

Morgan Lewis Settles Fraud Suit Over Patent Application

By **Stewart Bishop**

Law360, New York (January 02, 2013, 8:05 PM ET) -- A California federal judge on Wednesday signed off on a deal that settles Landmark Screens LLC's fraud lawsuit against Morgan Lewis & Bockius LLP and a patent lawyer who was formerly with the firm, brought over an allegedly botched patent application for the company's electronic billboard.

U.S. District Judge Phyllis J. Hamilton ordered the case dismissed with prejudice and stipulated that both sides would cover their own attorneys' fees and costs. Further terms of the settlement were not disclosed.

The suit traces its beginnings to a dispute over a patent application for a light-emitting diode electronic billboard that attorney Thomas Kohler attempted to submit to the U.S. Patent and Trademark Office on Landmark's behalf.

Kohler filed the original patent application for the company's LED billboard in 2002, but the USPTO decided the application actually covered four separate inventions, according to court documents. Landmark was forced to choose one invention to be covered by the initial patent and file divisional patent applications later to cover the other inventions, court records show.

When Kohler filed the divisional application, however, he accidentally left out copies of required drawings and specifications and failed to incorporate reference materials related to the earlier patent application filing, the plaintiff alleged. As a result, the divisional application was given a later date, which meant, essentially, the original filing would be considered prior art and Landmark would lose its ability to patent the remaining inventions, court documents said.

Instead of immediately informing Landmark about the problem, Kohler allegedly filed an ultimately unsuccessful adversary petition with the USPTO. The attorney did not tell Landmark about the issue for almost six months, and Landmark eventually hired new patent counsel to obtain a reissue patent for the technology, according to court documents.

Landmark then brought a state malpractice suit against Kohler, his former firm Pennie & Edmonds LLP and Morgan Lewis, which the attorney joined in 2004.

Pennie settled the suit in March 2008, striking a deal that resolved the legal malpractice claims against the firm and against Kohler related to his work for Landmark while he was still at Pennie.

Two months later, the state court dismissed the initial complaint, citing a lack of jurisdiction, and Landmark brought suit in California federal court, making malpractice and fraud claims against Kohler and the law firm over their alleged cover-up of the patent filing mistake.

The federal suit eventually was whittled down to only the fraud claim, on which the district court granted Morgan Lewis summary judgment in February 2011. However in April, the Federal Circuit breathed new life into the case, finding Landmark's claims were brought within the statute of limitations.

Morgan Lewis had successfully convinced the lower court that Landmark, which waited to make its federal fraud claims until after a state court dismissed its malpractice suit for lack of jurisdiction, missed the three-year window to bring a federal suit.

But the Federal Circuit said that, under the doctrine of equitable tolling, the lower court should not have counted the years during which the case was pending in state court and, as a result, Landmark's federal claims actually were brought well within the statute of limitations.

Attorneys for the parties involved could not be immediately reached for comment Wednesday.

Landmark is represented by Clark S. Stone and Steven M. Levitan of Hogan Lovells US LLP and Sanford Jay Rosen and Lisa Ells of Rosen Bien Galvan & Grunfeld LLP.

Morgan Lewis and Kohler are represented by Steven P. Ragland of Kecker & Van Nest LLP.

The case is Landmark Screens LLC v. Morgan Lewis & Bockius LLP et al., case number 4:08-cv-02581 in the U.S. District Court for the Northern District of California.

--Additional reporting by Scott Flaherty. Editing by Chris Yates.

All Content © 2003-2013, Portfolio Media, Inc.