

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

	X	
MORGAN & MENDEL GENOMICS, INC.,	:	Index No. 161405/2019
Plaintiff,	:	
- against -	:	
AMSTER ROTHSTEIN & EBENSTEIN, LLP,	:	
Defendant.	:	
	X	

MEMORANDUM OF LAW IN SUPPORT OF DEFENDANT AMSTER ROTHSTEIN & EBENSTEIN, LLP'S MOTION TO DISMISS AMENDED COMPLAINT

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Defendant Amster Rothstein & Ebenstein, LLP (“Amster”), by its attorneys Zukerman Gore Brandeis & Crossman LLP, respectfully submits this Memorandum of Law in support of its motion to dismiss the Amended Complaint filed by plaintiff Morgan & Mendel Genomics, Inc. (“MMG”).

PRELIMINARY STATEMENT

This is an action for legal malpractice brought by a plaintiff that Amster has never represented. It is singularly frivolous. MMG, the development-stage licensee of a patent application (the “Application”) filed by Amster on behalf of its client, Albert Einstein College of Medicine (“Einstein”) faults Amster for relying on the information Einstein provided it, as a result of which, MMG says, the US Patent and Trademark Office (the “USPTO”) rejected the Application on or about September 14, 2016 as being untimely by a little less than a month.

MMG brings the Amended Complaint through new counsel after Amster moved to dismiss its first pleading. While still faulting Amster for filing a patent application three weeks after MMG says it was due, the differences between the initial pleading and the Amended Complaint are striking. In an attempt to stave off a meritorious motion to dismiss, MMG now pleads a new and different version of what legal services Amster was retained to provide and what MMG says Amster did wrong. MMG even has a new version – actually, several versions – of who Amster represented.

Thus, for example, the initial Complaint, Exhibit A to the accompanying affirmation of Amster’s Kenneth P. George, Esq. (the “George Aff.”) clearly alleged that Amster was engaged by Einstein to *prepare* a patent application – as it had done for Einstein hundreds of times over

three decades – MMG’s new pleading says Amster “was retained to *manage the process* of obtaining patent protection” (Exh. B, Am. Compl. ¶4) (emphases added).¹

In the first Complaint, MMG faulted Amster for having “failed to inquire of Dr. Ostrer or Mr. Loke [the two Einstein employees whose invention is at issue] as to whether the Loke Article had been published or made available online prior to the electronic publication date of the ‘final version’” (Exh. A, Compl. ¶10). Now, MMG says, despite the fact that Einstein provided the first day of publication of prior art to Amster, and the Inventors knew, but failed to reveal, an earlier publication date to Einstein or Amster, “ARE had an obligation to independently investigate whether any prior art triggered deadlines for the Application.” (Exh. B, Am. Compl. ¶10).²

Although the Complaint provides only that Amster represented Einstein, in the face of Amster’s claim that Amster’s representation of Einstein substantively ceased after Einstein assigned the Application to MMG, MMG has now decided that Amster may have also been MMG’s attorneys. In paragraph 50 of the Amended Complaint, MMG pleads that “ARE had continuously represented Einstein (and MMG as licensee) from October 19, 2012 through December 2, 2016 regarding the Application.” This false allegation cannot be squared with the fact that MMG was not formed until 2014, or even the other allegations of the Amended

¹ All exhibits referenced herein are exhibits attached to the George Aff.

² The entire theory of the original Complaint was that if Amster had only asked the Inventors if there was an earlier electronic publication date than the publication date Einstein supplied to Amster, they would have advised Amster of the correct date: “Had ARE [asked the Inventors], Dr. Ostrer, who had previously received an e-mail from [the article’s publishers] ... would have informed ARE that...the manuscript of the Loke Article was made available for public review on December 15, 2011.” (Compl. ¶21). That assertion has vanished from the Amended Complaint, replaced with this: “Informal questioning of persons involved with the writing of an article is an insufficient investigation of when the publisher first made the material available...” (Am. Compl. ¶77).

Complaint (paragraph 44 says that “Pursuant to the [License], Einstein remained a client of ARE...;” paragraph 39 says “The [License] substituted MMG for Einstein for all purposes. It did not alter the relationship between Einstein and ARE”).³ There is no good faith reason for MMG’s failure to state clearly who Amster represented in a lawsuit accusing it of malpractice. A blackline of the Amended Complaint showing the changes from the first pleading is attached as Exhibit C.

The Court should take exception to MMG’s crude attempt to plead contradictory facts and manufacture new professional obligations in hopes of staving off dismissal. A law firm simply has no “obligation to independently investigate” facts a sophisticated and knowledgeable client provides, especially where the client expressly does not engage the attorney to conduct any such investigation. There is no question – and the Amended Complaint does not dispute – that Einstein is well aware that a U.S. patent application must be filed within one-year of the date the invention is first published in a scientific journal.⁴ It has filed over a thousand patent applications, and maintains a robust review process, which requires it to determine the first date of publication of any article that discusses its invention precisely to ensure that it files applications timely.

