2021 WL 635008 (N.Y.Sup.), 2021 N.Y. Slip Op. 30465(U) (Trial Order)
Supreme Court of New York.
New York County

****1** Morgan and Mendel GENOMICS, Plaintiff,

v.

AMSTER ROTHSTEIN & EBENSTEIN, LLP, Defendant.

No. 161405/2019.
February 18, 2021.

Decision + Order on Motion

Present: Hon. Andrew Borrok, Justice.

MOTION DATE 03/13/2020

MOTION SEQ. NO. 002

***1** The following e-filed documents, listed by NYSCEF document number (Motion 002) 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 49, 50, 51, 52, 53 were read on this motion to/for DISMISS.

Upon the foregoing documents, Amster Rothstein & Ebenstein, LLP's (the **Defendant)** motion to dismiss is granted.

The Relevant Facts and Circumstances

This action concerns a legal malpractice claim for the Defendant's alleged failure to advise Albert Einstein College of Medicine **(Einstein)** of the deadline to file a patent application for genetic testing technology (NYSCEF Doc. No. 20, ¶ 1). The subject matter of the patent was invented by two Einstein employees, Dr. Ostrer and Mr. Loke, who published a manuscript (the **Article)** about their invention.

On October 15, 2012, Einstein asked the Defendant to help obtain patent protection for its new discovery (*id.*, ¶ 23). When the Defendant asked Einstein, their own client, for the publication date of the Article, Einstein advised that it was first published in March 2012 (*id.*, ¶ 26). This ****2** was however incorrect. In fact, although the Defendant learned that the Article had appeared online on January 11, 2012 and emailed Dr. Ostrer and Mr. Loke on November 26, 2012 to advise them of the same, the article was first published in an "Early View" service on December 15, 2011 (*id.*, ¶¶ 18-20, 29). Subsequently, the Defendant filed a provisional patent application on January 8, 2013 and a non-provisional application on January 8, 2014 (the **Application**) (*id.*, ¶¶ 36-37).

Pursuant to a License Agreement dated March 9, 2016 (the **Agreement**; NYSCEF Doc. No. 29), as amended by the First Amendment to License Agreement dated March 5, 2019 (the **Amendment**; NYSCEF Doc. No. 44), each by and between Einstein as licensor and Morgan and Mendel Genomics, Inc. (the **Plaintiff**) as licensee, Einstein granted the Plaintiff "a worldwide, exclusive license, with the right by [Plaintiff] and Affiliates only to grant and authorize sublicenses to unaffiliated third parties" (NYSCEF Doc. No. 29, § 4.01). The Agreement also provided that nothing therein would be construed "as a grant, by implication or otherwise, of any license except as expressly specified in Section 4.01 hereof" (*id.*, § 4.03).

On September 14, 2016, the United States Patent and Trademark Office (the **USPTO**) rejected the Application, in part, because the Article was available online on December 15, 2011, more than one year before the Application was filed (*id.*, ¶ 46). In other words, the Application was untimely because it was not filed in accordance with the strict condition that applications be filed in less than a year after being described in a printed publication (*id.*, ¶¶ 7-8; 35 USC § 102).

****3** The Plaintiff commenced this action on November 22, 2019 alleging that it entered into an agreement with Einstein in March 2019, pursuant to which Einstein assigned to the Plaintiff its legal malpractice claim against the Defendant regarding the Application (NYSCEF Doc. No. 20, ¶ 61).

Discussion

***2** Pursuant to CPLR § 3211 (a)(3), the court may dismiss a claim if the party does not have standing to assert such a claim. The Defendant argues that this action must be dismissed because the Plaintiff has no standing to assert a legal malpractice claim on behalf of Einstein. In its opposition papers, the Plaintiff argues that the Agreement and the Amendment specifically permitted the Plaintiff to bring a legal malpractice claim against the Defendant.

Neither the Agreement nor the Amendment purports to assign Einstein's right to bring a legal malpractice claim to the Plaintiff. The Agreement only granted the Plaintiff an exclusive license to authorize sublicenses to unaffiliated third parties (NYSCEF Doc. No. 29, § 4.01). The Amendment only addressed certain milestone payments, due diligence requirements, and the raising of capital (NYSCEF Doc. No. 44). Thus, the action must be dismissed.

To the extent that the Plaintiff proffered a letter dated July 17, 2020, in response to the Defendant's reply memorandum stating that the Plaintiff would provide evidence of the alleged assignment once the instant motion was denied, the letter is procedurally improper (NYSCEF Doc. No. 52; *see Liberty Mut. Ins. Co. v Thomas*, 2020 NY Slip Op 33270[U], *5 [Sup Ct, NY County 2020] [supplemental motion papers are not considered unless leave of court is obtained]).

****4** In any event, the Plaintiff cannot rely on an undisclosed document or relationship to demonstrate standing before the court when standing has been challenged.

Equally important, the branch of the motion to dismiss under CPLR § 3211(a)(7) must be granted as the Defendant's representation consisted of filing a patent application and did not include an undertaking to verify that the information provided to it by *its client* was not false. Although an attorney is responsible for investigating and preparing a client's case, the attorney “should not be held liable for ignorance of facts which the client neglected to tell him or her” (*Green v Conciatori*, 26 AD3d 410, 411 [2d Dept 2006]).

An Invention Disclosure Form received July 16, 2012 by Einstein indicated that the invention was published on March 2012 (NYSCEF Doc. No. 27). As discussed above, after the Defendant began to work on the Application in the Fall of 2012, Dr. Ostrer and Mr. Loke also advised that the first date of publication was March 2012 (NYSCEF Doc. No. 20, ¶¶ 24-26). The Defendant responded indicating that the first online publication date appeared earlier -- i.e., on January 11, 2012 -- and that the Application needed to be filed within one year of that date (*id.*, ¶ 29; NYSCEF Doc. No. 23, ¶ 36). At no point did Einstein advise the Defendant of the earlier publication or rectify the false information that was provided to the Defendant (i.e., the December 15, 2011 publication date in the “Early View” service).

Stated differently, the Plaintiff's claim is doomed by the fact that the claim is premised on false information which the Defendant's lawyers were allowed to rely on and for which they were not hired to investigate (i.e., that the article had in fact been published earlier). As such, the claim ****5** fails as a matter of law (*see Green, supra*). Accordingly, the Defendant's motion to dismiss is granted.

Accordingly, it is

ORDERED that the Defendant's motion to dismiss is granted and the amended complaint is dismissed with costs and disbursements to Defendant as taxed by the Clerk upon the submission of an appropriate bill of costs; and it is further

***3** ORDERED that the Clerk is directed to enter judgment in favor of the Defendant on the amended complaint.

2/18/2021

DATE

<<signature>>

ANDREW BORROK, J.S.C.

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