COMMONWEALTH OF MASSACHUSETTS

APPEALS COURT

SUPPLEMENTAL

2014-P-0578
SJC-11800

CHRIS E. MALING,
PLANTIFF-APPELLANT,

v.

FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, LLP, LAWRENCE R. ROBINS, ERIC P. RACITI, AND MATTHEW R. VAN EMAN,
DEFENDANTS-APPELLEES

ON APPEAL FROM A JUDGMENT OF
THE SUPERIOR COURT FOR SUFFOLK COUNTY

APPELLEES' SUPPLEMENTAL BRIEF ADDRESSING THE ISSUE ON WHICH THE COURT HAS SOLICITED AMICUS BRIEFS

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INTRODUCTION

Appellees Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, Lawrence R. Robins, Eric P. Raciti, and Matthew R. Van Eman (collectively, "Finnegan") respectfully submit, in response to the question presented to amici, that Maling's allegation that Finnegan simultaneously prosecuted patents on "similar" inventions was wholly insufficient to suggest that Finnegan had a conflict of interest. Whether two inventions are "similar" is not a meaningful test for determining whether a firm can adequately represent both inventors before the United States Patent and Trademark Office ("PTO"), and thus an allegation of "similarity" is not meaningful in determining whether a firm has a conflict under Massachusetts law in simultaneously prosecuting patents for two different clients.

Rather, the correct analysis is set forth in Mass. R. Prof. C. 1.7(b), as amended 430 Mass. 1301 (1999), and in analogous provisions of the ethical rules of the PTO.[1] Maling failed to allege facts

[1] In 1985, the PTO adopted its own set of disciplinary rules applicable to those who practice before the PTO, known as the "PTO Code." Hricik & Meyer, Patent Ethics: Prosecution, § 1.03, 7 (2015).

suggesting a conflict under these rules. Maling also failed to allege facts suggesting that he was harmed in any way by Finnegan's prosecution of patents for Maling and Masunaga. As a result, the judgment must be affirmed.

ARGUMENT

I. Maling's Allegation Of "Similar" Inventions Was Insufficient To Suggest A Conflict of Interest.

In his Complaint, Maling alleged that Finnegan had a conflict of interest under Mass. R. Prof. C. 1.7, and under § 10.66 of the PTO Code, 37 C.F.R. § 10.66.[2] (RA10-14). Maling's allegation that his invention was "similar" to or in the "same patent space" as Masunaga's was insufficient to establish a conflict under either rule.

In May, 2013, the PTO Code was replaced by the "PTO Rules," closely modeled on the ABA Model Rules of Professional Conduct. Id. The plaintiffs' Complaint, which was filed in April 2013, alleges a violation of the PTO Code. (RA13-14, ¶ 43).

[2] Attorneys practicing before the PTO are subject to its rules of professional conduct. See 37 C.F.R. § 11.5 (defining practice before the PTO). According to a recent federal publication, approximately 30,000 attorneys are registered to practice before the PTO. See 78 Fed. Reg. 20180 (April 3, 2013). The PTO also has its own disciplinary arm, known as the Office of Enrollment and Discipline ("OED"). Hricik & Meyer, Patent Ethics: Prosecution, § 1.03, 7-8 (2015).

A. An Invention May Be Patentable Even If It Is "Similar" To Any Number Of Other Inventions.

To be patentable, an invention must be new or novel and not obvious. See 35 U.S.C. §§ 102-103. Once an inventor obtains a patent, the inventor has the right to exclude others from making, using, selling, offering to sell, or importing the invention for a period of twenty years. See 35 U.S.C. § 154 (a)(1). A patent once issued is presumed to be valid. 35 U.S.C. § 282. The patents Finnegan obtained for Maling, therefore, presumptively claim a novel and non-obvious invention, and he is entitled to exclude all others from making or selling the inventions claimed in those patents.

Patents, Maling's included, often represent small but nevertheless patentable improvements over prior art. See Mintz v. Dietz & Watson, Inc., 679 F.3d 1372, 1378 (Fed. Cir. 2012) ("Technical advance, like much of human endeavor, often occurs through incremental steps toward greater goals."). In the colloquial sense of the word, then, newly-issued patents frequently will be "similar" to existing patents in the same technical field. Under patent law, however, these ostensibly small differences in

structure or composition can make one invention novel and not obvious when compared to the prior art, and therefore a "patentable" invention.

