

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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PORTUS SINGAPORE PTE LTD,	:	
	:	
Plaintiff,	:	Case No. 1:16-cv-06865-JGK
	:	
- against -	:	
	:	
KENYON & KENYON LLP, JEFFREY S. GINSBERG, and AARON GRUNBERGER,	:	<u>SECOND AMENDED COMPLAINT</u>
	:	
Defendants.	:	<u>JURY TRIAL DEMANDED</u>
	:	
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Plaintiff, Portus Singapore Pte Ltd (“Portus” or “Plaintiff”), by and through its counsel, Patterson Law Firm, LLC, and Marc J. Bern & Partners LLP, complains of Defendants Kenyon & Kenyon LLP (“Kenyon”), Jeffrey S. Ginsberg (“Ginsberg”), and Aaron Grunberger (“Grunberger”) (collectively, “Defendants”), as follows:

Introduction

1. This is an action sounding in legal malpractice against Defendants, who have represented Portus with regard to Portus’ patent portfolio for more than a decade. The claim arises out of Defendants’ negligent acts and omissions while failing to competently prosecute and to manage Portus’ patent portfolio.

2. After protracted prosecution—due directly to Defendants’ omissions—of one of Portus’ highly valuable smart home and internet protocol (“IP”) video surveillance patents—with infringement targets and licensees including industry leaders ADT, Amazon, Apple, AT&T, Bosch, Cisco, Comcast, Google (Nest), Honeywell, iControl, Insteon, Lowes, Microsoft, Milestone Systems, Netatmo, Samsung, Schneider Electric, and Wink—Defendants’ negligent

acts and omissions resulted in the loss of at least three years of patent term. As a direct and proximate result of Defendants' negligence, Portus has suffered actual damages.

3. Through the present action, Portus seeks recovery of the actual damages suffered as a result of the loss of patent term, as well as fees paid to Defendants, rendered valueless as a result of Defendants' negligent representation, and fees paid to subsequent counsel for all remedial efforts.

The Parties

4. Plaintiff Portus is an industry-leading corporation providing smart home and smart grid solutions. Portus' was incorporated in the Republic of Singapore, and its registered address is 6 Shenton Way, #41-01 OUE Downtown 1, Singapore. Portus' shareholders are all citizens of either the Republic of Singapore or the Commonwealth of Australia.

5. Defendant Kenyon is a New York limited liability partnership with its principal place of business located at One Broadway, New York, New York 10004. At all times material to this Complaint, Kenyon has operated as a law firm and has been actively engaged in the practice of law. Upon information and belief, Kenyon's partners are all citizens of the United States.

6. Defendant Ginsberg is an attorney who, at all times relevant to this Complaint, was licensed to practice law in the State of New York and before the United States Patent and Trademark Office and was acting as an agent of Kenyon within the course and scope of his employment with Kenyon. Upon information and belief, Ginsberg is a citizen of the United States.

7. Defendant Ginsberg also served as an assistant editor of Intellectual Property Strategist, an online newsletter published by Law Journal Newsletters, and as an editor of CAFC

Blog, Kenyon's blog covering the latest intellectual property decisions by the Federal Circuit Court of Appeals.

8. Defendant Grunberger is an attorney who, at all times relevant to this Complaint, was licensed to practice law in the State of New York and before the United States Patent and Trademark Office and was acting as an agent of Kenyon within the course and scope of his employment with Kenyon. Upon information and belief, Grunberger is a citizen of the United States.

Basis for Jurisdiction and Venue

9. The matter in controversy exceeds, exclusive of interest and costs, the sum of seventy-five thousand dollars (\$75,000.00).

10. Jurisdiction in this action is based on diversity of citizenship of Plaintiff, a citizen of a foreign state, and Defendants, citizens of the United States, pursuant to 28 U.S.C. § 1332, with venue proper in this District pursuant to 28 U.S.C. § 1391.

General Allegations

Factual Background

11. On December 17, 1998, Portus filed a patent application in Australia covering any connection to a remote site that occurs in response to a user logging in through a web browser or mobile device to an internet address, where a login server at that address determines the connection details for the remote site and creates a connection to the remote site. The patent also covers what happens when an event is detected at a remote site and how a connection is automatically made from the remote site to a service provider network where information related to that event can be stored and automatically sent to users in the form of an alert.

