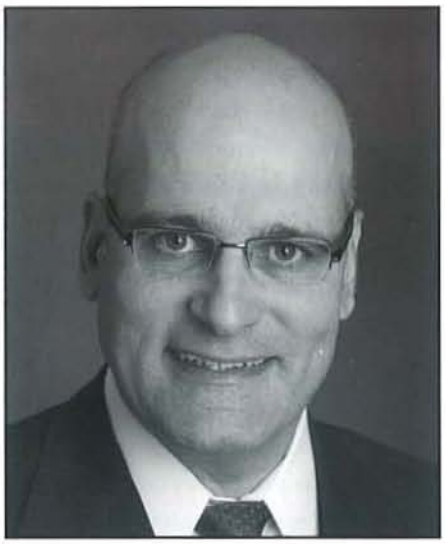
Gunn v. Minton: The Supreme Court's Correction of the Federal Circuit's Overly Broad Assertion of Jurisdiction Over State-Law Claims



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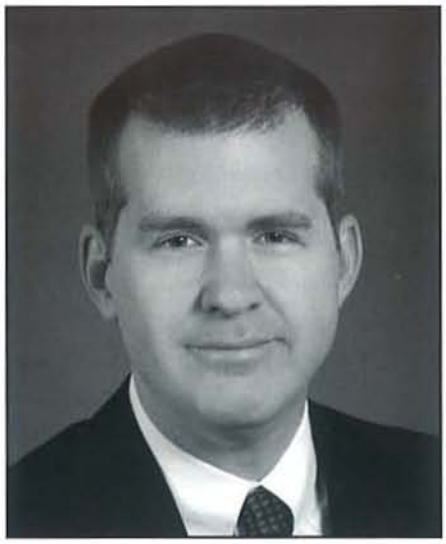

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FOR NEARLY TWO DECADES, the Federal Circuit has applied a lenient standard for federal jurisdiction that routinely sweeps state-law claims into the exclusive jurisdiction of the federal courts merely because the claims require resolution of patent-law issues.[1] The latest casualties of the Federal Circuit's approach are state-law malpractice claims against patent attorneys. The Federal Circuit has held that such claims are within the exclusive jurisdiction of the federal courts if resolution of a patent-law issue is necessary to resolve the claim.[2]

The Supreme Court recently granted *certiorari* in one such malpractice case, *Gunn v. Minton*, and held, in a unanimous decision, that the malpractice claim was not properly in federal court even though it raised an issue of patent law.[3] The Supreme Court applied its 2005 decision in *Grable & Sons Metal Products, Inc. v. Darue Eng'g & Mfg.*[4] *Grable* held that, for a federal court to exercise jurisdiction over a state-law claim raising a federal issue, the issue must not only be "necessary" to resolve the claim, it must also be "disputed" and "substantial," and also be one that a federal court may decide without disturbing any congressionally approved balance of federal and state judicial responsibilities.[5] The *Gunn* Court held that the patent-law issue raised by Mr. Minton's state-law malpractice claim did not establish federal jurisdiction because the issue was not "substantial," and because the resolution of the issue would disrupt the balance of state and federal court responsibilities.[6]

This article contends that *Gunn* not only overrules the Federal Circuit's malpractice precedent, but also undermines the Federal Circuit's exercise of jurisdiction over a wide variety of state-law claims raising patent-law issues, such as torts and contract claims. This article first discusses the facts and holding of *Gunn*. Next, this article identifies the roots of the Federal Circuit's lenient jurisdictional approach and surveys the Federal Circuit's developing precedent sweeping state-law claims into federal court. This article then applies *Gunn* and *Grable* to show that, contrary to the Federal Circuit's approach, few state-law claims raising patent-law issues are properly within the exclusive jurisdiction of the federal courts. Finally, this article directly rebuts the Federal Circuit's reasoning that Congress' desire for patent-law uniformity justifies the Federal Circuit's lenient standard for jurisdiction.

THE *GUNN V. MINTON* CASE

In *Gunn*, a patentee, Mr. Minton, brought a state-law malpractice claim in Texas state court against several attorneys that represented him during prior patent litigation.[7] In that prior litigation, Mr. Minton's patent was held invalid pursuant to the "on-sale bar" of 35 U.S.C. § 102(b) because his patented invention was on sale more than one year before the filing of his patent.[8] Mr. Minton al-

leged that his attorneys had committed malpractice by failing to argue that the "on-sale bar" was negated by the "experimental use" exception.[9] The "experimental use" exception prevents sales from invalidating patents under § 102(b) if the sales are made for the primary purpose of experimentation.[10]

The trial court granted summary judgment against Mr. Minton on his malpractice claim, citing a lack of proof.[11] The Texas Court of Appeals affirmed.[12] The Texas Supreme Court, however, dismissed the entire action for lack of jurisdiction, holding that the state-law claim was within the exclusive jurisdiction of the federal courts because it raised an issue of patent law: whether an "experimental use" argument would have been successful, if raised during the prior patent litigation.[13] In dismissing the case, the Texas Supreme Court followed Federal Circuit precedent holding that state-law claims are within the exclusive jurisdiction of the federal courts if they require the resolution of patent-law issues.[14]