The distinction between "similar" and "novel and non-obvious" is well-illustrated by the Maling and Masunaga inventions described in the patents at issue in this case. Both inventions attempt to solve the problem of how to construct an eyeglass frame without utilizing screws. As the PTO concluded, however, each patent claims a novel solution to this problem. Compare RA35, Fig. 13 (Maling hinge) with RA113, Fig. 11 (Masunaga hinge). Furthermore, the PTO found Maling's invention to be "novel" even though Maling's device shared a number of characteristics with an existing screwless hinge that Maling himself disclosed as prior art in his application. Compare RA34, Fig. 10 (Maling hinge) and Fig. 11 (prior art).[3]

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[3] Inventors have been patenting eyeglass frames for at least a century, including frames with screwless hinges. The principal Maling patent (No. 7,354,149) not only includes a diagram of a screwless hinge described as "prior art," RA34, at Fig. 11, it also includes 19 references, RA26, many of which are screwless designs. E.g., Patent No. 3,264,678 (Aug. 9, 1966) ("Magnetic Hinge Pin Assembly for Eyeglass Structure"); Patent No. 3,422,449 (Jan. 14, 1969) ("Eyeglasses with Adjustable Magnetically Attached Temples); Patent No. 5,135,296 (Aug. 4, 1992) ("Eyeglasses having Single Wire Frames"); Patent No.

B. Clients Are Not "Directly Adverse" Because They May Seek To Patent "Similar" Inventions.

By its terms, Rule 1.7(a) does not prohibit the simultaneous representation of clients whose interests are adverse. Rather, Rule 1.7(a) prohibits a lawyer from undertaking a representation that will be "directly adverse" to an existing client. Mass. R. Prof. C. 1.7(a), cmt. 3 ("loyalty to a client prohibits undertaking representation directly adverse to that client"). The simultaneous representation of clients whose adverse interests are only commercial, however, "such as competing economic enterprises," is not a conflict of interest. See id. "Paragraph (a) applies only when the representation of one client would be directly adverse to another." Id.

Here, there is no allegation that Maling and Masunaga ever were "directly adverse" to one another, in patent proceedings or otherwise. Maling cites to no case law, nor is Finnegan aware of any, in which a court has held that parties are directly adverse to one another simply because each seeks to patent

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5,732,444 (Mar. 31, 1998) ("Turning Method and Turning Mechanism in Eyeglasses"); Patent No. 5,818,568 (Oct. 6, 1998) ("Eyeglass frame assembly having screw-less hinges"); Patent No. 6,494,574 (Dec. 17, 2002) ("Eyeglasses having Screwless Hinges").

technology in the same field. Such a standard, moreover, would be inconsistent with the statutory framework discussed above, which recognizes that multiple patents may be granted in the same field so long as each claims a "new and useful" invention, or a "new and useful improvement thereof." See 35 U.S.C. § 101.

Moreover, a "similarity" standard would be difficult for patent practitioners to understand and follow. For example, are all eyeglasses "similar," in that all eyeglasses serve to correct or protect the wearer's eyesight? Are devices "similar" if they share a function? Or a single characteristic? A practitioner faced with this conundrum may decide that the safest course is simply to represent only one client in any field, likely the attorney's largest and most well-established client, rather than risk being conflicted out of working for an established client by undertaking work for a new entrant into the field.

Such an outcome would be harmful to both lawyers and clients, particularly in a practice area that is characterized by lawyers who have spent considerable time in gaining expertise in particular technical fields. See Gen-Probe, Inc. v. Becton, Dickinson &

Co., 267 F.R.D. 679, 681 (S.D. Cal. 2010) (noting Boston firm's present involvement in prosecuting "hundreds of patent applications" in discrete technical field); Hricik & Meyer, supra, § 10.05, 329 (2015) (a rule that limits a firm to representing only one client in a particular technical field "imposes unnecessary costs on lawyers, clients, and the system."); Wolfram, Competitor & Other "Finite-Pie" Conflicts, 36 Hofstra L. Rev. 539, 552 (2007) (opining that law firms should not be unnecessarily restricted in engaging in "a specialized practice of representing multiple clients before a federal body that regulates a multi-enterprise industry."). An artificial scarcity of lawyers, particularly in complex and esoteric technical fields, will result in increased prices for the services inventors need to protect their intellectual property. See Miller, Ethical Considerations in Rendering Patent Opinions, 88 J. Patent & Trademark Office Soc'y 1019, 1043 (2006)("It is not unusual for a private firm to represent more than one company in patent procurement in the same general industry or technical field. Given the concentration and specialization in IP practice this practice is hardly surprising."). Moreover, if firms

are limited in the number of clients they may represent within the same technical field, it stands to reason that they will gravitate towards representing large entities capable of generating a high volume of work for the firm, rather than individuals and small companies that likely only will seek the firm's services for a single matter. In a world where this is the reality, it will be difficult for small entities like Maling's to secure the representation necessary to patent their inventions.