12. Under the protection of this patent, Portus has developed valuable and industry-leading smart home systems, including IP video surveillance solutions for use in homes and offices. Portus has also licensed the technology to three other industry-leading companies—Apple, Cisco, and Comcast—for use in their own smart home systems and technologies.

13. On December 17, 1999, Portus filed an international application through the Patent Cooperation Treaty (“PCT”), an international patent law treaty that provides a unified procedure for filing patent applications to protect inventions in each contracting state. Portus’ application claimed priority of the earlier Australia application filed in 1998.

The American Inventors Protection Act of 1999

14. In 1999, Congress passed the American Inventors Protection Act of 1999 (the “AIPA”), which included the Patent Term Guarantee Act of 1999 as Subtitle D.

15. Among other things, the AIPA provided (under 35 U.S.C. § 154(b)(3)) that the term of a patent could be adjusted beyond twenty years to take into account prosecution delays caused by the USPTO in processing patent applications.

16. The authority to extend patent term was given only for patent applications filed on or after May 29, 2000 (six months after enactment). Applications filed before May 29, 2000 were not entitled to patent term adjustment.

17. The AIPA and its enabling rules were a major overhaul of patent laws, and the provision of patent term adjustment for applications filed after May 29, 2000 was a material, well-known change.

18. A reasonably prudent attorney prosecuting patents through the USPTO would have been aware of the implications of the AIPA following its passage and would have modified

his or her practices accordingly in order to obtain the full scope of benefits available under the act.

Defendants' Failure to Secure Patent Term Adjustment

19. In 2001 (after the substantial overhaul of patent laws provided by the AIPA), Portus retained Defendants, attorneys who held themselves out as intellectual property specialists, in order to prosecute Portus' patent application in the United States through the USPTO. On June 15, 2001, Defendants filed a national stage application with the USPTO under 35 U.S.C. § 371.

20. A national stage application under § 371 uses the filing date of the international patent application filed under the PCT. Accordingly, when Defendants filed the national stage application under § 371 on June 15, 2001, the filing date for the § 371 application remained December 17, 1999, the date of filing for Portus' international application through the PCT.

21. Because the filing date remained December 17, 1999, the national stage application failed to secure patent term adjustment rights under the AIPA, which requires an application filing date on or after May 29, 2000, in order to secure patent term adjustment rights.

22. In contrast to a national stage application (which keeps the same filing date as the international application under the PCT), a continuation application under 35 U.S.C. § 111(a) for an international patent application uses the date of the § 111(a) application as a new filing date.

23. Because Defendants were retained by Portus in 2001, any continuation application filed by Defendants under § 111(a) would have had a filing date no earlier than 2001, meaning that the application filing date would have secured patent term adjustment rights under the AIPA (*i.e.*, because the application filing date would have been on or after May 29, 2000).

24. In order to secure patent term adjustment rights that would have enabled Portus to extend the term of the patent, Defendants needed to file a § 111(a) application. However, Defendants never filed a § 111(a) application on behalf of Portus.

25. In January 2005, Portus received its first USPTO office action. The January 2005 office action provided notice to Defendants of a patent term adjustment issue. Ginsberg prepared the initial response. Thereafter, Grunberger took the lead on the patent prosecution on behalf of Portus with Ginsberg continuing his involvement in a supervisory role.

26. On August 15, 2014 (more than nine years later), Defendants advised Portus that Portus was entitled to an additional three and a half years of patent term. (*See* Grunberger's email to Tim Lindquist attached hereto as Exhibit A.)

27. On August 19, 2014, Defendants received a Notice of Allowance from the USPTO on Portus's application. The Notice of Allowance provided a "Determination of Patent Term Extension under 35 U.S.C. 154(b)" as an "application filed after June 7, 1995 but prior to May 29, 2000." Specifically, the Notice of Allowance provided zero days of patent term extension.

28. When Defendants received the Notice of Allowance, they realized their substantial error in proceeding with a national stage application under § 371 instead of filing a continuation application under § 111(a).

