpractice claim against a patent lawyer that involves no actual patent and will have no impact on patent rights arises under an Act of Congress relating to patents so as to invoke the exclusive jurisdiction of the federal district courts under 28 U.S.C. § 1338.

PARTIES TO THE PROCEEDINGS BELOW

A. Petitioner, Plaintiff below, is Landmark Screens, LLC ("Landmark").

B. Respondents, and Defendants below, are Morgan, Lewis & Bockius LLP and Thomas D. Kohler.

RULE 29.6 STATEMENT

Petitioner Landmark makes this Disclosure of Corporate Affiliations and Corporate Interest pursuant to Rule 29.6 of the Supreme Court Rules, and would respectfully show the Court as follows:

Landmark Screens, LLC has no parent corporation and there are no publicly held corporations that own 10% or more of Landmark's stock.

TABLE OF CONTENTS

TABLE OF APPENDICES

TABLE OF CITED AUTHORITIES

Page

CASES

STATUTES

Cited Authorities

OTHER CITED AUTHORITIES

OPINIONS BELOW

The order of the California Supreme Court denying Landmark's petition for review en banc (App. 29a) is unreported but may be located at *Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP.*, No. S182516, 2010 Cal. LEXIS 6858 (Cal., July 14, 2010). The order of the Court of Appeal of California, Sixth Appellate District denying Landmark's petition for rehearing is unreported but may be located at *Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP.*, No. H033285, 2010 Cal. App. LEXIS 607 (Cal. App. 6th Dist., Apr. 28, 2010). The opinion of the Court of Appeal of California, Sixth Appellate District (App. 1a-24a) is reported at *Landmark Screens, LLC v. Morgan, Lewis & Bockius, LLP.*, 183 Cal. App. 4th 238, 107 Cal. Rptr. 3d 373 (Cal. App. 6th Dist. 2010).

STATEMENT OF JURISDICTION

The judgment of the Court of Appeal of California, Sixth Appellate District was entered on March 29, 2010. (App. 1a-24a). On April 28, 2010 the Court of Appeal denied a petition for rehearing. A timely petition for review was denied by the California Supreme Court en banc on July 14, 2010. (App. 29a). The Jurisdiction of this Court is invoked under 28 U.S.C. § 1257(a).

STATUTORY PROVISIONS INVOLVED

28 U.S.C. § 1338 establishes the patent, trademark and copyright jurisdiction of the district courts as follows:

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection or trademark laws.

(c) Subsections (a) and (b) apply to exclusive rights in mask works under chapter 9 of title 17, and to exclusive rights in designs under chapter 13 of title 17, to the same extent as such subsections apply to copyrights.

28 U.S.C. § 1338.

STATEMENT OF THE CASE

A. Statement of Facts

Petitioner Landmark developed a pioneering electronic billboard that because of its larger size, higher-quality images, greater brilliance, and more efficient content management promised to revolutionize the $5.5 billion outdoor advertising industry. Landmark hired a patent attorney named Thomas D. Kohler to pursue patent rights for its new invention. At that time, Kohler was a partner at Pennie & Edmonds LLP.

Kohler filed a patent application for the new technology on January 9, 2002. In processing the application, the United States Patent and Trademark Office (the "PTO") informed Kohler that the application contained multiple inventions and directed Landmark to pare its application to a single "invention." Kohler did so, and a patent eventually issued on October 28, 2003, (the "2003 Patent") that covered a portion of the new technology used to create Landmark's electronic billboards. The 2003 Patent is not at issue in this lawsuit.

This lawsuit involves Kohler's failure to protect the Landmark technology that was included in the original filing but subsequently pared from the application (the "Unpatented Technology"). To protect the Unpatented Technology, disclosed to the public as a result of the original patent application, Kohler filed a "divisional" patent application, claiming patent protection over the Unpatented Technology from the same filing date as the original patent. But Kohler made mistakes in submitting the divisional patent application.

In June 2004, the PTO notified Kohler, who by this time had left Pennie & Edmonds and joined respondents Morgan, Lewis, & Bockius LLP, that the divisional patent application was incomplete. Specifically, Kohler omitted copies of required drawings and specifications of the invention, failed to incorporate by reference earlier-filed materials, and failed to use the "postcard receipt" method to ensure prompt notification of missing materials.

Kohler had numerous options available at that point to save the inventions contained in the divisional application. For instance, he could have immediately

resubmitted the application with the proper materials or he could have submitted a new patent application to the PTO. These steps would have allowed Landmark to obtain a pending patent application, retaining valuable licensing rights while its patent application was pending, regardless of whether any patent ever issued.

But Landmark did not know there was a problem with the divisional application because Kohler did not tell Landmark. Nor did he take reasonable steps to reclaim the earlier filing date. Instead, Kohler kept the rejection to himself and his law firm and threw himself on the mercy of the PTO, begging for an exception for "an extraordinary situation, where justice requires" under 37 C.F.R. part 1.183. The PTO rejected Kohler's plea, finding that the omissions resulted from a "failure to exercise due care, or lack of knowledge of, or failure to properly apply, the patent statutes or rules of practice." Accordingly, the PTO assigned a filing date of August 23, 2004, for the still Unpatented Technology.