The Supreme Court granted *certiorari* and held that Mr. Minton's malpractice claim was not within the exclusive jurisdiction of the federal courts.[15] The Supreme Court applied the test set forth in *Grable* to the "experimental use" issue raised by Mr. Minton's malpractice claim and held that, while the issue was "necessary" to the resolution of his claim and "disputed" by the parties, it was not "substantial" because it was "not sufficiently important to the federal system as a whole."[16] In addition, the Court held that the issue raised by Mr. Minton's claim did not satisfy *Grable*'s requirement concerning the appropriate balance of federal and state judicial responsibilities.[17] The Court found "no reason to suppose that Congress—in establishing exclusive federal jurisdiction over patent cases—meant to bar from state courts state legal malpractice claims simply because they require resolution of a hypothetical patent issue."[18] The Court concluded that Mr. Minton's claim was not within the exclusive jurisdiction of the federal courts and also felt "comfortable concluding that state legal malpractice claims based on underlying patent matters will rarely, if ever, arise under federal patent law" and fall within the exclusive jurisdiction of the federal courts.[19]

Gunn thus overrules the Federal Circuit's precedent regarding malpractice claims. In addition, the Supreme Court's analysis in *Gunn* undermines the Federal Circuit's precedent applying a lenient jurisdictional standard to a variety of other state-law claims. As explained below, the Federal Circuit's lenient standard is based on that court's incorrect reading of the Supreme Court's 1988 decision in *Christianson v. Colt Indus. Operating Corp.*[20] Prior to the Court's decision in *Christianson,* the Federal Circuit repeatedly held that state-law claims raising patent-law issues were not within the exclusive jurisdiction of the federal courts.[21]

THE FEDERAL CIRCUIT'S JURISPRUDENCE BEFORE THE SUPREME COURT'S *CHRISTIANSON* DECISION

When it created the Federal Circuit in 1982, Congress granted the court exclusive jurisdiction over any "appeal from a final decision of a district court of the United States...if the jurisdiction of that court was based in whole, or in part, on [28 U.S.C.] Section 1338...."[22] Section 1338, in turn, provides, in relevant part, that the "district courts shall have original jurisdiction of any civil action *arising under* an Act of Congress relating to patents...."[23] The statute also provides that "[s]uch jurisdiction shall be exclusive of the courts of the states in patent...cases."[24] Thus, to determine its own jurisdiction, the Federal Circuit must decide whether the civil action on appeal arose under an Act of Congress relating to patents.

Early Federal Circuit decisions routinely declined to find "arising under" jurisdiction over various types of state-law claims that raised patent-law issues.[25] In these cases, the Federal Circuit relied on the Supreme Court's 1897 decision in *Pratt v. Paris Gas Light & Coke Co.,*[26] and the Supreme Court's 1902 decision in *Excelsior Wooden Pipe Co. v. Pacific Bridge Co.*[27] The Federal Circuit cited *Pratt* and *Excelsior* to require that the patent laws create the cause of action or that the plaintiff at least "make it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction of those laws."[28] Early Federal Circuit decisions acknowledged Congress' desire for patent-law uniformity, but recognized that "Congress was not concerned that an occasional patent-law decision of a regional circuit court, or of a state court, would defeat its goal of increased uniformity in the national law of patents."[29]

In 1987, the Federal Circuit initially decided the *Christianson* case in an appeal that shuttled back and forth between the Seventh and Federal Circuits as those courts each determined that the other had appellate jurisdiction.[30] In a detailed opinion written by Chief Judge Markey, the Federal Circuit's first chief judge, the court held that antitrust claims, though raising patent-law issues, did not arise under the patent laws pursuant to section 1338.[31] The Federal Circuit cited *Excelsior* and *Pratt,* and found jurisdiction lacking because the plaintiff had not asserted a right or privilege that would be impacted by a "construction of the patent laws."[32] While the Federal Circuit's holding normally would have divested it of jurisdiction, the court decided the case out of necessity and in the interest of justice, because it had already transferred the case to the Seventh Circuit only to see it return.[33]

THE SUPREME COURT'S *CHRISTIANSON* DECISION

The Supreme Court granted review of the Federal Circuit's *Christianson* decision to resolve the dispute between the Seventh and Federal Circuits.[34] The Supreme Court agreed with the Federal Circuit that there was no "arising under" jurisdiction under section

1338.[35] The Court observed that "arising under" jurisdiction is established only when a well-pleaded complaint demonstrates either that (1) federal law creates the cause of action or (2) the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal law.[36] Specifically addressing the facts of the *Christianson* case, the Court observed that "the dispute center[ed] around whether patent law [was] a *necessary* element of one of the well-pleaded [antitrust] claims."[37] The Court thus focused on the "necessary" requirement of the second prong, explaining that jurisdiction exists only if:

> the plaintiff's right to relief *necessarily* depends on resolution of a substantial question of federal patent law, in that patent law is a *necessary* element of one of the well-pleaded claims.[38]

Because the plaintiff could have succeeded on its antitrust claims without relying on a patent-law theory, the Court held that there was no section 1338 "arising under" jurisdiction.[39] Thus, the Court never reached any of the other jurisdictional requirements set forth in the Court's precedent, such as the requirement that the patent-law issue be "disputed" and "substantial."[40]

THE FEDERAL CIRCUIT'S INCORRECT INTERPRETATION OF *CHRISTIANSON*

Everything changed after the Supreme Court's decision in *Christianson*. In a series of cases spanning two decades, the Federal Circuit incorrectly relied on the statement from *Christianson* quoted above rejecting jurisdiction as creating a lenient test readily establishing jurisdiction whenever "patent law is a necessary element of one of the well-pleaded claims."[41]

For example, in 1993, in *Additive Controls & Measurement Sys. v. Flowdata, Inc.*,[42] the Federal Circuit held that exclusive federal jurisdiction existed over a state-law "business disparagement" claim because the plaintiff had to prove the falsity of the defendant's statement that plaintiff's product infringed a patent. The Federal Circuit provided no separate analysis of whether the patent-law issue was "substantial."[43] Instead, the Federal Circuit applied *Christianson's* "necessary" requirement alone, concluding that the question of patent law was therefore "substantial:"

> Adcon's complaint...gives the district court jurisdiction under the second prong of the *Christianson* test. In sum, Adcon's "right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of [its business disparagement claim.]"[44]

Thus, the court concluded that the existence of a necessary patent-law issue in and of itself made the issue "substantial" and established exclusive federal jurisdiction.

Five years later, in *Hunter Douglas, Inc. v. Harmonic Design, Inc.*,[45] the Federal Circuit similarly held that exclusive federal jurisdiction existed over a state-law claim for "injurious falsehood" because the plaintiff had to prove the invalidity or unenforceability of a patent to establish the falsity of the statements at issue. The Federal Circuit held that "questions of federal patent law—validity, and enforceability—are 'substantial' enough to convey section 1338(a) jurisdiction."[46] The court pointed to Congressional intent in creating the Federal Circuit to conclude that any issue "essential to the federally created property right" is necessarily "substantial."[47]

Two years later, in *U.S. Valves, Inc. v. Dray*,[48] the Federal Circuit extended its view of federal jurisdiction and held that jurisdiction existed over a breach-of-contract claim where proving the alleged breach required the plaintiff to prove that the defendant sold products covered by the plaintiff's licensed patents. The Federal Circuit cited *Additive Controls* and *Hunter Douglas*, and again quoted *Christianson's* application of the "necessary" requirement to hold that jurisdiction was established because "patent law [was] a necessary element of U.S. Valves' breach of contract action."[49] The Federal Circuit stated that *"Christianson* sets a *lenient standard* for jurisdiction under 28 U.S.C. § 1338(a)."[50]

In 2002, in *Univ. of W. Va. v. Van-Voorhies*,[51] the Federal Circuit again relied on *Christianson's* statement of the "necessary" requirement to find exclusive federal jurisdiction over a contract claim seeking rights to an invention. The court reasoned that the claim arose under the patent laws because the trial court would have to determine if a patent application was a "continuation-in-part" of another patent application in order to decide whether the invention fell under a contract to assign.[52]

THE FEDERAL CIRCUIT'S PRECEDENT AFTER *GRABLE*

The Federal Circuit continued to adhere to its lenient jurisdictional standard even after the Supreme Court's 2005 decision in *Grable*.[53] In *Grable*, the Supreme Court held that, for a court to exercise jurisdiction over a state-law claim raising a federal issue, the issue must not only be "necessary," but also must be "disputed" and "substantial."[54] The Court also clarified that the federal issue raised by the state-law claim must be one "that a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities."[55]

Notwithstanding this clarification, two years later, in *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*,[56] the Federal Circuit found federal jurisdiction over an attorney malpractice claim because the claim required the plaintiff to prove that it would have won a previously adjudicated patent case but for the alleged malpractice. The Federal Circuit applied its pre-*Grable* decisions in *Additive Controls* and *Hunter Douglas*, and again conflated the necessary and substantial requirements, holding that the patent infringement issue was "substantial, for it [was] a necessary element of the malpractice case."[57] Concluding that the federalism

concerns in *Grable* were "not new" and that the decision did not change the law under section 1338,[58] the Federal Circuit found that jurisdiction was also supported by the "strong federal interest in the adjudication of patent…claims" in federal court.[59]

The same day it decided *Air Measurement*, the Federal Circuit also decided *Immunocept, LLC v. Fulbright & Jaworski*.[60] There, the Federal Circuit asserted jurisdiction over an attorney malpractice action alleging that the lawyers made a claim-drafting error in a patent application. The court invoked its decisions in *Additive Controls, Hunter Douglas, U.S. Valves*, and *VanVoorhies*, and held that jurisdiction existed because the plaintiff could not succeed "without addressing claim scope."[61] The opinion provided little discussion of *Grable*, stating that *Grable* merely "rephrased" the *Christianson* test.[62]