A rules interpretation that limits the ability of experienced patent counsel to take on new clients not only would be harmful to nascent Massachusetts companies, but also inconsistent with the public's interest in ensuring that the process of obtaining a patent is not unnecessarily burdened in a way that stifles innovation. See Harvey, Reinventing the U.S. Patent System: A Discussion of Patent Reform through an Analysis of the Proposed Patent Reform Act of 2005, 38 Tex. Tech. L. Rev. 1133, 1177 (2006); Art. I, § 8, cl. 8, of the United States Constitution (delegating to Congress the power to "promote the progress of science and the useful arts" through the patent process); Sinclair & Carroll Co. v. Interchemical

Corp., 325 U.S. 327, 330-331 (1945) ("The primary purpose of the patent system is not reward of the individual but advancement of the arts and sciences.").

This Court also has recognized that clients have an interest in being able to retain attorneys of their choosing. See Meehan v. Shaughnessy, 404 Mass. 419, 431 (1989) (invalidating non-competition provisions that impinged on "strong public interest in allowing clients to retain counsel of their choice . . ."); Eisenstein v. David G. Conlin, P.C., 444 Mass. 258, 262-263 (2005) (rule against attorney noncompetition agreements "furthers the client's right freely to select counsel by prohibiting attorneys from engaging in certain practices that effectively shrink the pool of qualified lawyers from which clients may choose."). If a law firm cannot take on a new client matter without risking being conflicted out of existing representations in the same "patent space," Massachusetts start-ups may find themselves without much choice in locating competent patent counsel.

In sum, an interpretation of Rule 1.7(a) as applying to all representations involving the prosecution of patents on "similar" inventions for

clients in separate proceedings before the PTO would hurt clients and lawyers alike. Such an interpretation also would be inconsistent with the plain language of Rule 1.7(a), which applies only when clients are directly adverse to one another.[4]

Instead, the Court should conclude that the determination of whether a conflict of interest is presented by the simultaneous representation of two clients in separate patent proceedings before the PTO is governed by the "material limitation" standard of Mass. R. Prof. C. 1.7(b), or the analogous provisions of the PTO's own disciplinary rules, as discussed below.

C. Maling Did Not Allege Any "Material Limitation".

Rule 1.7(b) requires lawyers to decline the opportunity to represent a client "if the representation of that client may be materially limited by the lawyer's responsibilities to another

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[4] "Direct adversity" in the patent prosecution context would arise in an interference proceeding. At the time of Finnegan's representation of Maling, the PTO could declare an interference when an application claimed the same invention as another application or patent. See 35 U.S.C. § 135(a)(2002). Once the PTO declared an interference, both inventors would be made parties to an interference proceeding before the Bureau of Patent Appeals and Interferences. Id. The PTO declared no interference in this matter.

client or to a third person, or by the lawyer's own interests." Mass. R. Civ. P. 1.7(b). Similarly, § 10.66 of the PTO Code prohibits multiple representation if the practitioner's "independent professional judgment" on behalf of one client is or is likely to be adversely affected by the practitioner's representation of another client. See 37 C.F.R. § 10.66.[5]

The commentary to Rule 1.7(b) describes what is meant by "material limitation."

> Loyalty to a client is also impaired when a lawyer cannot consider, recommend or carry out an appropriate course of action for the client because of the lawyer's other responsibilities or interests. The conflict in effect forecloses alternatives that would otherwise be available to the client. A possible conflict does not foreclose the representation. The critical questions are the likelihood that a conflict will eventuate and, if it does, whether it will materially interfere with the lawyer's independent professional judgment in considering alternatives or foreclose courses of action that reasonably should be pursued on behalf of the client.