By the time Landmark learned of the errors, it was too late to revive the divisional application. Landmark lost valuable patent rights, including license rights that it would have had during the lengthy divisional application process. These license rights exist separate and apart from the question of whether the invention was patentable.

B. Proceedings Below.

Landmark filed suit against Kohler and his law firms in November 2005, alleging legal malpractice, negligence, and breach of fiduciary duty. The suit was filed in California state court. More than two years later,

defendants filed a demurrer, arguing for the first time that California state courts lack subject matter jurisdiction over patent attorney malpractice claims under 28 U.S.C. § 1338(a), which grants the federal courts exclusive jurisdiction over causes of action "arising under" the patent laws. The superior court sustained defendants' demurrer without leave to amend. (App. 27a-28a). The court concluded that Landmark's right to relief "necessarily would engage the superior court in a substantial question of federal law concerning whether the PTO would have granted . . . patent rights[.]" (App. 27a). Its decision was based on two opinions issued by the United States Court of Appeals for the Federal Circuit after Landmark filed its malpractice action: *Air Measurement Technologies, Inc. v. Akin Gump Strauss Hauer & Feld, LLP*, 504 F.3d 1262 (Fed. Cir. 2007) (*Air Measurement*), and *Immunocept, LLC v. Fullbright & Jaworski, LLP*, 504 F.3d 1281 (Fed. Cir. 2007) (*Immunocept*). (App. 26a).

The two year delay between Landmark's filing of the suit and the assertion of a jurisdictional defect had dire consequences for Landmark. California has a one year statute of limitations for legal malpractice claims and no equitable tolling. Thus, Landmark was deprived of the opportunity to refile its malpractice claims in federal district court.[1] *See Landmark Screens, LLC v.*

1. Though Landmark's malpractice actions were dismissed by the district court, a single fraudulent concealment claim—due to its longer limitations period—survived. See *Landmark Screens, LLC v. Morgan, Lewis, & Bockius, LLP*, No. C 08-2581 JF (HRL), 2009 U.S. Dist. LEXIS 6672 at *14-28 (N.D. Cal., Jan. 20, 2009). That suit remains pending. Subsequent to dismissal of the California case, Landmark secured a reissue patent in late 2009. Though that patent is at issue in the (Cont'd)

Morgan, Lewis & Bockius LLP, No. C 08-2581 JF (HRL), 2008 U.S. Dist. LEXIS 87646 at *6-18 (N.D. Cal. Oct. 2, 2008); *Landmark Screens, LLC v. Morgan, Lewis, & Bockius, LLP*, No. C 08-2581 JF (HRL), 2009 U.S. Dist. LEXIS 6672 at *7-14 (N.D. Cal., Jan. 20, 2009).

The Court of Appeal affirmed the trial court's order granting the demurrer, also deciding that the outcome was dictated by *Air Measurement Technologies* and *Immunocept*. (App. at 10a, 24a). Landmark filed a Petition for Rehearing with the Court of Appeal, which was denied.

Landmark then filed a Petition for Review in the Supreme Court of California, which was considered en banc but ultimately denied on July 14, 2010. (App. 29a).

REASONS THE PETITION SHOULD BE GRANTED

Citing to the Federal Circuit's decisions in *Air Measurement* and *Immunocept*, the California court concluded Landmark's malpractice claims against Kohler and his law firm "should be adjudicated in federal court because of the substantial patent questions presented in the elements of causation and damages." (App. 22a). It reached this conclusion even though the underlying malpractice claims do not involve an issued

(Cont'd)

fraudulent concealment proceedings before the federal trial court, it was never at issue in the California trial court. *See Landmark Screens, LLC v. Morgan, Lewis & Bockius LLP*, 5:08-cv-02581-JF/HRL, 2010 U.S. Dist. LEXIS 95735 (N.D. Cal., Sep. 14, 2010).

patent and do not require the adjudication of patent rights. Like the Federal Circuit cases upon which it relied, the California court made no assessment of the impact of its jurisdictional finding on the "balance of federal and state judicial responsibilities," even though such an assessment is required under this Court's precedent in *Grable & Sons Metal Products Inc. v. Darue Engineering & Manufacturing*, 545 U.S. 308, 314 (2005). Rather, the *Landmark* court rubber-stamped the Federal Circuit's broad incursion into traditional state-law malpractice claims against attorneys representing clients in patent-related matters.

Many state and federal decisions conflict with California's *Landmark* decision. For instance, in a case involving strikingly similar facts, the Nebraska Supreme Court reached the opposite result of *Landmark*, finding state court jurisdiction where *Landmark* found federal. Other states are grappling with the issue in cases pending before the states' highest courts. And further adding to the confusion, federal district courts have disagreed with the Federal Circuit's decisions in *Air Measurement* and *Immunocept*.