In 2012, in *Byrne v. Wood, Herron & Evans, LLP*,[63] the Federal Circuit denied a petition for rehearing en banc challenging its precedent finding federal jurisdiction over attorney malpractice actions. In a concurring opinion, three judges cited the importance of patent-law uniformity and repeatedly invoked *Christianson* as justifying the Federal Circuit's broad assertion of jurisdiction:

> Under the Supreme Court's decision in *Christianson*, federal jurisdiction under 28 U.S.C. § 1338 exists if "the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims." ….The existence of [patent-law issues] *necessarily makes* the issues "substantial" within the meaning of *Christianson* and indicates a "serious federal interest" in federal adjudication within the meaning of *Grable*.[64]

Judge O'Malley, joined by Judge Wallach, dissented, observing:

> This court has justified expanding the reach of our jurisdiction to cover state law malpractice claims by reading *Christianson* to authorize our doing so. Specifically our case law concludes that, whenever a patent law issue is raised in the context of a state law claim and must be resolved in the course of that otherwise state law inquiry, federal jurisdiction will lie, as will exclusive appellate jurisdiction in this court. That reading of *Christianson* is wrong, however. Supreme Court precedent permits federal courts to exercise federal question jurisdiction over state law claims *only* in the rare case where a federal issue is "actually disputed and substantial," and where doing so will not upset "any congressionally approved balance of federal and state judicial responsibilities."[65]

As discussed below, the Supreme Court's *Gunn* decision confirms the correctness of these dissenting views, and demonstrates that, contrary to the Federal Circuit's approach, state-law claims raising patent-law issues are indeed rarely within the exclusive jurisdiction of the federal courts.

PURSUANT TO *GUNN* AND *GRABLE*, FEW STATE-LAW CLAIMS RAISING PATENT-LAW ISSUES ARE WITHIN THE EXCLUSIVE JURISDICTION OF THE FEDERAL COURTS

Pursuant to *Gunn* and *Grable*, "arising under" jurisdiction under section 1338 lies only where a well-pleaded complaint establishes the existence of a necessary, disputed and substantial question of federal law, the resolution of which would not disrupt the balance of state and federal court responsibilities.[66] As demonstrated below, applying each of these requirements to state-law claims raising patent-law issues reveals that few such claims are within the exclusive jurisdiction of the federal courts.

"Necessary"

The Supreme Court explained the "necessary" requirement in *Christianson*.[67] Under *Christianson*, "the plaintiff's right to relief [must] necessarily depend[] on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims."[68] Thus, jurisdiction was not established in *Christianson* because the claim in that case was supported by alternative theories and patent law was not "essential to each of those theories."[69] On the other hand, in *Gunn*, the patent law issue was "necessary" because, to prevail on his malpractice claim, Mr. Minton had to show that he would have prevailed on his patent infringement case if his attorneys had raised an experimental use argument on his behalf.[70] Contrary to the Federal Circuit's approach, however, the mere existence of a "necessary" patent-law issue does not establish jurisdiction under section 1338. As discussed below, the issue must also be disputed and substantial, and must satisfy the federalism concerns in *Grable*.

"Disputed"

In addition to being necessary, the federal issue must "actually be in dispute to justify federal-question jurisdiction."[71] For example, in *Gunn*, Mr. Minton argued that the experimental use exception applied and would have saved his patent from the on-sale bar, whereas his former attorneys argued that it did not.[72] The Supreme Court held that this was "just the sort of 'dispute…respecting the… effect of a [federal]law'" that *Grable* envisioned.[73]

"Substantial"

Even if a federal issue is necessary and disputed, there is no federal jurisdiction if the issue is not "substantial."[74] For example, in *Gunn*, the federal issue was both necessary and disputed, but jurisdiction was absent because the federal issue was not "substantial."[75] The *Gunn* Court explained that a federal issue is not "substantial" merely because it is important to the particular parties in a case.[76] Instead, the Court explained, "something more, demonstrating that the question is significant to the federal system as a whole, is needed."[77]

The *Gunn* Court explained that, consistent with earlier Supreme Court precedent, a substantial issue is one that "would be controlling in numerous other cases" as opposed to one that is "fact-bound and situation-specific."[78] The *Gunn* Court provided two examples of a "substantial" federal issue, pointing to two prior decisions of the Court.[79] First, the *Gunn* Court pointed to *Grable,* wherein the federal issue was whether the Internal Revenue Service had complied with federally imposed notice requirements in seizing and selling land.[80] The *Gunn* Court explained that, in *Grable,* the government had a strong interest in being able to recover delinquent taxes through the seizure and sale of property, which in turn required clear terms of notice so that buyers would be satisfied that the Service had good title.[81] Second, the *Gunn* Court pointed to *Smith v. Kansas City Title & Trust Co.,* wherein the federal issue was whether the Government had acted unconstitutionally in issuing bonds.[82] The *Gunn* Court pointed to the importance of a determination that Government securities were issued under an unconstitutional law and therefore not valid.[83]