³ Paragraph 42 even notes, correctly, that ARE “represented Einstein concerning the License Agreement and was the primary drafter of the License Agreement.” Thus, MMG alleges in the same pleading, that ARE represented only Einstein, that it represented both Einstein and MMG, and that while representing Einstein, it was actually adverse to MMG.

⁴ Einstein also knows that it must apply for foreign patent protection before any article discussing its invention is published, a powerful incentive for it to remain aware of all relevant publication dates. The Inventors are required to disclose actual or prospective future publication dates to Einstein. They did not do this here, and because of their failure, Einstein was deprived of the ability to obtain, for example, a valuable European patent.

With perfect hindsight, the Amended Complaint asserts that if Amster had conducted an independent investigation it was not engaged to conduct, it might have discovered that the information Einstein and the Inventors provided to Amster was incorrect. But the Amended Complaint provides no basis for Amster to have disbelieved, or not to have relied on, the information Einstein provided to it. As Amster showed in its first motion to dismiss, unambiguous documentary evidence proves that Einstein told Amster, in writing, that the first article discussing the invention for which the Application sought patent protection (the “Invention”) was published on January 11, 2012 in the online edition of a scientific journal called *Clinical Genetics*. The Inventors were the authors of this article, and, as the Complaint plainly stated (but the Amended Complaint conveniently fails to mention) the Inventors actually knew an earlier publication date and told no one.

And nothing in the Amended Complaint rebuts the clear documentary evidence that Amster actually wrote to the Inventors, told the Inventors that they understood that January 11, 2013 was the anniversary of first publication, and therefore the deadline for filing a patent application. The Inventors, who pleaded that they knew of an earlier date, did not correct Amster. Any USPTO rejection that resulted from the Inventors’ failure to disclose the earliest date they knew is clearly the Inventors’ fault, not Amster’s.

Amster certainly had no reason to “independently investigate” the date the Inventors’ own article was first published in the face of Einstein’s clear advice that the date of first online publication was January 11, 2012, and the Inventors’ silence. Like it did hundreds of times before – and as Einstein expected – Amster was entitled to rely on the information Einstein gave it.

Just to state MMG's theory of the case is to refute it. Amster represented only Einstein, which understood that the date of first publication meant the first date of any publication relating to a potential invention, and which employed robust processes to make sure its employees Dr. Harry Ostrer and Johnny L. Loke (collectively, the "Inventors"), provided it with correct information that it could in turn provide to its lawyers. Amster had no duty to question the information that its sophisticated client provided, or to cross-examine the client's employees. The law is clear that Amster is entitled to believe what its sophisticated client says and has no more duty to verify the supplied date of first publication than it does to verify the underlying scientific data it submitted in support of the Application. The Amended Complaint asserts the breach of a duty that does not exist. It does not state a claim.

This is far from the Amended Complaint's only incurable defect. As we argue below, and in the attached George Aff., this action is untimely by at least eight (8) months. Worse, though MMG asserts that Amster's failure to discover the true first publication date caused the USPTO to reject the Application, the Amended Complaint blurs the fact that MMG has refiled "a salvage patent application...and subsequent applications for patent protection" (Amended Complaint, ¶60) which are still pending before the USPTO and which may yet be approved.

And begrudgingly, MMG now also admits that the USPTO had "bases in addition to the Loke Article in rejecting the Application's claims," MMG substitutes the rank speculation that "Einstein or MMG would have been able to address sufficiently these other bases for rejection such that a patent ultimately would have issued covering the *core aspects* of the Application." (italics supplied). Hidden in this surmise is the unreported fact that only three of the seventeen claims rejected had anything to do with the Loke Article, and all of those claims were minor,

dependent claims easily rejected on multiple grounds.⁵ Whatever MMG considers the “core aspects of the Application” – and MMG does not explain what they were – it cannot dispute that all of the independent claims (which are the broadest and most valuable) were rejected for reasons having nothing to do with the date the Loke Article was first published online.

The undisputed fact is that through its own attorneys, Scully, Scott, Murphy & Presser P.C. (“Scully Scott”), MMG re-wrote and re-submitted the Application *twice* and has also filed entirely new patent applications. Its first re-submission resulted in the Second Office Action, discussed below, which rejected the same claims on similar grounds. This re-submission is an intervening cause for which Amster cannot be held accountable. And the “salvage application” (referred to in the original motion to dismiss as a “continuation application”) and the other patents MMG now says it has filed, are still pending and have not been rejected. Until these applications are finally rejected, MMG has no argument that anything Amster did or failed to do resulted in a rejection that has not yet occurred. Whatever the USPTO ultimately decides, Amster cannot be responsible for what MMG’s own Scully Scott lawyers did or failed to do. If the Application is ultimately rejected once and for all, Amster respectfully submits that this will be Scully Scott’s responsibility.

