

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

CIVIL ACTION NO. 07-12097-GAO

THOMAS LaBELLE AND LANCE BENJAMINO,
Plaintiffs

v.

JOHN P. McGONAGLE,
Defendant.

OPINION AND ORDER

August 15, 2008

O'TOOLE, D.J.

I. Background

The plaintiffs, Thomas LaBelle and Lance Benjamino, allege that their former attorney, John P. McGonagle, was retained to conduct a patent search and to prepare, draft, and file a patent application on their behalf for a retractable driveway safety barrier, but that, though the defendant informed them that he had completed the commissioned work, in fact no application was ever filed. Three years after retaining McGonagle, Benjamino saw an advertisement in a magazine for a retractable driveway safety barrier. When the plaintiffs informed the defendant of the discovery, he said that he would investigate it, but was thereafter unreachable. LaBelle subsequently contacted the United States Patent and Trademark Office and learned that the putative application number given to him by the defendant was for a different device. McGonagle's response was that the patent office must have been mistaken. On June 13, 2005, McGonagle refunded the attorney fees he had previously charged the plaintiffs.

The plaintiffs sued in the Massachusetts Superior Court, alleging claims under state law for negligence (legal malpractice), breach of contract, and violations of Chapter 93A of the Massachusetts General Laws. The defendant filed a timely notice of removal pursuant to 28 U.S.C. §§ 1441 and 1446, asserting federal question jurisdiction under 28 U.S.C. §§ 1331 and 1338 because the plaintiffs' right to relief in the suit will necessarily depend on the resolution of a substantial question or questions of federal patent law. The plaintiffs moved to remand, contending that the well-pleaded complaint makes allegations that arise under, and are premised entirely upon, state law.

II. Overview of Federal Question Jurisdiction

It is a removing defendant's burden to establish subject matter jurisdiction, and the removal statute, providing that a case may be removed to federal court only if it could originally have been filed in federal court, must be strictly construed. 28 U.S.C. § 1441; see Danca v. Private Health Care Sys., Inc., 185 F.3d 1, 4 (1st Cir. 1999). Generally, federal question jurisdiction only exists when a federal question is presented on the face of the plaintiff's properly pleaded complaint. Caterpillar, Inc. v. Williams, 482 U.S. 386, 392 (1987). The jurisdiction over patent law issues provided by 28 U.S.C. § 1338(a) therefore extends only "to those cases in which a well-pleaded complaint establishes either that federal patent law created the cause of action or that the plaintiff's right to relief necessarily depended on resolution of a substantial question of federal patent law, such that patent law was a necessary element of one of the well-pleaded claims." Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 809 (1988). In short, the complaint must do more than demonstrate that a question of federal patent law is "lurking in the background." Franchise Tax Bd. of State of Cal. v. Constr. Laborers Vacation Trust for S. Cal., 463 U.S. 1, 12 (1983).

The well-pleaded complaint rule makes the plaintiff the master of his claim and enables him to avoid federal jurisdiction by exclusive reliance on state law. Caterpillar, 482 U.S. at 392. A plaintiff, however, cannot evade proper federal jurisdiction through artful pleading that either characterizes a federal cause of action in state law terms or fails to refer to sources of federal law which are clearly applicable. Patriot Cinemas, Inc. v. Gen. Cinemas Corp., 834 F.2d 208, 209 (1st Cir. 1987). An independent corollary to the well-pleaded complaint rule is that a plaintiff cannot defeat removal by omitting necessary federal questions from a complaint. Franchise, 463 U.S. at 22. On the other hand, Christianson explains that “a claim supported by alternative theories in the complaint may not form the basis for § 1338(a) jurisdiction unless patent law is essential to each of those theories.”¹ Christianson, 486 U.S. at 810.

