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Federal Courts Have Jurisdiction Over Malpractice Claims That Relate to Patent Law**Intellectual Property Client Alert**

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The full Court of Appeals for the Federal Circuit has confirmed that where the outcome of a legal malpractice case turns on federal patent law, federal jurisdiction exists. Even though a claim arises under state law, it may be heard in U.S. District Court, with any appeal going to Federal Circuit.

In *Byrne v. Wood, Herron & Evans, LLP*, No. 2011-1012, Stephen Byrne sued his former attorneys in Kentucky state court for legal malpractice based on defendants' representation of Byrne in prosecuting a patent for a lawn care device. Byrne alleged that the defendants negligently failed to secure broader patent protection for his invention from the U.S. Patent and Trademark Office (PTO), and, as a result, Byrne lost a patent infringement suit against Black & Decker Corporation. Even though Byrne's claim was a purely state law claim, the defendants removed the case to federal District Court. The defendants claimed that federal jurisdiction existed because Byrne's malpractice claim required resolution of an issue of patent law. The District Court denied Byrne's motion to remand the case back to state court, agreeing with the defendants that federal jurisdiction did exist.

The case proceeded and Byrne appealed an adverse outcome to the Federal Circuit. On appeal, the majority of a three judge panel ruled that under current case law federal jurisdiction was proper. But it also noted that the case law was inconsistent with Supreme Court precedent and the issue should be revisited. Judge O'Malley wrote for the majority that: "Although we must adhere to our precedent, we believe this court should re-evaluate the question of whether jurisdiction exists to entertain a state law malpractice claim involving the validity of a hypothetical patent" (emphasis in original). Not surprisingly, Byrne filed a petition for rehearing by the full Federal Circuit.

On March 22, 2012, the Federal Circuit issued an order denying the petition. Judge Dyk wrote a concurring opinion (joined by Judges Newman and Lourie), which explained that: "Denying federal jurisdiction over these cases would allow different states to reach different conclusions as to the requirements for federal patent law in the context of state malpractice proceedings. There is a substantial federal interest in preventing state courts from imposing incorrect patent law standards for proceedings that will exclusively occur before the PTO and the federal courts." Judge O'Malley wrote a lengthy dissent (joined by Judge Wallach), arguing that exercising federal jurisdiction was contrary to Supreme Court decisions and principles of federalism.

Thus, unless the Supreme Court steps in, U.S. District Courts will have jurisdiction to hear state law malpractice claims that arise from patent prosecution before the PTO.

The panel decision in the Byrne case is available [here](#) and the order denying rehearing is available [here](#).

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