In contrast, because of the "backward-looking nature of a legal malpractice claim," the federal question in *Gunn* was posed in a merely hypothetical sense: "If Minton's lawyers had raised a timely experimental-use argument, would the result in the patent infringement proceedings have been different?"[84] The *Gunn* Court explained that resolution of this case-within-a-case issue would have no impact on the real-world result in the prior patent litigation that had invalidated Mr. Minton's patent.[85] The *Gunn* Court also reasoned that allowing state courts to decide such issues would not undermine patent-law uniformity because federal courts would not be bound by such determinations of federal issues in state court.[86] Furthermore, even novel patent-law issues would eventually be resolved in federal court "if the question arises frequently."[87] On the other hand, the *Gunn* Court observed, "if it does not arise frequently, it is unlikely to implicate substantial federal interests."[88] The *Gunn* Court also acknowledged the possibility that the resolution of the issue might have a preclusive effect on the specific parties and patent in *Gunn,* but found that this was not sufficient to establish federal jurisdiction.[89]

Accordingly, pursuant to *Gunn* and *Grable,* a federal issue may be "substantial" if, for example, it is significant to the federal system as a whole, if it arises frequently, or if its resolution would impact numerous future cases.[90] A patent-law issue should be considered "substantial" if it raises a significant question regarding the validity, construction or effect of the patent laws that, if left unresolved, would arise frequently and impact numerous future cases.[91] This interpretation is consistent with the Supreme Court's decisions in *Pratt* and *Excelsior,* which required the existence of a right or privilege that would be defeated by "one construction or sustained by the opposite construction of th[e] [patent] laws" in order for there to be federal jurisdiction.[92] As discussed above, before *Christianson,* the Federal Circuit relied on *Pratt* and *Excelsior* to decline to find jurisdiction over state-law claims raising patent-law issues.[93]

Few state-law claims will raise "substantial" patent-law issues under this standard. Indeed, *Gunn* calls into question the Federal Circuit's decisions finding jurisdiction in: (1) *Additive Controls,* where the issue was the truthfulness of a statement that a particular product infringed a patent;[94] (2) *Hunter Douglas,* where the issue was the truthfulness of statements regarding the validity and enforceability of certain patents;[95] (3) *U.S. Valves,* where the issue was whether certain products were covered by certain licensed patents;[96] and (4) *Van-Voorhies,* where the issue was whether a particular patent application was a "continuation-in-part" of another patent application.[97] These are not issues that are significant to the federal system as a whole or that raise fundamental questions regarding the construction of the patent laws. Nor are these issues likely to arise frequently, such that resolution of the issues will govern numerous future cases. Instead, these issues are "fact-bound and situation-specific," and therefore not "substantial" under Supreme Court precedent.[98]

Federalism Considerations

Even if a federal issue is necessary, disputed, and substantial, any exercise of jurisdiction must be consistent with the federalism concerns discussed in *Gunn* and *Grable.*[99] These concerns require a court to consider whether a state-law claim is one "which a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities."[100] In *Gunn,* the Supreme Court observed that states have a special responsibility for maintaining standards among the members of their bars.[101] The Court observed, "We have no reason to suppose that Congress—in establishing exclusive federal jurisdiction over patent cases—meant to bar from state courts state legal malpractice claims simply because they require resolution of a hypothetical patent issue."[102]

Additional guidance can be found in *Grable,* wherein the Supreme Court observed that exercising jurisdiction over the claim at issue in that case would have "only a microscopic effect on the federal-state division of labor" because such claims were "rare."[103] The *Grable* Court explained that, in contrast, exercising jurisdiction over the state-law claims at issue in the Court's 1986 decision in *Merrell Dow Pharmaceuticals Inc. v. Thompson,*[104] would have resulted in a "tremendous number of cases" entering the federal courts, disrupting federal and state judicial responsibilities.[105] Thus, under *Grable* and *Merrell Dow,* an exercise of jurisdiction must not disrupt state and judicial responsibilities by placing a large number of state-law claims within the jurisdiction of the federal courts.[106]

In the context of patent law, disruptions of state and federal judicial responsibilities can largely be avoided by simply limiting section 1338 jurisdiction to state-law claims that truly raise necessary,

disputed and substantial questions of patent law. As demonstrated above, state-law claims raising such issues should be "rare" and "portend only a microscopic effect on the federal-state division of labor," such that exercising jurisdiction over such claims would be consistent with the federalism concerns identified in *Grable*.[107]

CONGRESSIONAL DESIRE FOR PATENT-LAW UNIFORMITY DOES NOT JUSTIFY THE FEDERAL CIRCUIT'S LENIENT JURISDICTIONAL STANDARD

As support for its lenient standard for federal jurisdiction, the Federal Circuit has repeatedly pointed to the creation of the Federal Circuit and Congressional desire for patent-law uniformity.[108] For example, when it first found jurisdiction in a malpractice case, the Federal Circuit took the view that "Congress considered the federal-state division of labor and struck a balance in favor of this court's entertaining patent infringement."[109]