Finally, established caselaw makes clear that MMG simply cannot establish damages under any circumstances. The Application was first filed in January 2013. In the seven years since, neither Einstein nor MMG has derived a nickel of revenue from the commercialization of the Invention. The lack of a patent did not prevent them from doing this; after all, a patent merely gives its owner a claim against an infringer. MMG pleads that it has obtained

⁵The claims of a patent application define the invention for which protection is sought in the same way a deed describes the parcel of land that it covers.

development grants for the Invention since the Application was invented, which only points out the falsity of MMG's claim that it needs patent protection in order to continue to develop its product. It remains undisputed that MMG has neither commercialized the Invention nor identified a competitor who has derived revenue that, but for the denial of the Application, should have gone to MMG. In language identical to the Complaint, the Amended Complaint plays coy, asserting merely that if "core aspects of the Application" resulted in a patent, "MMG *would be positioned to exploit* [the Inventors'] technology to tremendous financial success" (italics supplied). As the Appellate Division held in a remarkably similar case, MMG's wishful guess that the Invention would prove profitable is worthless. A surmise is no substitute for actual damages.

The Amended Complaint must be dismissed, with prejudice. Now that it has twice failed to state a claim, there is no reason to give MMG another opportunity, or to suspect that another opportunity would not be dismissed. MMG simply has no claim here. It is past time for this action to be dismissed.

THE FACTS

The facts are set forth in the accompanying George Aff., and in the unambiguous documentary evidence attached to it.

ARGUMENT

I. MMG'S CLAIM IS TIME-BARRED

A. Standard

A motion to dismiss pursuant to CPLR §3211(a)(5) should be granted where a cause of action may not be maintained due to the expiration of the applicable statute of limitations. *Mukhopadhyay v. Genesis Corp.*, 70 A.D.3d 520 (1st Dep't 2010). In deciding on a motion to dismiss a complaint pursuant to CPLR §3211(a)(5) on statute of limitations grounds, the Court is permitted to consider documentary evidence and affidavits submitted by the parties. *Sparcino v. Winner*, 82 A.D.2d 753, 753 (1st Dep't 1981); *Aldrich v. March & McLennan Cos., Inc.*, 52 A.D.3d 435, 436 (1st Dep't 2008) (dismissing claim and considering "extensive information that was available to plaintiffs in the public domain.")

A claim for legal malpractice is subject to a three-year statute of limitations. CPLR §214(6). The statute of limitations accrues when the act, error or omission occurs, not when the plaintiff discovered the existence of the claim or damages. *Shumsky v. Eisenstein*, 96 N.Y.2d 164, 166 (2001) ("What is important is when the malpractice was committed, not when the client discovered it"); *Gilbert Props. Inc. v. Millstein*, 40 A.D.2d 100, 105-6 (1st Dep't 1972), *aff'd*, 33 N.Y.2d 857 (1973); *Kramer v. Belfi*, 106 A.D.2d 615, 617 (2d Dep't 1984) (action for legal malpractice which alleged negligence in drafting of decedent's will accrued at the latest in 1977 when the subject wills were executed). As a matter of law, claims made outside the limitations period provided by the CPLR are subject to dismissal on the pleadings.

B. The Claim Is Untimely

MMG's malpractice claim is simply that Amster should have independently investigated the date of first publication of the Inventors' *Clinical Genetics* article that Einstein provided to Amster to make sure that the first date of online publication given was correct. (Am. Compl.

¶10). Had Amster done so, the Amended Complaint speculates, it might have discovered that the January 11, 2012 online publication date that Einstein supplied was incorrect, and that the Inventors' article had first been published online several weeks earlier, on December 15, 2011. Fatal to MMG's malpractice claim is the undisputed fact that Einstein – through its employees, the Inventors – had actual knowledge of the December 15, 2011 date and failed to tell Amster. This failure is compounded by the fact, pleaded in the Complaint but mysteriously gone from the Amended Complaint, that Amster emailed the Inventors and told them that it understood the deadline was January 11, 2013 (based on a January 11, 2012 online publication date), and the Inventors did not write back to correct Amster (Compl. ¶ 20). The law makes clear that absent an engagement to investigate, or a specific reason to do so, there is no free-form independent obligation on the part of an attorney to disbelieve information provided by a client, especially one as sophisticated in patent filings as Einstein.

In any case, under MMG's theory, Amster's malpractice took place no later than December 14, 2012, the last date MMG says the Application could have been filed timely. Strict application of the statutory three-year limitations period, therefore, would ordinarily require this action to have been filed no later than December 14, 2015. In fact, MMG commenced this action on November 22, 2019, almost four years later.

C. The Continuing Representation Doctrine Does Not Save MMG's Claim

To escape this problem, MMG relies on the continuing representation rule and on the assertion that Amster continued to be Einstein's counsel until December 2, 2016. On that day, the Amended Complaint says, "MMG ...as licensee of Einstein...terminated [Amster] as counsel regarding the Application..." (Am. Compl. ¶49).

This argument ignores the fact that MMG became the licensee on March 6, 2016, which gave MMG the exclusive, worldwide rights to the Application, any product derived therefrom and full right to prosecute the Application before the USPTO. MMG's License, which the Amended Complaint asserts was drafted and negotiated by Amster as counsel for Einstein, is attached to the George Aff. as Exhibit D. Under the License, Einstein may still have owned the Application's technology, but once it became the Licensee, MMG became the real party in interest on the Application. ("Pursuant to the Licensing Agreement, Einstein remained a client of [Amster]..." Am. Compl. ¶ 44). Amster never represented MMG; as licensee, MMG became solely responsible for prosecuting the Application, Einstein had no reason to continue to look to Amster for advice relating to the Application.

