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Malpractice In IP Cases Not Always Federal: 5th Circ.

By Denise Oliveira

Law360, New York (August 01, 2008) -- A federal appeals court has thrown out a state-law malpractice lawsuit against Duane Morris LLP for lack of jurisdiction, saying the fact that the alleged malpractice occurred in a federal trademark suit does not automatically make the case federal.

On Wednesday, the U.S. Court of Appeals for the Fifth Circuit vacated the judgment of a federal trial court in the U.S. District Court for the Southern District of Texas, which had dismissed the malpractice claim, saying the case does not belong in federal court.

Robin Singh sued the law firm and one of its partners who had represented him in a trademark dispute he lost over the use of the name "Testmasters" for his law school entrance examination preparatory course.

There is no federal jurisdiction over the malpractice lawsuit because it does not "arise under" federal law just because the alleged malpractice occurred in a prior lawsuit involving a federal matter, the appeals court said.

When Duane Morris partner Richard T. Redano represented Singh, a federal jury found that Singh's mark was descriptive and that he had established secondary meaning in "Testmasters."

But the appellate court reversed the jury's finding, holding that Singh had presented "little or no evidence regarding secondary meaning."

Singh sued Duane Morris and Redano in a Texas state court, alleging that Redano had wronged him by failing to introduce evidence at trial that would have successfully established "secondary meaning."

Redano removed the case to federal court, saying there was federal jurisdiction over the

lawsuit because the malpractice claim turned on resolving the federal-law question of whether Singh could have established secondary meaning in his trademark.

The court of appeals agreed with Redano that for a plaintiff to prevail on a malpractice claim, he must prove that "but for" the attorney's malpractice, he would have won the underlying federal suit.

But the court said that the mere presence of a federal issue in a state malpractice case does not automatically confer federal jurisdiction. The court must weigh the particular circumstances of each case to decide whether federal jurisdiction is warranted, and in this case, it found it was not.

"Federal jurisdiction demands not only a contested federal issue, but a substantial one, indicating a serious federal interest in claiming the advantages thought to be inherent in a federal forum," the court said, citing U.S. Supreme Court precedent.

In this case, the trademark issue is only tangentially relevant to the state tort claim, the court said, adding that litigating this matter would in no way further the objectives of federal trademark law.

"Federal trademark law not only provides no remedy for aggrieved clients to recover against negligent trademark attorneys but also has an object entirely different from that of state malpractice law," the court said.

Flatly rejecting the defendants' plea to keep the malpractice lawsuit in federal court, the judge said this was not a case that requires the "experience, solicitude and hope of uniformity" that federal courts offer.

If the federal court heard the case, it would open the door to innumerable state-law malpractice claims, the court said, refusing to do just that.

The plaintiff intends to refile the case in state court if it is not automatically remanded, his attorney said.

"We are disappointed with the result and obviously felt the federal district court had jurisdiction over this matter," said Duane Morris' general counsel Michael Silverman, adding that the firm is evaluating the appellate court's decision and considering its next steps.

After Singh's trademark was invalidated by a federal court, another company, Test Masters

Educational Services Inc., filed a trademark application for the "Testmaster" mark with the U.S. Patent and Trademark Office, Singh's lawyer Patrick McShan of Daniel Sheehan & Associates LLP said. That proceeding is still pending, McShan said.

The plaintiff is represented by Daniel Sheehan & Associates LLP.

The defendants are represented by Vinson & Elkins LLP.

The case is Singh v. Duane Morris LLP and Redano, case number 07-20321, in the U.S. Court of Appeals for the Fifth Circuit.

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