29. With this realization, Defendants scrambled to file a petition to the USPTO Director under 37 C.F.R. § 1.182 requesting to convert Portus's patent application from a § 371 application to a § 111(a) application. In the petition, Defendants asserted that Portus was entitled to 1,300 days of patent term adjustment "(or 3.56 years), which is approximately a 71% increase in patent term."

30. If Defendants had filed a continuation application directly under § 111(a) in 2001, the petition to convert would have been unnecessary. The continuation application would have allowed Portus to seek patent term adjustment—what Portus lost by Defendants’ improper filing of a national stage application under § 371 that made Portus ineligible to seek patent term adjustment.

31. On September 18, 2014, the USPTO issued a decision denying the petition to convert. The USPTO denied the petition to convert because (i) it did not show that Portus met the required standard that it lost the ability to obtain a patent completely, and (ii) it was not timely filed. (A copy of the USPTO decision is attached hereto as Exhibit B.)

32. Critically, the USPTO decision included the following statement: “**Furthermore, applicant had the ability to file a continuing application claiming the benefit of the international application, which would have secured the desired patent term adjustment rights.**” (Exh. B at 3) (emphasis added).

33. The USPTO decision further stated the following:

In the present case, a request to convert the application on patent term adjustment grounds should have been made within a reasonable time after the mailing of the non-final rejection on 10 January 2005. Instead a petition was not filed until more than nine years after applicant was aware of a potential patent term adjustment issue. Accordingly, it would not be appropriate to grant the requested relief in the present situation.

(*Id.* at 3.)

34. The USPTO decision clearly indicates not only that Portus would have been entitled to patent term adjustment had Defendants filed a § 111(a) continuation application in 2001 (or thereafter), but also that Defendants’ failure to do so was the direct cause of the petition’s dismissal and Portus’ loss of patent term. (*Id.*)

35. When Portus retained Defendants in 2001, Defendants should have known from their initial client intake and assessment that filing a § 371 application based on a pre-May 29, 2000 international application would have kept the filing date before May 29, 2000—and would have ensured that Portus' patent would be ineligible for patent term adjustment.

36. Defendants should have known that a continuation application under § 111(a) would have solved the problem completely because it would have used a post-May 29, 2000, filing date, securing the patent term adjustment rights for Portus.

37. In addition, Defendants could have mitigated the effects of their mistake at any time by filing a § 111(a) application before the patent eventually issued on December 16, 2014.

38. Defendants failed to file a § 111(a) continuation application on Portus's behalf at any time.

Count I – Legal Malpractice (As To All Defendants)

39. Plaintiff repeats, re-alleges, and incorporates by reference each and every one of the foregoing allegations as though fully set forth herein.

40. At all times material to this action, Portus and Defendants had an attorney-client relationship.

41. Defendants owed Portus a duty that arose out of the attorney-client relationship between Defendants and Portus.

42. This duty required that Defendants exercise the same degree of care that a reasonably prudent attorney would have exercised under the same circumstances.

43. Defendants breached this duty through their negligent acts and omissions, including, without limitation:

- a. Failing to know and to apply the law as it pertained to the prosecution and management of Portus' patent portfolio;
- b. Failing to keep abreast of changes in the law in direct violation of Rule 1.1 of the Rules of Professional Conduct;
- c. Negligently failing to file a § 111(a) continuation application for Portus's patent in 2001 or at any point thereafter;

44. As a direct and proximate result of Defendants' breaches, Portus suffered actual damages, including, without limitation:

- a. Loss of valuable patent term adjustment rights resulting from Defendants' failure to file a § 111(a) continuation application;
- b. Fees paid to Defendants in exchange for Defendants' negligent, valueless representation; and
- c. Fees paid to subsequent counsel for otherwise unnecessary remedial work resulting from Defendants' negligence and the need to mitigate and/or to fix Defendants' negligence.

