No TKO: California Judge Refuses to Disqualify Council from Patent Litigation

Monday, October 23, 2017

Last week, a federal judge in California denied the plaintiff’s motions to disqualify the defendant’s counsel, finding that the firm’s former representation of the plaintiff was not sufficiently recent, substantial, or substantively related to the firm’s current representation of the defendant to warrant disqualification.

The plaintiff, IPS Group, Inc., brought two related lawsuits against Duncan Solutions, Inc., for patent infringement — one in July 2015 and another in March 2017. In June 2017, the law firm Mintz Levin Cohn Ferris Glovsky and Popeo P.C. (“Mintz”) joined the defense teams representing Duncan in both matters. IPS Group made two “virtually identical” motions in July to disqualify Mintz in each case, arguing that (1) IPS Group was a current client of Mintz, so concurrent representation of IPS Group and Duncan was a breach of the duty of loyalty, and alternatively, (2) IPS Group was a former client of Mintz, who had obtained confidential information from IPS Group material to Mintz’s current representation of Duncan.

The extent of IPS Group’s relationship with Mintz can be summarized as follows. In 2011, IPS Group hired Mintz as counsel for “general corporate matters.” From the time Mintz was retained until 2014, a handful of lawyers represented IPS Group in matters unrelated to intellectual property, billing less than 35 collective hours of legal work. Thereafter, “there were substantial stretches, including all of 2015, when there was no contact between IPS Group and the Mintz firm.” In 2016, some non-lawyers at Mintz occasionally performed non-legal administrative tasks for IPS Group.

The judge outlined the relevant legal principles under California law before rejecting both of the plaintiff’s contentions.

A lawyer owes its current clients a duty of undivided loyalty and therefore may not simultaneously represent two clients with conflicting interests without informed written consent from both clients. Here, Mintz was not required to obtain consent from IPS Group since it was not a current client. The last time IPS Group interacted with an attorney at Mintz was in 2014, and any work performed thereafter was sporadic and administrative.

Likewise, a lawyer that has obtained confidential information from a former client must secure informed written consent before representing anyone adverse to the former client if the information is material to the new client’s representation. The lawyer may be disqualified if the former client can show a “substantial relationship” between the subject matter of the former and current representations. The judge here concluded that the subject matter of Mintz’s previous representation of IPS Group was not substantially related to its current representation of Duncan. The work Mintz performed for IPS Group was transactional and did not involve intellectual property, the subject of the current litigation. Nor was any confidential information obtained from IPS Group material to any factual or legal issues in the current representation. The court also noted that any attorney work done for IPS Group was minimal (less than 35 hours), and any recent administrative work was “even more remote in relevance to this patent litigation.” The facts of this case presented a relatively straightforward application of the law on disqualification.

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