In creating the Federal Circuit, however, Congress purposefully left intact the pre-existing allocation of federal and state court responsibilities by basing the Federal Circuit's appellate jurisdiction on the district court's jurisdiction under section 1338.[110] Indeed, in response to concerns that the Federal Circuit's appellate jurisdiction would be "dangerously broad," Congress pointed to the fact that the court's appellate jurisdiction would be tied to the district court's jurisdiction under section 1338:

> [T]his argument does not recognize the obvious. The statutory language in question specifically requires that the district court have jurisdiction under 28 U.S.C. § 1338. This, standing alone, is a substantial requirement. Immaterial, inferential, and frivolous allegations of patent questions will not create jurisdiction in the lower court, and therefore will not create jurisdiction in the [Federal Circuit].[111]

By basing the Federal Circuit's appellate jurisdiction on section 1338, Congress intended to avoid the change in the division of labor the Federal Circuit now attributes to Congress.

The Supreme Court has repeatedly pointed to section 1338 when rejecting attempts to treat patent cases differently for purposes of federal jurisdiction merely because Congress desired uniformity in patent law.[112] For example, in *Christianson*, the Court rejected the argument that Congressional intent to increase patent-law uniformity justified a departure from the well-pleaded complaint rule, which requires the court to look at the claims in the complaint when examining jurisdiction.[113] The petitioners argued that the Court should look at the issues actually litigated, rather than the claims in the complaint, citing Congressional desire for patent-law uniformity in the treatment of patent-law issues.[114] The Court rejected this argument and adhered to the well-pleaded complaint rule, citing section 1338 and pointing out that Congress intended that cases should fall within the Federal Circuit's jurisdiction "in the *same sense* that cases are said to 'arise under' federal law for purposes of federal question jurisdiction."[115]

In 2002, the Supreme Court in *Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*,[116] similarly rejected the argument that "Congress's goal of promoting the uniformity of patent law" justified a departure from the well-pleaded complaint rule in patent cases.[117] The Court held that the words "arising under" in section 1338(a) invoke the well-pleaded complaint rule, and did not encompass patent-law counterclaims, notwithstanding Congressional desire for patent-law uniformity.[118]

The clear import of *Christianson* and *Holmes Group* is that, because the Federal Circuit's appellate jurisdiction is based on the district court's jurisdiction under section 1338, the normal rules of federal jurisdiction apply, notwithstanding Congress' desire for patent-law uniformity. Congress purposefully left intact the pre-existing scope of federal jurisdiction by basing the appellate jurisdiction of the newly created Federal Circuit on the district court's jurisdiction under section 1338. Thus, the Federal Circuit is simply incorrect in reasoning that "Congress considered the federal-state division of labor and struck a balance in favor of the [Federal Circuit] entertaining patent infringement."[119]

The Federal Circuit's reasoning that federal jurisdiction is justified by the desire to preserve patent-law uniformity is particularly weak in the context of patent malpractice claims. The Supreme Court in *Gunn* specifically rejected that rationale.[120] It observed that state courts could be expected to hew closely to federal precedent when engaging in the case-within-a-case inquiry in malpractice cases and that, to the extent novel questions are raised, the federal courts could be expected to resolve the issue in an actual patent case if the issue is significant enough to be raised frequently.[121] The *Gunn* Court also specifically rejected the Federal Circuit's rationale in *Air Measurement* that federal jurisdiction is justified because "litigants will also benefit from federal judges who have experience in claim construction and infringement matters."[122] The *Gunn* Court observed that "the possibility that a state court will incorrectly resolve a state claim is not, by itself, enough to trigger the federal court's exclusive patent jurisdiction, even if the potential error finds its root in a misunderstanding of patent law."[123]

The desire to avoid errors of patent law, however, appears to greatly influence the Federal Circuit's decision-making. Indeed, consistency in the treatment of patent-law issues is an almost irresistible siren call that the Federal Circuit answers again and again to expand its own jurisdiction. While the need for uniformity should influence, for example, the Federal Circuit's choice-of-law rules in cases that are properly before the court, it has no place in a section 1338 jurisdictional analysis. Congress wanted to rectify the lack of uniformity caused by disparate regional circuit courts decisions. That desire had nothing to do with the state-versus-federal jurisdic-

tional divide. One must remember that, because jurisdiction under section 1338 is exclusive, every time the Federal Circuit invokes patent uniformity to find jurisdiction, it necessarily finds that the state courts have none. Hopefully, *Gunn* will put an end to the Federal Circuits' reliance on patent-law uniformity as a justification for usurping the jurisdiction of the state courts.