The uncertainty over which court has jurisdiction over the traditionally state-regulated question of the standard of care of attorneys practicing within its boundaries has severe consequences for clients seeking redress against their lawyer. An aggrieved client cannot be sure where to file its malpractice claim but could lose its rights by filing in the wrong court. This case is the prime example. Landmark filed its malpractice claim in California state court. Two years later, after the Federal Circuit issued *Air Measurement* and *Immunocept*,

Kohler and his law firm moved successfully to dismiss the case, claiming exclusive jurisdiction in the federal district courts. Once dismissed, Landmark was unable to re-file the malpractice claim in Federal court because the claims were then time-barred under the California statute of limitations.

Confusion over where to file suit, however, is not the only problem an aggrieved client faces. Clients and lawyers are also unable to decipher what standards govern attorney conduct. If the *Landmark*, *Immunocept*, and *Air Measurement* cases control, the Federal Circuit could be the final word on the legal standard of care for attorneys representing clients in patent-related matters.

This Court is thus faced with competing state and federal interests, being played out in competing state and federal court decisions. Yet, this Court will have few opportunities to address the problem. Indeed, in most instances, the conflicting decisions arise in the context of an unappealable removal or remand order. Faced with the dismissal of its malpractice claims with no hope of re-filing in the federal court, Landmark presents a unique opportunity for this Court to address an important and recurring problem.

ARGUMENT

I. Exclusive Federal Jurisdiction Should Not Extend to Attorney Malpractice Cases That Do Not Adjudicate Actual Patent Rights.

This Court has defined the standards for determining when a case arises under "an Act of Congress relating to" patents so as to invoke the federal court's exclusive jurisdiction under 28 U.S.C. § 1338. In *Christianson v. Colt Industries Operating Corporation*, this Court held that exclusive federal jurisdiction exists under Section 1338 only when 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." *Id.* at 808-09.

Subsequently, in *Grable & Sons Metal Products Inc. v. Darue Engineering & Manufacturing* the Court clarified that there is no "'single, precise, all-embracing' test for jurisdiction over federal issues embedded in state-law claims." 545 U.S. 308, 314 (2005) (quoting *Christianson* 486 U. S. at 821 (STEVENS, J., concurring)). The Court held that "the presence of a disputed federal issue and the ostensible importance of a federal forum are never necessarily dispositive; there must always be an assessment of any disruptive portent in exercising federal jurisdiction." *Id.* That assessment requires a court to determine whether "a federal forum may entertain [the disputed federal issue] without disturbing any congressionally approved balance of federal and state judicial responsibilities." *Id.*

Landmark and the Federal Circuit cases upon which it relies, ignore this standard, and find exclusive federal jurisdiction where no "substantial question of federal patent law exists." This decision is in direct conflict with the decision of another state supreme court and a litany of state and federal lower courts. It likewise ignores this Court's mandate in *Grable* to balance the state and federal interests in assessing exclusive jurisdiction. As a result, the *Landmark* court not only reached the wrong conclusion, but also created significant confusion in the legal malpractice arena and endorsed the Federal Circuit's extension of federal patent jurisdiction beyond its intended limits.

A. Landmark's malpractice case against Kohler does not require resolution of a substantial question of federal patent law.

In *Landmark*, the California court found that Landmark's causation and damage theories would require resolution of a substantial question of federal patent law. (App. 22a). It reached this conclusion in reliance on the Federal Circuit's reasoning in *Air Measurement* and *Immunocept*. In *Air Measurement* and *Immunocept*, the Federal Circuit reasoned that because a plaintiff must show it would have obtained a better result but for the attorney's malpractice, virtually all malpractice suits involving the practice of patent law are subject to federal jurisdiction.[2] *See Air Measurement*,

2. Since deciding *Air Measurement* and *Immunocept*, the Federal Circuit has reached the question of whether it had exclusive jurisdiction over a malpractice or fiduciary duty case involving a patent lawyer three times. It found exclusive federal jurisdiction in all three cases. *Carter v. ALK Holdings, Inc.*, 605 F.3d 1319, 1323-25 (Fed. Cir. 2010); *Davis v. Brouse* (Cont'd)

504 F.3d at 1269; *Immunocept*, 504 F.3d at 1284-86. This reasoning, which was adopted wholesale by the California court in *Landmark*, extends the federal court's exclusive jurisdiction over patent law well beyond its intended reach.