A federal court’s exercise of subject matter jurisdiction over state claims implicating substantial questions of federal patent law must also be consistent with congressional judgment regarding the proper division of labor between state and federal courts. Grable & Sons Metal Prods., Inc., v. Darue Eng’g & Mfg., 545 U.S. 308, 313 (2005). Exercising jurisdiction over state-law claims inevitably raises the concern that the “state-federal line drawn . . . by Congress” will be upset. Id. at 314. Courts must inquire whether the claim presented raises “a stated federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities.” Id. In sum, the decision to exercise federal

¹The plaintiffs misconstrue Christianson in asserting that their breach of contract and chapter 93A claims are such “alternate theories.” The Supreme Court did not intend multiple claims to constitute “alternate theories” which could preclude the exercise of federal jurisdiction. The focus of Christianson was rather on alternate theories supporting a single claim. The Court held that subject matter jurisdiction exists when “patent law ‘is a necessary element of *one* of the well-pleaded . . . claims.’” Christianson, 486 U.S. at 809 (quoting Merrell Dow Pharm., Inc. v. Thompson, 478 U.S. 804, 813 (1986)) (emphasis added).

question jurisdiction over a state action requires “a ‘common-sense accommodation of judgment to [the] kaleidoscopic situations’ that present a federal issue, in ‘a selective process which picks the substantial causes out of the web and lays the other ones aside.’” Grable, 545 U.S. at 313 (quoting Gully v. First Nat’l Bank, 299 U.S. 109, 117-18 (1936)).

III. Negligence for Legal Malpractice

Under Massachusetts law, the elements of a claim for negligence by an attorney are: (1) the attorney failed to exercise reasonable care and skill in handling the matter for which he was retained; (2) the client incurred a loss; and (3) the attorney’s negligence is the proximate cause of the loss. Colucci v. Rosen, Goldberg, Slavet, Levenson & Wekstein, P.C., et al, 515 N.E.2d 891, 894 (Mass. App. Ct. 1987). McGonagle’s removal theory focuses on the second and third elements. He argues that, because the plaintiffs admit that he refunded the attorney fees he charged, to prove that they suffered a compensable loss for which his negligence was the proximate cause, the plaintiffs must demonstrate that but for his negligence they would have received a valid patent with consequent economic benefit. To do so, the plaintiffs would need to establish the patentability of their claimed invention, presumably by presenting a hypothetical claim construction and infringement analysis.

The defendant’s argument is supported by recent Federal Circuit decisions. See Air Measurement Techs., Inc. v. Akin Gump Straus Hauer & Feld, LLP, 504 F.3d 1262, 1272 (Fed. Cir. 2007); Immunocept, LLC v. Fulbright & Jaworski, LLP, 504 F.3d 1281, 1285 (Fed. Cir. 2007); Hunter Douglas, Inc. v. Harmonic Design, Inc., 153 F.3d 1318, 1329 (Fed. Cir. 1998). I look to

Federal Circuit guidance, because any appeal from a denial of the motion to remand would be to the Federal Circuit under 28 U.S.C. 1295(a) (providing for appeal to the Federal Circuit when jurisdiction is claimed under § 1338).²

In Hunter Douglas, a patentee's competitor brought a state law suit for injurious falsehood, alleging that the patentee and its licensees had falsely asserted that they held exclusive rights to make or sell a certain style of electric window shades. 153 F.3d at 1322. The Federal Circuit ruled that the determination whether such representations were false would necessarily depend on the resolution of a substantial question of federal patent law; for the exclusivity claim to be false, the plaintiff would have to show that patent was invalid. See id. at 1329. The court explained that this decision was consonant with the purposes that Congress intended to promote in forming the Federal Circuit. Id. at 1330. "In enacting the Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25, which created this Court, Congress made manifest its intent to effect 'a clear, stable, uniform basis for evaluating matters of patent validity/invalidity and infringement/noninfringement. . .'" to make the outcome of contemplated litigation more predictable. Id. at 1330-31 (quoting Aerojet-Gen. Corp. v. Mach. Tool Works, Oerlikon-Buehrle Ltd., 895 F.2d 736, 744 (Fed. Cir. 1990)).

In Air Measurement Technologies, a client brought a legal malpractice action alleging that it had been forced to settle prior patent litigation at far below the proper value of its infringement claims because counsel's errors had allowed the infringing defendants to raise plausible defenses of invalidity and unenforceability. 504 F.3d at 1266. The case was brought in state court and removed by the defendant. Id. The Federal Circuit determined that because the plaintiff would have to show that he

²It is well-settled that the denial of a motion to remand is appealable after the entry of final judgment. BIW Deceived v. Local S6, Indus. Union of Marine and Shipbuilding Workers of Am., 132 F.3d 824, 829 (1st Cir. 1997).

would have prevailed in the patent infringement litigation but for counsel's negligence, "the district court [would] have to adjudicate, hypothetically, the merits of the infringement claim." Id. at 1269. Patent infringement was therefore a necessary element of the malpractice claim. Id. The Federal Circuit affirmed the district court's denial of the plaintiff's motion to remand, ruling that the malpractice claim required the resolution of a substantial question of federal patent law. Id. at 1268. It further noted that "[t]o the extent that [the plaintiffs have] to prove or overcome invalidity, invalidity may be a substantial question of patent law." Id. at 1270. Finally, in addressing the federalism concerns posed by Grable, 545 U.S. at 313, the court held that "there is a strong federal interest in the adjudication of patent infringement claims in federal court because patents are issued by a federal agency. The litigants will also benefit from federal judges who have experience in claim construction and infringement matters." Id. at 1273.