CONCLUSION

The Supreme Court's decision in *Gunn* undermines the Federal Circuit's exercise of federal jurisdiction over a variety of state-law claims, including torts and contract claims. The Federal Circuit's lenient jurisdictional standard is based on an incorrect interpretation of *Christianson*, and is inconsistent with *Gunn* and *Grable*, which require a substantial issue of federal law, not just an issue that is necessary to resolve the claim. As Judge O'Malley warned in *Byrne*, the "[Federal Circuit's] law has poisoned the well, and it will only serve to exacerbate the federalism concerns identified in *Grable* by drawing more and more state law claims into federal court."[124] The Federal Circuit should heed that warning and, in view of the Supreme Court's decision in *Gunn*, reevaluate its approach when deciding whether federal jurisdiction exists over state-law claims.

The views expressed in this article are personal to the authors and do not necessarily reflect the views of the authors' firm, the State Bar of California, or any colleagues, organization, or client.

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Endnotes

1. *See* Brief of *Amicus Curiae* American Intellectual Property Law Association In Support of Petitioners at 8-16 *(hereinafter "Gunn v. Minton Amicus Brief"), available at* http://www.aipla.org/advocacy/judicial/2012/Documents/AIPLA%20amicus%20brief%20in%20Gunn%20v.%20Minton.pdf (last visited Jan. 23, 2013).
2. *See Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262 (Fed. Cir. 2007); *Immunocept, L.L.C. v. Fulbright & Jaworski, L.L.P.*, 504 F.3d 1281 (Fed. Cir. 2007).
3. *Gunn v. Minton*, 568 U.S. __, 2013 WL 61093 at *6 (Feb. 20, 2013); *see also Gunn v. Minton*, 133 S. Ct. 420 (2012) (granting petition); Petition for a Writ of *Certiorari*, 2012 WL 826572 (March 9, 2012). Oral argument was heard on January 16, 2013. *See* Transcript, *available at* http://www.supremecourt.gov/oral_arguments/argument_transcripts/11-1118.pdf (last visited Jan. 23, 2013).
4. 545 U.S. 308 (2005).
5. *Id.* at 314.
6. *Gunn*, 2013 WL 61093 at *7–10.
7. *Minton v. Gunn*, 355 S.W.3d 634, 638–39 (Tex. 2011).
8. *See id.* The provision referred to as the "on sale bar" states, in relevant part, that a person shall be entitled to a patent unless the "the invention was...*on sale* in this country, *more than one year* prior to the date of the application for patent in the United States." 35 U.S.C. § 102(b) (emphasis added).
9. *See Minton*, 355 S.W.3d at 638–39.
10. *See Allen Eng'g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1354 (Fed. Cir. 2002) (an otherwise invalidating sale will not invalidate a patent if the "primary purpose of the inventor at the time of the sale, as determined from an objective evaluation of the facts surrounding the transaction, was to conduct experimentation").
11. *See Minton*, 355 S.W.3d at 638–39.
12. *See id.*; *see also Minton v. Gunn*, 301 S.W.3d 702 (Tex. App. 2009).
13. *Minton*, 355 S.W.3d at 647.
14. *See Air Measurement Tech.*, 504 F.3d 1262; *Immunocept, L.L.C.*, 504 F.3d 1281.
15. *Gunn*, 2013 WL 61093 at *6.
16. *Id.* at *7–9.
17. *Id.* at *10.
18. *Id.*
19. *Id.* at *6.
20. 486 U.S. 800 (1988).
21. *See, e.g., Ballard Med. Prods. v. Wright*, 823 F.2d 527, 530 (Fed. Cir. 1987) (no jurisdiction over breach of contract claim requiring determination of scope of licensed patent); *Schwarzkopf Dev. Corp. v. Ti-Coating, Inc.*, 800 F.2d 240, 243-44 (Fed. Cir. 1986) (no jurisdiction over suit for royalties due under a patent license contract). *See generally* Joseph R. Re, *Federal Circuit Jurisdiction Over Appeals From District Court Patent Decisions*, 16 AIPLA Q.J. 169, 172–75 (1988) (virtually all of the Federal Circuit's pre-*Christianson* "arising under" cases found no section 1338 jurisdiction).
22. 28 U.S.C. § 1295(a)(1) (1982).
23. 28 U.S.C. § 1338(a) (emphasis added).
24. *Id.*
25. *See* cases cited, *supra* note 21.
26. 168 U.S. 255, 259 (1897).
27. 185 U.S. 282, 286 (1902).
28. *Excelsior*, 185 U.S. at 286; *see, e.g., Beghin-Say Int'l v. Ole-Bendt Rasmussen*, 733 F.2d 1568, 1570 (Fed. Cir. 1984) (citing *Excelsior*, 185 U.S. at 286).