Congress enacted Section 1338 to provide for a uniform, consistent body of substantive patent law in a highly specialized and complex field of law. *See* Federal Courts Improvement Act of 1982, Pub. L. 97-164, 96 Stat. 25 (Apr. 2, 1982). As a general rule, in malpractice actions against a patent lawyer, the hypothetical analysis of whether the outcomes would have been different had the lawyer acted differently has no direct impact on patent law. There is no binding adjudication of the scope, validity, or enforceability of any party's patent rights. Only the parties' tort claims are affected and any resolution of patent issues are purely hypothetical. *See Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240-241 (1937) (distinguishing between "concrete" and "hypothetical" controversies for the purpose of the case or controversy requirement); *see also GAF Bldg. Materials Corp. v. Elk Corp.*, 90 F.3d 479, 483 (Fed.Cir. 1996) (holding that "[if there is no issued patent, no controversy under the patent laws exists"). Further, any hypothetical analysis of patent law that a state court undertakes is not precedential in any future federal patent case. *See, e.g., Genelink Biosciences, Inc. v.*

(Cont'd)
McDowell, L.P.A., 596 F.3d 1355, 1359-62 (Fed. Cir. 2010), *cert. denied*, No. 08-1413, 2010 U.S. LEXIS 6588 (U.S. Oct. 4, 2010); *Touchcom, Inc. v. Bereskin & Parr*, 574 F.3d 1403, 1412-13 (Fed. Cir. 2009).

Colby, No. 09-5573(NLH)(AMD), 2010 U.S. Dist. LEXIS 66177 at 19-22 (D. N.J. July 1, 2010) (noting that state-law contemplation of a "hypothetical situation" involving patentability in a legal malpractice claim will have "no precedential effect[.]"). Thus, generally, attorney malpractice claims, even in the context of patent rights, should not be subject to exclusive federal jurisdiction under Section 1338.

The over-reaching grasp in expanding exclusive federal jurisdiction over attorney malpractice claims is particularly evident in the context of Landmark's claims against Kohler. In this case, Landmark's malpractice claims against Kohler and the law firm do not require the adjudication of any patent rights, even in a hypothetical context. In contrast to *Immunocept* and *Air Measurement*, there is not even a hypothetical dispute in this case over the validity, enforceability, or scope of issued patents. Rather, Landmark seeks to hold Kohler and his firm accountable for the loss of patent and license rights through Kohler's *failure to patent* the Unpatented Technology. Thus, under any reasonable analysis, Landmark's claims against Kohler and his firm do not invoke a substantial question of federal patent law. *See GAF Bldg. Materials*, 90 F.3d at 483 ("If there is no issued patent, no controversy under the patent laws exists."); *see* Seymore, *The Competency of State Courts to Adjudicate Patent-Based Malpractice Claims*, 34 AIPLA Quarterly J. 443, 471-72 & nn. 107-109 (noting that federal courts distinguish patent applications from issued patents and that there is no justiciable patent case or controversy until a patent formally issues).

B. *Landmark*, *Air Measurement* and *Immunocept* mark a sea change in the law that conflicts with state and federal court standards.

The expansion of exclusive federal jurisdiction to include attorney malpractice claims involving patent lawyers is a relatively new movement that conflicts directly with existing authorities. *See, e.g., Singh v. Duane Morris LLP*, 538 F.3d 334, 339 (5th Cir. 2008) (rejecting federal jurisdiction over an attorney malpractice claim involving trademark law and noting that "[l]egal 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"); *see also* Mallen & Smith, *Legal Malpractice* § 24:24, at 664-665 (2009 ed.) ("Until 2007, the courts reviewing the issue held that a lawsuit for legal malpractice, concerning errors in patent law or procedure, invoked a state remedy, although issues of federal law may be central to the analysis and resolution of the claim.").

Notably, the Nebraska Supreme Court, faced with nearly identical facts to those presented in this case, decided both before and after *Immunocept* and *Air Measurement* that the state courts have jurisdiction over patent malpractice claims. In *New Tek Mfg., Inc. v. Beehner (New Tek I)*, the Nebraska Supreme Court rejected a claim that the Nebraska state courts lacked subject matter jurisdiction to hear a malpractice case that required "consideration of the hypothetical infringement of [a] patent." 702 N.W.2d 336, 346 (Neb. 2005). The plaintiff in *New Tek I* argued that its

attorney's malpractice in failing to pay patent maintenance fees had resulted in a temporary loss of patent protection and allowed competitors to infringe on New Tek's patent. *Id.* at 342. On appeal from the trial court's grant of summary judgment on the merits, the defendants argued that the trial court lacked jurisdiction because the action was subject to exclusive federal jurisdiction under § 1338. *Id.* at 344-345. While *New Tek I* acknowledged that the causation requirement of malpractice would require the state court to determine whether, but for the negligence of New Tek's attorney, a hypothetical suit for infringement would have succeeded, the court rejected the argument that this conferred federal jurisdiction under § 1338. *Id.* at 345-346. The *New Tek I* court held that the "hypothetical action" related to infringement was only incidentally involved in the state-law malpractice action and that the "federal government has no interest in hypothetical determinations regarding an unenforceable patent." *Id.* at 346.