In Immunocept, a client alleged that a law firm made a drafting error during patent prosecution which narrowed the scope of the patent and prevented it from providing adequate protection from competing methods. 504 F.3d at 1283. The case was brought in federal court pursuant to § 1338, but no question about jurisdiction was raised. The district court granted summary judgment in favor of the defendant. On appeal, the Federal Circuit ordered the parties to brief the jurisdictional issue. The court concluded that the plaintiff could not prevail without addressing the scope of the patent claims because the sole basis of the negligence cause of action was the putative drafting error that had narrowed the scope of the patent. Id. at 1285. The court held that "because patent claim scope defines the scope of patent protection, we surely consider claim scope to be a substantial question of patent law. As a determination of patent infringement serves as the basis of § 1338 jurisdiction over related state law claims, so does a determination of claim scope. After all,

claim scope determination is the first step of a patent infringement analysis.” Id. Further, as it did in Air Measurement Technologies, the Federal Circuit concluded that the federalism concerns outlined in Grable, 545 U.S. at 313, were satisfied. See id. at 1285-86. The court explained that “[I]tigators will benefit from federal judges who are used to handling these complicated [patent] rules” and “Congress’ intent to remove non-uniformity in the patent law, as evidenced by its enactment of Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25, is further indicum that § 1338 jurisdiction is proper here.” See id.

The cases which the plaintiffs cite are replete with analysis which supports the motion to remand, but all these cases predate Air Measurement Technologies and Immunocept, and are thus of little help to them. See Adamasu v. Gifford, Krass, Groh, Sprinkle, Anderson & Citkowski, P.C. et al, 409 F. Supp. 2d 788, 790 (E.D. Mich. 2005); Minatronics Corp. v. Buchannan Ingersoll P.C. (No. 2), 28 Pa. D. & C.4th 214, 217 (1996). The plaintiffs’ efforts to distinguish Air Measurement Technologies and Immunocept are unpersuasive. For the reasons outlined by the Federal Circuit in those cases, subject matter jurisdiction exists here because these plaintiffs’ complaint necessarily depends on the resolution of a substantial question of federal patent law.

IV. Breach of Contract and Massachusetts General Laws chapter 93A Claims

Having established that subject matter jurisdiction exists under 28 U.S.C. §§ 1331 and 1338 for the plaintiffs’ negligence claim, this Court has supplemental jurisdiction over the remaining claims, though it also appears that an independent basis for subject matter jurisdiction exists as to

at least the contract claim.³ See 28 U.S.C. 1367(a) (“[I]n any civil action of which the district courts have original jurisdiction, the district courts shall have supplemental jurisdiction over all other claims that are so related to claims in the action within such original jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution.”)

V. Conclusion

For the foregoing reasons, the defendant has demonstrated that the plaintiffs’ right to relief necessarily depends on the resolution of a substantial question of federal patent law. The motion to remand (dkt. no. 7) is DENIED.

It is SO ORDERED.

/s/ George A. O’Toole, Jr.
United States District Judge

³The First Circuit has held that to prevail on a breach of contract claim in Massachusetts, the plaintiffs must show that (1) the parties reached a valid and binding agreement; (2) the defendant breached the terms of the agreement; and (3) the plaintiff suffered damages from the breach. Michelson v. Digital Fin. Servs., 167 F.3d 715, 720 (1st Cir. 1999). The defendant McGonagle refunded all of the fees paid to him. The plaintiffs can therefore only prove that they suffered damages by demonstrating that the patent application McGonagle prepared would have resulted in an issued patent which was sufficiently broad for them to seek damages from infringers or to license the patent for royalties. It is consistent with the holdings of Hunter Douglas, Air Management Technology, and Immunocept to conclude that this claim necessarily depends on the resolution of a substantial question of federal patent law.