Once Einstein ceased being the real party in interest, the entire rationale for the continuing prosecution rule – that it is unfair to expect a client to sue the client's attorney while still requiring the attorney's counsel – disappears.⁶ The continuous representation doctrine in an action for attorney malpractice "envisions a relationship between the parties that is **marked with trust and confidence**. It is a relationship which is not sporadic but developing and involves a continuity of the professional services from which the alleged malpractice stems." *Frenchman*

⁶ MMG makes clear that it proceeds as Einstein's licensee and alleges that Amster "fail[ed] to properly advise its long-time client, Albert Einstein College of Medicine..." (Amended Complaint. ¶1). As licensee, MMG has no broader rights than Einstein had. It is well-settled that "[a]n assignee takes a cause of action subject to all the infirmities, equities and defenses that could have been asserted against the assignor at the time of the assignment." *Trans-Resources, Inc. v. Nausch Hogan & Murray*, 298 A.D.2d 27, 30 (1st Dep't 2002). "The defense of limitation of time is such a defense which will bind an assignee." *Robischon v. Genesee Valley Med. Care, Inc.*, 92 Misc. 2d 854, 856 (Sup. Ct. Monroe Cty. 1977); *see also Charlotte Ave. Assocs., LLC v. Advance Nissan, LLC*, 21 Misc. 3d 1148(A), at *3 (Dist. Ct. Nassau Cty. 2008) ("As a result of the Assignor's failure to bring forward a suit ... the statute of limitations has run for the assignee."). Accordingly, MMG's legal malpractice claim is subject to the same statute of limitations to which Einstein would have been subject if it had commenced this action itself.

v. Queller, Fisher, Dienst, Serrins, Washor & Kool, LLP, 24 Misc.3d 486, 498 (Sup. Ct. N.Y. Cty. March 3, 2009) (emphasis added), citing *Henry v. Leeds & Morelli*, 4 A.D.3d 229 (1st Dept 2004). “For the continuous representation doctrine to apply... there must be clear indicia of an ongoing, ***continuous, developing, and dependent relationship***...” between the parties. *Frenchman*, 24 Misc. 3d at 498. The burden falls on MMG to establish that the doctrine applies. *860 Fifth Ave. Corp. v. Superstructures – Engineers & Architects*, 15 A.D. 3d 213, 213 (1st Dept 2005).

Moreover, the Court of Appeals has explained that for the continuous representation doctrine apply, the continuous representation must be specific to the subject matter underlying the malpractice claim:

The continuous representation doctrine tolls the statute of limitations only where there is mutual understanding of the need for further representation ***on the specific subject matter underlying the malpractice claim.***

McCoy v. Feinman, 99 N.Y. 2d 295, 306 (2002) (emphasis added). Thus, “the continuous representation must be in connection with the particular transaction which is the subject of the action.” *Zaref v. Berk & Michaels*, 192 A.D.2d 346, 347-48 (1st Dep’t 1993) (“... the pleading must assert more than simply an extended general relationship between the professional and client in that the facts are required to demonstrate continued representation in the specific matter directly under dispute.”).

Once Einstein and MMG entered into the License on March 6, 2016, Einstein had no reason to be substantively involved in the prosecution of the Application. The License assigned that role to MMG. For that reason, once MMG became responsible for the Application, there was no need or reason for Einstein to look to Amster for continuing advice on the Application, and

Amster had no need or reason to offer such advice. Once MMG became the real party in interest to the Application, any toll provided by the continuing representation rule necessarily ended.

Under these circumstances, MMG, as Einstein's licensee, had three years from the date the License became effective – March 6, 2019 – to commence an action for malpractice. It did not commence this action until November 22, 2019, more than three years after the date MMG became the real party in interest and, in fact, more than three years after the USPTO preliminarily rejected the Application in September 2016.⁷

Accordingly, the action is untimely and the Amended Complaint should be dismissed.

II. THE AMENDED COMPLAINT FAILS TO STATE A CLAIM

A. Standard

The Amended Complaint must be also dismissed because it fails to state a cause of action for legal malpractice pursuant to CPLR §§ 3211(a)1 and (7). In considering a motion under CPLR §3211(a)(7), the court must determine whether the factual allegations “taken together manifest any cause of action cognizable at law.” *511 W. 232nd Owners Corp. v. Jennifer Realty Co.*, 98 N.Y.2d 144, 152 (2002). In addition to assuming the truthfulness of the allegations in the pleading and giving the plaintiff the benefit of all reasonable inferences, the court is called upon to decide whether a cause of action has been properly pleaded as a matter of law. *AG Capital Funding Partners, L.P. v. State St. Bank & Trust Co.*, 5 N.Y.3d 582, 591 (2005). Affidavits and other evidentiary material may also be considered to establish conclusively that plaintiff does not

⁷Under these circumstances, it is difficult to understand why MMG waited so long to file this action. Paragraph 45 of the Amended Complaint says: “Pursuant to the Licensing Agreement” – which was executed on March 9, 2016 – “MMG was granted rights to claims against [Amster] for potential legal malpractice issues in its handling of the Application.” Apparently, MMG was considering potential malpractice claims six months before the Application was first rejected but did not file this action for another four years and eight months.

have a cause of action. *M & B Joint Venture, Inc. v. Laurus Master Fund, Ltd.*, 12 N.Y.3d 798, 800 (2009); *see also Rovello v. Orofino Realty Co.*, 40 N.Y.2d 633, 636 (1976).