On remand the trial court again granted summary judgment to the defendants. When the case made its way back to the Nebraska Supreme Court, subsequent to the Federal Circuit's decisions in *Air Measurement* and *Immunocept*, the court requested supplemental briefing on subject matter jurisdiction. *New Tek Mfg., Inc. v. Beehner (New Tek II)*, 751 NW 2d 135, 144 (Neb. 2008. The court then "reiterate[d its] determination in *New Tek I*, that this professional malpractice case arises entirely under state law[.]" *Id.*

In this case, the California court recognized that, in following *Air Measurement* and *Immunocept*, its decision was in direct conflict with both the logic and

the holding of *New Tek I* and *New Tek II*. (App, at. 19a-20a). The California court held that the requirement to establish success on a hypothetical infringement action presents "substantial patent law questions that the federal court is better equipped to address" and that "it was improper for the Nebraska court to intrude on federal jurisdiction[.]" *Id.*

Other courts, including the United States Court of Appeals for the Fifth Circuit, have also disagreed with the Federal Circuit's holdings in *Immunocept* and *Air Measurement*. In *Singh v. Duane Morris, LLP*, for example, the Fifth Circuit held in the context of a trademark case that Texas' "suit within a suit" requirement for proving causation does not automatically confer section 1338(a) subject matter jurisdiction in attorney malpractice cases. 538 F.3d 334, 337 (5th Cir. 2008).

Although the Fifth Circuit noted in *Singh* that there may be other policy considerations that cause a different result in patent cases, the opinion's reasoning renders such a distinction unlikely. Several federal district court decisions reinforce the rejection of *Air Measurement* and *Immunocept* in favor of the application of a *Singh* analysis to patent cases. *See, e.g., Roof Tech. Servs. v. Hill*, 679 F. Supp. 2d 749, 752-54 (N.D. Tex. 2010) (finding *Immunocept* and *Air Measurement* inapplicable and dismissing for lack of federal jurisdiction complaint asserting patent prosecution malpractice claims); *Warrior Sports, Inc. v. Dickinson Wright, P.L.L.C.*, 632 F. Supp. 2d 694; 698-700 (E.D. Mich. 2009) (finding *Immunocept* and *Air Measurement* inapplicable and dismissing for lack of federal jurisdiction complaint asserting patent prosecution and litigation related

malpractice claims); *see also Altavion, Inc. v. Konica-Minolta Systems Lab., Inc.*, No. C-07-06358 MHP, 2008 WL 2020593, at *16-17, 25 (N.D. Cal. May 8, 2008) (granting remand to state court in a case involving allegedly fraudulent filing of patent applications with the PTO); *Adamasu v. Gifford, Krass, Groh, Sprinkle, Anderson & Citkowski, P.C.*, No. 05-70389, 2005 U.S. Dist. LEXIS 37769 at *9-11 (E.D. Mich. July 25, 2005) (finding no federal jurisdiction over malpractice claim stemming from patent practice); *IMT, Inc. v. Haynes and Boone, LLP*, No. 3:98-CV-2634-D, 1999 U.S. Dist. LEXIS 1083 at *6-11 (N.D. Tex. Feb. 7, 1999) (finding no federal jurisdiction over malpractice claim stemming from alleged lost licensing opportunities). These cases offer a well-reasoned basis to reject *Landmark*, *Immunocept*, and *Air Measurement*.

This case in particular offers a unique opportunity for this Court to address a conflict between state courts of last resort and between state courts of last resort and the Federal Circuit that otherwise might never be resolved. Because federal consideration of issues of jurisdiction in a legal malpractice case tend to arise under removal jurisdiction,[3] it is unlikely that a circuit court other than the Federal Circuit will address the issue presented by this case. Indeed, if a district court upholds jurisdiction under 28 U.S.C. § 1338, any appeal of that decision is to the Federal Circuit. 28 U.S.C. § 1295(a) (exclusive jurisdiction is vested in the Federal

3. *See* Michael Ena, *Jurisdictional Issues in the Adjudication of Patent Law Malpractice Cases in Light of Recent Federal Circuit Decisions*, 19 Fordham Intell. Prop. Media & Ent. L.F. 219, 255-56 (advocating the benefits of federal court for defendants in legal malpractice cases related to patent law).

Circuit over appeals from any district court "if the jurisdiction of the court was based in whole or in part on 28 U.S.C. § 1338."). If a district court, on the other hand, denies jurisdiction after a removal and remand to a state court, the decision is not reviewable by any circuit. *See Kircher v. Putnam Funds Trust*, 547 U.S. 633, 640-42 (2006) (holding that 28 U.S.C. § 1447(d) bars review of orders remanding for lack of subject-matter jurisdiction). Thus, when a district court reviews patent jurisdiction in a legal malpractice case under removal, no circuit conflict will develop.[4] If the court were to wait for a clear circuit conflict, the issue could evade review indefinitely. Because this case provides not only a direct conflict between state courts of last resort, but also the opportunity to resolve a conflict between a state courts of last resort and the Federal Circuit that might otherwise escape review, this case is ripe for review by this Court.