45. But for Defendants' negligence, Portus would not have suffered an injury.

Demand for Jury Trial

46. Portus demands a jury trial on all issues so triable.

Prayer for Relief

WHEREFORE, Plaintiff Portus Singapore Pte Ltd respectfully requests that this Court enter judgment in its favor and against Defendants Kenyon & Kenyon LLP, Jeffrey S. Ginsberg, and Aaron Grunberger for (i) compensatory damages in an amount to be proven at trial but not less than \$75,000.00, (ii) the disgorgement of all fees that Portus previously paid to Defendants

and/or that Defendants claimed Portus owed to them, and (iii) such other and further relief as the Court deems just and proper.

Dated: July 28, 2017

Respectfully Submitted,

MARC J. BERN & PARTNERS LLP

By: /s/ Brian H. Brick
 Marc J. Bern, Esq.
 Brian H. Brick, Esq.

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-and-

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Attorneys for Plaintiff

* Admitted *pro hac vice*

EXHIBIT A

From: Grunberger, Aaron
Sent: Friday, August 15, 2014 10:42 AM
To: 'Tim Lindquist'
Cc: Ginsberg, Jeffrey; Chan-Parsons, Katy; Hardy, Josephine; 'Peter Treloar'
Subject: Re: patent term adjustment; U.S. Pat. App. Ser. No. 09/868,417; Your Ref: 38253USP00; Our Ref: 12143/1 [SIP-TAG.FID69203]

Hi Tim,

I did a rough estimate. According to my calculation, assuming we receive the notice of allowance today and the patent issues in 3 months, you could get an extra 3.5 years (**888** days of patent office delay to first office action which is supposed to be issued within 14 months of filing + an additional **455** days over the 3 years an application is supposed to issue but not including any days after the filing of an RCE + **90** days from notice of allowance to date of issuance - **155** days of applicant delay in filing responses to office actions before the filing of the RCE = **1,278** days), which would be approximately a 69% increase in patent term assuming the patent would issue 3 months from today.

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EXHIBIT B



UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov

KENYON & KENYON LLP
ONE BROADWAY
NEW YORK, NY 10004

MAILED
SEP 18 2014
PCT LEGAL ADMINISTRATION

In re Application of LINDQUIST	:	
U.S. Application No.: 09/868,417	:	
PCT Application No.: PCT/AU1999/001128	:	
Int. Filing Date: 17 December 1999	:	DECISION
Priority Date Claimed: 17 December 1998	:	
Attorney Docket No.: 12143/1	:	
For: LOCAL AND REMOTE MONITORING	:	
USING A STANDARD WEB BROWSER	:	

This is in response to applicant's petitions under 37 CFR 1.78 and 37 CFR 1.182 filed on 29 August 2014.

BACKGROUND

On 17 December 1999, applicant filed international application number PCT/AU1999/001128, which claimed priority of an earlier Australia application filed 17 December 1998. A copy of the international application was communicated to the USPTO from the International Bureau on 22 June 2000. The thirty-month period for paying the basic national fee in the United States expired on 17 June 2001.

On 15 June 2001, applicant filed national stage papers in the United States Designated/Elected Office (DO/EO/US). The submission was accompanied by, *inter alia*, the basic national fee required by 35 U.S.C. 371(c)(1).

On 29 August 2014, applicant filed the instant petitions under 37 CFR 1.78 and 37 CFR 1.182.

DISCUSSION

I. Petition under 37 CFR 1.78

Under 37 CFR 1.78(a)(3), a petition to accept an unintentionally delayed claim under 35 U.S.C. 120 for the benefit of a prior-filed application must be accompanied by:

- (i) the reference required by 35 U.S.C. 120 and 37 CFR 1.78(a)(2) to the prior-filed application, unless previously submitted;

- (ii) the surcharge set forth in 37 CFR 1.17(t); and
- (iii) a statement that the entire delay between the date the claim was due under 37 CFR 1.78(a)(2)(ii) and the date the claim was filed was unintentional. The Director may require additional information where there is a question whether the delay was unintentional.

With regard to item (i), the proposed reference is improper. Specifically, a national stage application filed under 35 U.S.C. 371 may not claim benefit under 35 U.S.C. 120 and 365 of the international application of which it is the national stage. See MPEP 1893.03(c). Although applicant desires treatment of the instant application under 35 U.S.C. 111(a) instead of 35 U.S.C. 371, such treatment is not appropriate for the reasons set forth in §II below.