While a complaint is to be liberally construed in favor of the plaintiff on a CPLR §3211(a)(7) motion to dismiss, the court is not required to accept legal conclusions that are unsupported by actual facts. *Bishop v. Maurer*, 33 A.D.3d 497, 498 (1st Dep. 2006). It is proper for the court to grant dismissal where a complaint is premised upon “legal conclusions that are unsupportable based upon the undisputed facts.” *Simpson v. Alter*, 78 A.D.3d 813, 815 (2d Dep’t 2010).

Where it has been shown that a material fact as alleged by the pleader is not a fact at all, and no significant dispute exists regarding it, a movant under CPLR §3211(a)(7) will prevail.

County of Suffolk v. MHC Greenwood Vil., LLC, 91 A.D.3d 587, 590 (2d Dep’t 2012).

Moreover, where allegations consist of bare legal conclusions, as well as factual claims either inherently incredible or flatly contradicted by documentary evidence, it is well-settled that they are not to be afforded such “favorable” consideration. *Greene v. Doral Conference Ctr. Assocs.*, 18 A.D.3d 429, 430 (2d Dep’t 2005). The inquiry is whether the proponent of the pleading has a cause of action, not whether one is stated. *Uzzle v. Nunzie Ct. Homeowners Assn., Inc.*, 70 A.D.3d 928, 930 (2d Dep’t 2010).

To prevail on a claim of legal malpractice, a plaintiff must prove: (1) the existence of an attorney-client relationship; (2) negligence or some other conduct in breach of that relationship; (3) that the attorney’s conduct was the proximate cause of the injury to plaintiff; and (4) that plaintiff suffered “actual and ascertainable” damages. *Franklin v. Winard*, 199 A.D.2d 220, 220 (1st Dep’t 1993); *Zarin v. Reid & Priest*, 184 A.D.2d 385, 388 (1st Dep’t 1992). Absent proof of

all of these elements, a cause of action for legal malpractice must fail. *Id.* Here, MMG can prove none of them.

In inventing a duty that does not otherwise exist, Plaintiff fails these tests. The Complaint does not state a claim for legal malpractice.

B. Amster Had No Duty to Disbelieve its Client

In the Amended Complaint, MMG claims only that Amster “departed from good practice in its handling of ...the Application:” because it:

Had an obligation to independently investigate whether any prior art triggered deadlines for the Application. To independently investigate this aspect of the Application [i.e., its filing deadline] it was standard practice to determine whether there was any “prior art” extant, and whether any prior publications were applicable to this Application such that the prior publication commenced the one-year period found in Section 102.

(Am. Compl. ¶ 10).

It adds:

[Amster’s] extraordinary failure to determine the earliest publication date led it to improperly advise the inventors, neither of whom is a patent lawyer, of the correct one-year deadline. In fact, an earlier on-line “Early View” publication became the critical publication date in determining the deadline for filing the Application. As a result of [Amster’s] failure to investigate and file the Application within one year of the earliest publication of the Loke Article, the PTO used the inventors’ own work to reject vital claims of the Application as unpatentable under Section 103.

(Am. Compl. ¶12).

As a result, MMG claims, on September 14, 2016, the USPTO issued “a First Office Action letter, rejecting all claims of the Application, including certain key claims that the PTO said were barred by the Loke Article.” (Amended Complaint. ¶ 46).⁸

⁸This is extraordinarily misleading, since the First Office Action makes clear that the Inventors’ article was relevant only to the rejection of three of the seventeen claims the USPTO rejected. Far from being “key claims,” the three rejected claims were based only in small part on the Loke

It is important for a patent applicant to know the date of first publication of any public discussion of the proposed invention because a provisional U.S. patent application must be filed within one year of the date of first publication, whether on-line or in a hard copy journal. That is why, as the George Aff. makes clear, sophisticated patent applicants like Einstein devote resources to learning the precise date the invention was first discussed in print or on-line. (George Aff. ¶¶ 23-31). Einstein's Invention Disclosure Form, which asks a potential patent applicant to list **Any Public Disclosure of the Invention** and the report of its Patent Review Committee, which requires a listing of all "Prior Art and pending publications" emphasize the importance Einstein properly attaches to getting this right.