4. Indeed, federal district courts have acted under the assumption that the Federal Circuit's decisions on §1338 jurisdiction of malpractice claims related to patent law are controlling because no other circuit will review the issue. *See Genelink Biosciences, Inc. v. Colby*, No. 09-5573(NLH)(AMD), 2010 U.S. Dist. LEXIS 66177 at *9-11 n.8 (D. N.J. July 1, 2010) ("[W]e can not envision a procedural scenario in which the precise issue now before this Court would be heard by the Third Circuit or indeed any circuit court other than the Federal Circuit. . . . We proceed, therefore, under the assumption that [Federal Circuit] decisions have precedential value."); *see also Tomar Elecs., Inc. v. Watkins*, No. 2:09-cv-00170, 2009 U.S. Dist. LEXIS 95573 at *3-4 (D. Ariz. July 23, 2009)("[S]ince the Federal Circuit is the only circuit court that might have appellate jurisdiction over this case, Federal Circuit precedent must control.").

II. The *Landmark* Court Fails to Consider the Impact of Its Decision on the Balance Between Federal and State Judicial Responsibility.

In direct conflict with this Court's mandate in *Grable*, the *Landmark* decision fails to take into account the impact of its decision on the balance between federal and state judicial responsibility. Had it considered this important factor, the California court could not have found that the federal court had exclusive jurisdiction over Landmark's malpractice claims against Kohler.

Specifically, in *Landmark*, the California court failed to undertake any independent assessment of the balancing of federal and state interests required under *Grable*. In addressing *Grable*, the court cited solely[5] to *Air Measurement* for the proposition that "[t]here is a strong federal interest in the adjudication of patent infringement claims in federal court because patents are issued by a federal agency." (App. 11a (citing *Air Measurement*, 504 F.3d at 1272)). This conclusion conflicts with *Grable's* holding that the "importance of a federal forum [is] never necessarily dispositive; there must always be an assessment of any disruptive portent" in finding federal jurisdiction. 525 U.S. at 314.

5. Without referencing *Grable*, the *Landmark* court concluded that demonstration of infringement as an element of malpractice presents "substantial patent law questions that the federal court is better equipped to address." (App. at 19a). This can hardly qualify as an analysis of the proper *balance* between federal and state judicial responsibilities, because it does not address any interests or responsibilities on the part of the State of California.

Having undertaken no independent analysis of the *Grable* standard, the California court necessarily rested its decision entirely on *Air Measurement* when it disagreed with Landmark's contention that "ceding jurisdiction to the federal court would upset the balance between federal and state judicial responsibilities." (App. at 22a). But, like *Landmark*, the Federal Circuit's decision in *Air Measurement* failed to address the balance between federal and state judicial responsibilities.

In *Air Measurement*, the Federal Circuit concluded that because the causation element of a state-law malpractice claim based on errors in patent prosecution requires consideration of patent infringement in the context of a hypothetical case within a case, the malpractice claim necessarily raised a substantial issue of federal patent law. *Id.* at 1268-71. The Court then claimed to undertake a *Grable* "federalism analysis[.]" *Id.* at 1272. However, the analysis addressed only the importance of a federal forum. *Id.* (addressing the "federal interest in the adjudication of patent infringement claims" and the benefit to litigants of "federal judges who have experience in claim construction and infringement matters"). The *Air Measurement* court, like the *Landmark* court, failed to undertake required *Grable* assessment of the disruptive effect on state judicial responsibility of exercising exclusive jurisdiction.[6]

6. See *Singh*, 538 F.3d at 340 (distinguishing *Air Measurement* in part because the Air Measurement court failed to consider issues of "federal interest and the effect on federalism").

Had the California court considered its state's interests, it would have found that the state's interests in maintaining jurisdiction over state-law malpractice claims with no more than a hypothetical treatment of patent law far outweigh any interests in federal jurisdiction over such claims. Indeed, legal malpractice is the traditional domain of state law with limited federal interference. *See Singh*, 538 F.3d at 339 (citing *Custer v. Sweeney*, 89 F.3d 1156 (4th Cir. 1996)). Federal courts have possessed exclusive patent jurisdiction governed by essentially the same statutory language for over 130 years. *See Florida Prepaid Postsecondary Ed. Expense Bd. v. College Savings Bank*, 527 U.S. 627, 648 n.1 (1999 STEVENS, J., dissenting). Yet, federal courts have traditionally declined jurisdiction over state-law malpractice cases that address hypothetical patent issues.[7] And with good reason.