With regard to item (ii), the surcharge set forth in 37 CFR 1.17(t) has been submitted.

With regard to item (iii), the statement of unintentional delay contained in the petition differs slightly from the language contained in 37 CFR 1.78(a)(3)(iii) and is hereby construed as a statement that the entire delay between the date the claim was due under 1.78(a)(2)(ii) and the date the claim was filed was unintentional. If this interpretation is incorrect, applicant is required to immediately notify the Office. As construed, the provided statement of unintentional delay is acceptable.

II. Petition under 37 CFR 1.182

Applicant requests that the instant application be converted from a filing under 35 U.S.C. 371 to a filing under 35 U.S.C. 111(a). U.S. statutes and regulations do not make specific provision for the requested action and as such the Office does not grant such petitions as a mere matter of course. The Office will only grant such petitions upon a showing by applicant of sufficient cause, e.g. the loss of the right to obtain a patent on the claimed subject matter, where no other remedy is available.

In the present case, applicant asserts that due to the lengthy prosecution of the instant application, applicant's patent term will be significantly curtailed. For applications filed on or after 29 May 2000, patent term adjustment is available if the issuance of the patent was delayed due to the failure of the Office to perform certain acts in a timely manner. See 37 CFR 1.702. Because the instant application was filed prior to 29 May 2000, the application is not eligible for patent term adjustment under 37 CFR 1.702. See *Changes to Implement Patent Term Adjustment under Twenty-Year Patent Term*, 1239 *Off. Gaz. Pat. Office* 14, 03 October 2000, Response to Comment 6, stating "Section 4405 of the American Inventors Protection Act of 1999 provides that the amendments relating to patent term adjustment shall apply to any application filed on or after May 29, 2000, but does not provide that its patent term adjustment provisions apply to international applications filed before May 29, 2000, that complied with the requirements of 35 U.S.C. 371 on or after May 29, 2000." See also Patent Term Adjustment (PTA) Questions and Answers, <http://www.uspto.gov/patents/law/aipa/pta/>, Response to Question B4.

However, the inability of the present application to benefit from patent term adjustment is not sufficient grounds to warrant a conversion of the application to a filing under 35 U.S.C. 111(a). In particular, applicant's right to obtain a patent on the claimed subject matter has not been foreclosed, and the present application is being treated under the same rules as other applications filed prior to 29 May 2000, which similarly do not benefit from 37 CFR 1.702. Furthermore, applicant had the ability to file a continuing application claiming benefit of the international application, which would have secured the desired patent term adjustment rights. See Patent Term Adjustment (PTA) Questions and Answers, Response to Question B5, stating, "[T]he filing date of the continuing application controls, thus, if the continuing application is filed on or after May 29, 2000, the continuing application is eligible for PTA." As MPEP 1895 makes clear, a continuation of the international application could have been filed instead of or in addition to the filing of a national stage application, without any loss of priority rights. In the instant case, applicant's own failure to avail himself of this option cannot reasonably be considered grounds for relief. Additionally, applicant's petition is untimely. Pursuant to 37 CFR 1.181(f), "Any petition under this part not filed within two months of the mailing date of the action or notice from which relief is requested may be dismissed as untimely." In the present case, a request to convert the application on patent term adjustment grounds should have been made within a reasonable time after the mailing of the non-final rejection on 10 January 2005. Instead, a petition was not filed until more than nine years after applicant was aware of a potential patent term adjustment issue. Accordingly, it would not be appropriate to grant the requested relief in the present situation.

CONCLUSION

For the reasons set forth in §I above, the petition under 37 CFR 1.78 is **DISMISSED** without prejudice.

For the reasons set forth in §II above, the petition under 37 CFR 1.182 is **DISMISSED** without prejudice.

Any further correspondence with respect to this matter may be filed electronically via EFS-Web selecting the document description "Petition for review and processing by the PCT Legal Office" or by mail addressed to Mail Stop PCT, Commissioner for Patents, Office of PCT Legal Administration, P.O. Box 1450, Alexandria, Virginia 22313-1450, with the contents of the letter marked to the attention of the Office of PCT Legal Administration.


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