There is no dispute that Einstein made these inquiries, and reported to Amster, in writing, that the first publication date was the on-line publication in *Clinical Genetics* on January 11, 2012. Amster followed up by emailing one of the Inventors to report that the Application had to be filed by the one-year anniversary of the first publication, January 11, 2012. The Complaint, which pleads (the now-hidden) allegation that the Inventors knew of an earlier publication date, did not correct Amster's information. Faced with this, MMG resorts to inventing a new claim: it says that despite what Einstein told Amster, Amster was somehow obligated to disbelieve Einstein and independently investigate this information, even though not requested by Einstein to do so, in order to confirm that Einstein had properly reported the first date of publication of an article written by its own employees, the Inventors. Caselaw makes absolutely clear that Amster has no obligation to disbelieve its client, especially a client as sophisticated as Einstein, and it is

Article. Indisputably, they were all dependent and minor claims. The rejection of the far more valuable independent claims indisputably had nothing to do with the date of first on-line publication of the Loke article. The First Office Action is attached to the accompanying George Aff. as Exhibit G.

entitled to rely upon the information it received from Einstein, just as it had countless times over the prior three decades.⁹

A legal malpractice claim premised on an attorney's failure to investigate must plead facts demonstrating a reason to investigate. *See, e.g., Sabo v. Alan B. Brill, P.C.*, No. 100055/04, 2004 WL 5382355 (Sup. Ct. N.Y. Cty. Nov. 5, 2004) (dismissing claim that corporation's lawyer committed malpractice in failing to discover that the CEO had no authority to sign a deed conveying the corporation's sole asset because "the facts alleged in the complaint do not disclose any reason [the lawyer] would have had to conduct [such] an investigation"); *Fortress Credit Corp. v. Dechert LLP*, 89 A.D.3d 615, 617 (1st Dep't 2011) (dismissing lender's negligent misrepresentation claims against lawyer whose client forged the signature of its supposed co-borrower: "Absent...factual allegations" that the lawyer was specifically asked to "investigate, verify and report on the legitimacy of the transaction," the plaintiffs could not "establish that defendant breached a duty of care."); *CVC Capital Corp. v. Weil, Gotshal, Manges*, 192 A.D.2d 324, 325 (1st Dep't 1993)(malpractice complaint properly dismissed -- no duty to independently verify factual reports made by attorneys, holding a law firm has no duty to investigate assertions of law firm retained by client); *see also Costal Broadway Assoc. v. Raphael*, 298 A.D.2d 186, 186 (1st Dep't 2002) ("the evidence showed that the subject transaction had been negotiated and structured by plaintiff and that defendants were retained merely to memorialize the transaction, which they did competently. ...defendants had no duty to conduct a title search."); *Rothman v.*

⁹ In inventing the independent duty to investigate, unbidden by the client, MMG does not explain why this duty only extends to the date a filing is due. Patent applications contain a great deal of scientific data. By MMG's contrived theory, attorneys filing a patent application should also be investigating the accuracy of the scientific assertions, the truth of the claims, even the formulae submitted. Of course, there is no such obligation, and MMG's claims of any independent duty to investigate are contrived nonsense, invented solely in order to defeat this motion.

McLaughlin & Stern, LLP, 27 A.D.3d 591, 591 (1st Dep't 2015) (“Defendants established their entitlement to judgment as a matter of law by submitting proof that plaintiff, an experienced investor, understood that the retainer agreement excluded due diligence from the scope of representation.”).

Moreover, a breach of an attorney’s duty will not ordinarily be found where it is caused by ignorance of facts which the client either affirmatively misrepresented or neglected to tell him. *Green v. Conciatori*, 26 A.D.3d 410 (2d Dep’t 2006) (affirming dismissal of legal malpractice claim where plaintiff alleged that attorneys were “negligent in failing to discover certain facts about the plaintiff’s underlying accident that differed from the facts the plaintiff had given them regarding the accident” because “an attorney should not be held liable for ignorance of facts which the client neglected to tell him or her”); *see also Holtkamp v. Parklex Assoc.*, 30 Misc.3d 1226(A) at *8 n. 9 (Sup. Ct. Kings Cty. 2011) (“Plaintiffs’ arguments would effectively make an attorney the guarantor of the truth and accuracy of facts conveyed to him or her by the client. . . . It is not reasonable to suggest that the attorneys had a duty to second-guess or independently verify the factual representations of their client.”).

The Amended Complaint does not even pretend to offer a reason for Amster to have disbelieved Einstein, and no such reason exists. Amster had every reason to trust Einstein’s report of the first date of publication, which was vetted by the Einstein Patent Review Committee. And though the Amended Complaint has made vanish the initial pleadings that: (a) Amster’s Dr. Miller wrote to the Inventors and told them that he believed the one-year deadline to file began to run based on the article’s first *electronic* publication on January 11, 2012 (Compl ¶20); and (b) that Inventor Ostrer was actually aware that “the manuscript of the . . . article was made available for public review on December 15, 2011” (Compl. ¶21), there is still no reason

pleaded in the Amended Complaint for Einstein to question what it was told. Neither does the Amended Complaint attempt to explain, other than the facile comment that the Inventors are not patent attorneys, why the Inventors themselves could not simply have written back to Amster and advised them of the earlier electronic publication date. If anyone had an obligation here, it was Inventor Ostrer, a prolific author of scientific articles, who did not honor the elementary obligation to correct what Dr. Miller had written to him.