By extending the reach of exclusive federal jurisdiction to attorney malpractice claims, the Federal Circuit becomes the arbiter of the state-law legal standard of care for attorneys representing clients in

7. *See, e.g., Adamasu v. Gifford, Krass, Groh, Sprinkle, Anderson & Citkowski, P.C.*, No. 05-70389, 2005 U.S. Dist. LEXIS 37769 at *5, 11 (E.D. Mich. July 25, 2005) (no federal jurisdiction in malpractice case where attorney's alleged filing error resulted in a shortened period for patent protection); *IMT, Inc. v. Haynes & Boone, L.L.P.*, No. 3:98-CV-2634-D, 1999 U.S. Dist. LEXIS 1083 at *2-3, 10-11 (N.D. Tex. Feb 1, 1999) (no jurisdiction in case alleging legal malpractice for an improperly filed patent); *Commonwealth Film Processing Inc. v. Moss & Rocovich, P.C.*, 778 F. Supp. 283, 285-86 (W.D. Va. 1991) (no federal jurisdiction in legal malpractice case alleging attorneys lack of knowledge of patent law); *Voight v. Kraft*, 342 F Supp. 821, 821-22 (D. Idaho 1972) (no federal jurisdiction in malpractice suit over failed patent prosecution).

patent-related matters and is likely to develop federal standards that conflict with at least some of the varied standards established by the states. For example, in *Carter v. ALK Holdings, Inc.*, the Federal Circuit found exclusive jurisdiction over an attorney malpractice claim. 605 F.3d 1319, 1323-25 (Fed. Cir. 2010). Without reference to *any* state-law precedent governing the fiduciary duty of an attorney, the court created a standard, stating that "the [Patent Regulations and Rules concerning conflicts] *establish* John Doe I's expected fiduciary duties to his clients." *Id.* at 1323-25 (emphasis added). The Federal Circuit's decision in *Carter*, premised on *Air Measurement*, means that an attorney prosecuting a patent might be subject to potentially conflicting state and federal standards of fiduciary duty.

Because the plaintiff controls the pleading, in many circumstances[8] a client bringing suit could by its pleading choose whether state or federal regulatory standards applied to an attorney's fiduciary duty *after the fact*. As the federal courts—reviewed by a single circuit—exert greater control over state-law malpractice claims

8. The case of *Davis v. Brouse McDowell, L.P.A.*, a patent prosecution malpractice case, where an attorney represented a client before both the PTO and in an international patent prosecution under the Patent Cooperation Treaty (PCT), demonstrates how this could commonly occur. 596 F.3d 1355 (Fed Cir. 2010), *cert. denied*, No. 08-1413, 2010 U.S. LEXIS 6588 (U.S. Oct. 4, 2010). In *Davis*, the Federal Circuit found that allegations of malpractice before under PCT "do not raise any issue of U.S. patent law" and thus would not support § 1338 jurisdiction. The USPTO claims however did support § 1338. Thus, under *Davis*, the plaintiff could choose either state jurisdiction by pleading only the PCT claims or federal jurisdiction by including the USPTO claim.

touching on patent-related representation, this type of uncertainty is bound to increase, leaving attorneys and their clients without guidance as to what standards govern a lawyer's conduct.[9]

In the three years following the Federal Circuit's decisions in *Air Measurement* and *Immunocept*, at least sixteen reported state-law malpractice cases have been dismissed from state courts or heard in federal courts on the basis of exclusive Section 1338 jurisdiction.[10] At

9. See Michael Ena, *Jurisdictional Issues in the Adjudication of Patent Law Malpractice Cases in Light of Recent Federal Circuit Decisions*, 19 Fordham Intell. Prop. Media & Ent. L.F. 219, 220-221 (Citing recent increases in malpractice actions including those against patent attorneys).

10. Federal cases finding § 1338 "arising under" jurisdiction over state-law malpractice claims include: *Carter v. ALK Holdings, Inc.*, 605 F.3d 1319 (Fed. Cir. 2010); *Davis v. Brouse McDowell, L.P.A.*, 596 F.3d 1355 (Fed. Cir. 2010), *cert. denied*, No. 08-1413, 2010 U.S. LEXIS 6588 (U.S. Oct. 4, 2010); *Touchcom, Inc. v. Bereskin & Parr*, No. 1:07cv114 (JCC), 2008 U.S. Dist. LEXIS 112100 (E.D. Va. Feb. 4, 2008) *rev'd on other grounds*, 574 F.3d 1403 (Fed. Cir. 2009); *Max-Planck-Gesellschaft Zur Foerderung der Wissenschaften E.V. v. Wolf Greenfield & Sacks, PC*, 661 F.Supp. 2d 125 (D. Mass. 2009); *Rockwood Retaining Walls, Inc. v. Patterson, Thuente, Skaar & Christensen, P.A.*, No. 09-2493 (DWF/FLN), 2009 U.S. Dist. LEXIS 119349 (D. Minn. Dec. 22, 2009); *Tomar Elecs., Inc. v. Watkins*, No. 2:09-cv-00170-PHX-ROS, 2009 U.S. Dist. LEXIS 95573 (D. Ariz. July 23, 2009); *Weather Central, Inc. v. Reinhart Boerner Van Deuren, P.C.*, No. 08-cv-582-bbc, 2009 U.S. Dist. LEXIS 9910 (W.D. Wis. Feb. 10, 2009); *Parus Holdings, Inc. v. Banner & Witcoff, Ltd.*, 585 F. Supp. 2d 995, (N.D. Ill. 2008); *Landmark Screens, LLC v. Morgan, Lewis & Bockius LLP*, No. C 08-2581 JF (HRL), 2008 U.S. Dist. LEXIS 87646 (N.D. Cal. Oct. 2, 2008); *Berndt v. Greenwich Ins. Co.*, No. 08-cv-130-bbc, 2008 (Cont'd)