Mass. R. Prof. C. 1.7(b), cmt. 4. Thus, in order for Maling to premise a malpractice action on a violation of either Rule 1.7(b) or § 10.66 of the PTO Code,

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[5] As noted above, this section has been replaced in the Code of Federal Regulations by Rule 11.107 of the PTO Rules. However, Maling has attached a copy of § 10.66 to his appellate brief.

Maling would need to allege facts sufficient to show that Finnegan's prosecution efforts on behalf of Masunaga adversely affected Finnegan's prosecution decisions on behalf of Maling.

Maling did not allege any such facts.[6] Rather, Maling asserts that because his invention was "similar … in many important respects" to the Masunaga invention, "it would have been impossible for Finnegan to have adequately protected the interests of both Maling and Masunaga without adversely affecting one of them." (Appellant's Brief, p. 12). As set forth above, however, two inventions that are "similar" each can have "novel" and "nonobvious" aspects that are deserving of patent protection. Moreover, Finnegan did in fact obtain for both Maling and Masunaga the very patents they requested. Thus, this conclusory assertion, which is not even found in the Complaint, was insufficient to support a cause of action for legal malpractice.

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[6] Notably, Maling never sought leave to amend his Complaint. Maling did allege that Finnegan filed his initial application "belatedly." (RA8, ¶ 11). Maling did not identify any way in which the allegedly "belated" filing adversely impacted on Finnegan's prosecution efforts, nor could he, where Maling obtained the desired patents. (RA26-98).

II. Maling Alleged No Cognizable Harm.

"A violation of a canon of ethics or a disciplinary rule … is not itself an actionable breach of duty to a client." Preamble to Mass. R. Prof. C., cmt. 6 (quoting Fishman v. Brooks, 396 Mass. 643, 649 (1986)(internal citation omitted). To make out a cause of action for legal malpractice, a client must plead and prove the familiar elements of a professional negligence claim, including causation and damages. See McCann v. Davis, Malm & D'Agostine, 423 Mass. 558, 560 (1996) (no causal connection between law firm's conflict of interest and former client's claimed damages).

Here, Maling did not allege any damages plausibly connected to the alleged conflict. Maling did not allege any deficiencies in the patent prosecution work Finnegan performed for him, or that he would have obtained "better" or "stronger" patents in the absence of the alleged conflict. Rather, Maling alleged that had he known about the Masunaga application, he would have abandoned his efforts to patent and market his invention. As the Superior Court concluded, however, Finnegan had no duty to disclose to Maling information

about another client's confidential patent prosecution activity, see Mass. R. Prof. C. 1.6(a), 426 Mass. 1435 (1998), cmts. 5, 5A, and Maling's alternate theory that he would have abandoned his business plans even if Finnegan had simply declined the representation without comment was simply too speculative to support a cause of action. (RA22-24). As a result, the judgment should be affirmed.

CONCLUSION

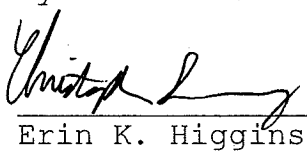
This Court should affirm. The Court should decline to adopt Maling's position that a law firm may not simultaneously represent more than one client in seeking patents on "similar" inventions. Such an interpretation of the conflicts rules would be inconsistent with the statutory scheme applicable to patent prosecution, and would impose unnecessary restrictions on the ability of Massachusetts inventors to retain patent practitioners with an appropriate level of expertise.

Instead, the Court should conclude that a Massachusetts lawyer may prosecute patents for different clients in the same field, so long as the parties are not directly adverse to one another in a patent proceeding, and so long as the lawyer's

prosecution effort on behalf of any one client is not "materially limited" by the lawyer's obligations to any other client. Here, Maling failed to allege facts suggesting the existence of a conflict under either prong of the rule.

Further, Maling's failure to allege facts suggesting any damages proximately caused by the alleged conflict provides independent grounds on which to affirm the judgment.

Respectfully submitted,
FINNEGAN, HENDERSON, et al.
By their attorneys,



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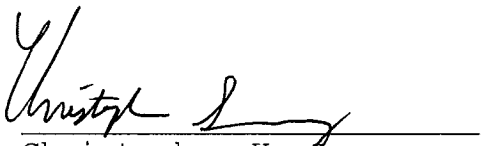
Dated: March 23, 2015

CERTIFICATE OF COMPLIANCE

I, Christopher K. Sweeney, hereby certify that this brief complies with the applicable provisions of Mass. R. App. P. 16, 18, and 20.



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