Einstein certainly knew the importance of learning the date of first published discussion of an invention, and that is why it elicits this information both in the Invention Disclosure Form and in the report of the Patent Review Committee. And at the same time, it is undisputed that Einstein did not engage Amster to look behind those dates by conducting a prior art search. There is no room to doubt that by doing this, Einstein fully intended Amster to rely on the information it conveyed. Amster has done nothing wrong in doing just what it was engaged to do.

MMG has failed to state a cognizable claim. The Amended Complaint should be dismissed.

C. MMG Cannot Allege But-For Causation

The Amended Complaint seeks to impose liability on Amster because the Application was rejected, but the Application has not been finally rejected. It is plainly pending before the USPTO, which may still approve it. MMG cannot, in logic or in fairness, argue that the Application would have been approved “but for” Amster’s negligence when it may yet be approved. Unlike the Complaint, the Amended Complaint acknowledges the filing of the “salvage patent application” and “subsequent applications for patent protection” for the Invention, but says “none of them rescue or reinstate any lost protections on this subject

invention made in the Application.”(Am. Compl. ¶60). The meaning of this sentence is opaque, but to the extent it asserts that the Application should have been approved sooner, it remains a speculation that it would have been approved at all, a second speculation that MMG had any right to expect an approval at any particular time, and yet a third speculation that had it been approved earlier, it would have been commercialized by now.

D. The Acts Taken by Scully Scott Constitute Intervening Causes

It is well-settled that the introduction of successor counsel serves as an intervening cause in a legal malpractice claim, severing the chain of causation between the allegedly negligent actions of an attorney and a plaintiff’s alleged injuries. *Boye v. Rubin & Bailin LLP*, 152 A.D.3d 1, 9-10 (2017 1st Dep’t) (“a legal malpractice claim cannot be sustained where ‘[i]t is clear that the proximate cause of any damages sustained by the plaintiff was not the alleged malpractice of defendants, but rather the intervening and superseding failure of plaintiff’s successor attorney[.]’”); *Golden v. Cascione, Chechanover & Purcigliotti*, 286 A.D.2d 281, 281 (1st Dep’t 2001) (“Thus, because successor counsel had sufficient time to adequately protect plaintiff’s rights, there is no evidence to support a finding that the Oshman firm’s alleged negligence proximately caused plaintiff any injury”); *Katz v. Herzfield & Rubin, P.C.*, 48 A.D.3d 640, 641 (2d Dep’t 2008) (“subsequent counsel had sufficient opportunity to protect the plaintiff’s rights by pursuing remedies it deemed appropriate on their behalf”); *Perks v. Lauto & Garabedian*, 306 A.D.2d 261, 262 (2d Dep’t 2003) (where plaintiffs discharged their attorney and hired a new attorney two months before they settled their claims, the new attorney “had a sufficient opportunity to protect the plaintiff’s rights, and any negligence by the appellants was not the proximate cause of the plaintiffs alleged damages”); *Albin v. Pearson*, 289 A.D.2d 272, 273 (2d

Dep't 2001) (attorney's alleged negligence was not the proximate cause of the client's injuries, where successor counsel had three years to vindicate the client's legal rights).

Here, after the USPTO issued its First Office Action on September 14, 2016, MMG engaged the Scully Scott law firm to re-write and re-submit the Application. Scully Scott has now done this twice, each under a different procedural pathway and has filed additional patent application. Its first attempt was rejected in the Second Office Action, but the Application has since been refiled as a "salvage patent application," and it is still pending before the USPTO, as are the subsequent patent applications the Amended Complaint mentions for the first time.

Amster had nothing to do with either of these two re-written re-submissions or the subsequent patent applications, and it cannot be responsible for any decisions Scully, Scott made or failed to make, or any strategy Scully Scott took or failed to take. The claims of the application that are now pending are necessarily so different from the provisional Application that Amster filed seven years ago that if the re-written claims should ultimately be rejected once and for all, it will be impossible to determine if the reason was the conduct of Amster or the far broader subsequent conduct of Scully Scott.

MMG and Scully Scott had other remedies than simply re-submitting the Application, in order to seek redress from the First Office Action. MMG had the ability to pursue an appeal, either internally within the USPTO, or in federal court. It took neither step. Amster is unaware of any effort MMG made to investigate or challenge the finding that the December 15, 2011 electronic publication constituted prior art, justifying the denial of the Application. Amster respectfully submits that it cannot be held liable for the strategic decisions Scully, Scott and MMG made without its involvement, and it believes that if it had been engaged to represent MMG on these matters, the outcome would have been different.

Accordingly, both because the Application is still before the USPTO in some form, along with new patent applications, and because Scully Scott's intervening behavior cuts off any claim that Amster was at fault for the First Office Action, the Amended Complaint cannot properly allege that Amster was the proximate or "but-for" cause of MMG's alleged injuries.