least ten reported cases have addressed the issue and rejected or distinguished *Air Measurement* and *Immunocept*.[11] Those cases following *Air Measurement* and *Immunocept* have overwhelmingly failed to balance the state's interests against the federal court's exercise of jurisdiction. *See, e.g., Carter v. ALK Holdings, Inc.*,

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U.S. Dist. LEXIS 98079 (W.D. Wis. Dec. 2, 2008); *LaBelle v. McGonagle*, NO. 07-12097-GAO, 2008 U.S. Dist. LEXIS 63117 (D. Mass. Aug. 15, 2008); *Byrne v. Wood*, No. 2: 08-102-DCR, 2008 U.S. Dist. LEXIS 61962 (E.D. Ky. Aug. 13, 2008); *Chopra v. Townsend, Townsend & Crew LLP*, No. 07-cv-02447-MSK-MEH, 2008 U.S. Dist. LEXIS 13471 (D. Colo. Feb. 13, 2008). State-law cases rejecting jurisdiction over state-law malpractice claims due to exclusive federal jurisdiction under § 1338 include: *Lockwood v. Sheppard, Mullin, Richter & Hampton*, 93 Cal. Rptr. 3d 220 (2d Dist. 2009); *Premier Networks v. Stadheim*, 918 N.E.2d 1117 (Ill. App. Ct. 1st Dist. 2009); *TattleTale Portable Alarm Sys. v. Calfee, Halter & Griswold, LLP*, 2009 Ohio 1379, 2009 Ohio App. LEXIS 1217 (Ohio Ct. App., Franklin County Mar. 26, 2009)

11. *Genelink Biosciences, Inc. v. Colby*, No. 09-5573(NLH)(AMD), 2010 U.S. Dist. LEXIS 66177 (D. N.J. July 1, 2010); *Danner, Inc. v. Foley & Lardner, LLP*, No. CV 09-1220-JE, 2010 U.S. Dist. LEXIS 63590 (D. Or. June 23, 2010); *Haase v. Abraham*, No. 6:09CV547, 2010 U.S. Dist. LEXIS 11132 (E.D. Tex. Feb. 9, 2010); *Roof Tech. Servs. v. Hill*, 679 F. Supp. 2d 749 (N.D. Tex. 2010); *Warrior Sports, Inc. v. Dickinson Wright, P.L.L.C.*, 666 F. Supp. 2d 749 (E.D. Mich. 2009); *Eddings v. Glast, Phillips & Murray*, No. 3:07-CV-1512-L, 2008 U.S. Dist. LEXIS 48589, *2 (N.D. Tex. June 25, 2008); *Taylor v. Kochanowski*, 2008 U.S. Dist. LEXIS 20430 (E.D. Mich. 2008); *New Tek Mfg. v. Beehner*, 751 N.W.2d 135 (Neb. 2008); *Minton v. Gunn*, 301 S.W.3d 702 (Tex. App—Fort Worth 2009) (pet. Filed Apr. 2, 2010; full briefing requested Aug. 8, 2010); *Revolutionary Concepts, Inc. v. Clements Walker PLLC*, No. 08-CVS-4333; 2010 NCBC LEXIS 8 (N.C. Super. Ct. Mar. 9, 2010).

605 F.3d 1319, 1323-25 (Fed. Cir. 2010) (finding exclusive federal jurisdiction over a claim for breach of fiduciary duty with no analysis of the state's interest). In contrast, those cases declining to find exclusive federal court jurisdiction over a traditional attorney malpractice claim overwhelmingly conduct the *Grable* analysis. *See, e.g.*, *Roof Tech. Servs. v. Hill*, 679 F. Supp. 2d 749, 755 (N.D. Tex. 2010) (holding that exercising exclusive federal jurisdiction over attorney malpractice claims "would disturb the balance of federal and state judicial responsibilities" because it would "sweep an entire category of cases, traditionally the domain of state courts, into federal court").

The assumption of jurisdiction over an increasingly large number of malpractice cases by federal courts threatens to disturb not only the states' role in adjudication of attorney malpractice, but also its role in developing the substantive standards applied to attorney malpractice. The issue is ripe for review and this case is uniquely positioned to allow this court to review and resolve the issue.

CONCLUSION

For the foregoing reasons, Landmark respectfully requests that this Court grant certiorari in this case.

Respectfully submitted,

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