The Amended Complaint must be dismissed pursuant to CPLR §3211(a)(7).

E. MMG Cannot Plead Actual and Ascertainable Damages

Even if MMG could surmount the hurdles described above, the Amended Complaint also fails because plaintiffs have no cognizable damages. Its entire theory of "damages" is the worst kind of speculation, and case law makes clear that without more – and there is no more -- MMG simply cannot prove damages.

In legal malpractice actions, the attorney's conduct must have caused damages that are "actual and ascertainable." *Russo v. Feder, Kasovitz, Isaacson, Weber, Skala & Bass, LLP*, 301 A.D.2d 63, 67 (1st Dep't 2002); *see also Kaminsky v. Herrick, Feinstein LLP*, 59 A.D.3d 1, 12 (1st Dep't 2008) (requiring an "ascertainable loss"). The loss attributable to an attorney's malpractice must be real and not hypothetical, and the damages must be readily measurable in economic terms. *Zarin*, 184 A.D.2d at 387. MMG's own pleading establishes that it cannot satisfy this burden.

In a remarkably similar action against an attorney for malpractice case based on an alleged failure to secure a patent, the First Department has held that a plaintiff *must* prove infringement by a third party to establish damages. *Igen Inc. v. White*, 250 A.D.2d 463, 465 (1st Dep't 1998). In *Igen*, the plaintiff, an unsuccessful applicant for a European patent, sought damages based on its projections of "anticipated royalties" (*i.e.*, future licensing revenues). *Id* at 464. The First Department rejected this, noting: "What plaintiff's malpractice argument

overlooks is that it has sustained no injury unless there has been an infringement against which its patent would have afforded a right of recovery.” *Id.* at 464-65. The *Igen* Court reasoned that because a patent merely grants the inventor the right to exclude, it does not in and of itself guarantee the inventor any revenue, and therefore an uncommercialized patent has no “present commercial value.” *Id.* at 465. The court therefore dismissed the malpractice claim and found that plaintiff must establish damages that constitute something more than “idle speculation.” *Id.*

MMG cannot meet this clear test because it is no more able to allege any actual or ascertainable damages than the plaintiff was in *Igen*. MMG’s alleges merely that it “would have been positioned to exploit [the] technology to tremendous financial success” (Amended Complaint. ¶67); and that it has “lost tens of millions of dollars in potential and ascertainable revenue...” (Amended Complaint. ¶5); and, recognizing that it can still commercialize the Inventions without a patent, “whatever success it might be able to achieve will pale in comparison to the potential revenue stream that MMG would have enjoyed but for [Amster’s] departure from good practice in its handling of the Application.” (Amended Complaint. ¶69). This is precisely the kind of “idle speculation” that the Appellate Division rejected in *Igen*.¹⁰

Yet beyond trying to demonstrate “MMG’s seriousness in building a business,” (Amended Complaint. ¶59), and even recognizing that the lack of a patent does not prevent it from doing so, MMG has apparently not commercialized any product derived from the Invention

¹⁰ Paragraph 84 of the Amended Complaint also asserts that because the Application was rejected, the “proprietary information, invention and knowledge” has been made “available to the entire world.” It adds that “Once the information is available to the entire world, its value plummets and MMG can no longer commercialize” the Invention. (Amended Complaint ¶84). It is hard for MMG to make this claim with a straight face because the Invention was preceded by the Loke Article’s discussion of the Invention in a publicly available scientific journal. But even if the assertion was not risible, it is certainly another kind of speculation which does not satisfy the requirement to plead reasonably ascertainable damages.

in the seven years since the Application was filed or the more than four years since MMG became the worldwide exclusive licensee of the Inventions and all products derived therefrom. The Appellate Division properly noted that the lack of a patent does not prevent a technology holder from commercializing a product. It merely gives the holder a claim against an infringer. MMG does not allege that any other person or entity has commercialized a product that would otherwise have been prevented by a patent. It does not say that any other entity has generated revenues that should have belonged to MMG. Though *Igen* was decided on summary judgment, the Appellate Division placed great weight on the plaintiff's failure to commercialize the product after having the right to do so for eight years. The eight-year period in *Igen* is virtually identical to the seven years that have elapsed since Amster first filed the Application. In both *Igen* and here, the disappointed patent applicant plaintiff generated no revenue, rendering its wishful speculation that it would have reaped an extravaganza an "idle speculation" that did not begin to establish a cognizable claim for damages.

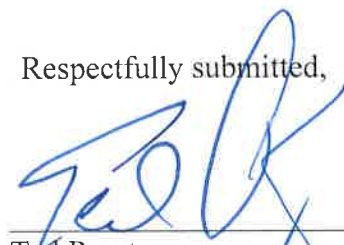
MMG's inability to plead facts to show that actual and ascertainable damages resulted from Amster's legal services is fatal to its legal malpractice claim. It must be dismissed.

CONCLUSION

For all of the foregoing reasons, defendant Amster Rothstein & Ebenstein, LLP respectfully asks that the Court dismiss the Amended Complaint with prejudice.

Dated: New York, New York
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Respectfully submitted,



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