29. *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422, 1432 (Fed. Cir. 1984).
30. *Christianson v. Colt Indus. Operating Corp.*, 822 F.2d 1544, 1555-59 (Fed. Cir. 1987).
31. *Id.*
32. *Id.* at 1556.
33. *Id.* at 1559–60.
34. *Christianson*, 486 U.S. at 818–19.
35. *Id.* While the Supreme Court agreed with the Federal Circuit, it declined to endorse the Federal Circuit's "interest of justice" rationale for deciding the case on the merits. Instead, the Supreme Court vacated the Federal Circuit ruling with instructions to transfer the appeal to the Seventh Circuit as it did initially. *Id.*
36. *Id.* at 809.
37. *Id.* (emphasis added).
38. *Id.* (emphasis added).
39. *Id.* at 810–11.
40. *See Grable*, 545 U.S. at 313 ("It has in fact become a constant refrain [in the Court's precedent] that federal jurisdiction demands not only a contested federal issue, but a substantial one").
41. *Christianson*, 486 U.S. at 809; *see Immunocept, L.L.C.*, 504 F.3d at 1285 (finding jurisdiction where a "claim drafting error [was] a necessary element of the malpractice cause of action."); *Air Measurement Techs.*, 504 F.3d at 1269 (finding jurisdiction where "proof of infringement [was] necessary to show [the plaintiff] would have prevailed in the prior litigation" and thus on its malpractice action); *Univ. of W. Va. v. Van-Voorhies*, 278 F.3d 1288, 1295 (Fed. Cir. 2002) (finding jurisdiction where relief at the district court depended on "whether the '340 [patent] application was a continuation-in-part of the '970 [patent] application"); *U.S. Valves, Inc. v. Dray*, 212 F.3d 1368, 1372 (Fed. Cir. 2000) (finding jurisdiction where the claim "required a determination of whether [the defendant's] valves infringed the patents"); *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318, 1329 (Fed. Cir. 1998) (finding jurisdiction where claim of injurious falsehood required a showing that the defendants' "patents are invalid or all of the claims are unenforceable"); *Additive Controls & Measurement Sys. v. Flowdata, Inc.*, 986 F.2d 476, 478 (Fed. Cir. 1993) (finding jurisdiction where defamation claim required plaintiff to prove the "falsity of defendant's accusations of patent infringement").
42. 986 F.2d 476, 478 (Fed. Cir. 1993).
43. *Id.*
44. *Id.*
45. 153 F.3d 1318, 1328–29 (Fed. Cir. 1998).
46. *Id.* at 1329.
47. *Id.* at 1330.
48. 212 F.3d 1368, 1372 (Fed. Cir. 2000).
49. *Id.*
50. *Id.* (emphasis added).
51. 278 F.3d 1288, 1295 (Fed. Cir. 2002).
52. *Id.*
53. 545 U.S. at 313.
54. *Id.*
55. *Id.*
56. 504 F.3d 1262, 1269 (Fed. Cir. 2007).
57. *Id.* at 1272.
58. *Id.* at 1271.
59. *Id.* at 1272.
60. 504 F.3d 1281, 1285 (Fed. Cir. 2007).
61. *Id.*
62. *Id.* at 1284.
63. 676 F.3d 1024 (Fed. Cir. 2012) (per *curiam*).
64. *Id.* at 1025–26 (Dyk, J., concurring) (internal citations omitted) (emphasis added).
65. *Id.* at 1027 (O'Malley, J., dissenting) (emphasis in original) (quoting *Grable*, 545 U.S. at 314).
66. *Gunn*, 2013 WL 610193 at *6; *Grable*, 545 U.S. at 308.
67. 486 U.S. at 809.
68. *Id.*
69. *Id.* at 810.
70. 2013 WL 610193 at *6.
71. *Christianson*, 545 U.S. at 315 n.3.
72. 2013 WL 610193 at *7.
73. *Id.*
74. *Grable*, 545 U.S. at 313.
75. 2013 WL 610193 at *7–9.
76. *Id.* at *7.
77. *Id.* at *9.
78. *Id.* at *8–9.
79. *Id.* at *7
80. *Id.*; *see Grable*, 545 U.S. at 314.
81. *Gunn*, 2013 WL 610193 at *7.
82. 255 U.S. 180 (1921).
83. 2013 WL 610193 at *7.
84. *Id.* at *8.
85. *Id.*
86. *Id.*
87. *Id.*
88. *Id.*
89. *Id.* at *9.
90. *See id.* at *7–9; *Grable*, 545 U.S. at 313.
91. *See Excelsior*, 185 U.S. at 286 (requiring some right or privilege that "will be defeated by one construction or sustained by the opposite construction of th[e] [patent] laws"); *Pratt*, 168 U.S. at 259 (same); *see* also Empire Healthchoice Assurance, Inc. v. McVeigh, 547 U.S. 677, 701 (2006) ("[I]t is hardly apparent why...a nonstatutory issue" should be placed "under the complete governance of federal law, to be declared in a federal forum."); *Grable*, 545 U.S. at 314 (a "federal issue" is not a "password opening federal courts to any state action embracing a point of federal law"); *Merrell Dow Pharms. Inc. v. Thompson*, 478 U.S. 804, 813 (1986) (declining jurisdiction based on "the mere presence of a federal issue in a state cause of action").
92. *See Excelsior*, 185 U.S. at 286 (requiring some right or privilege

that "will be defeated by one construction or sustained by the opposite construction of th[e] [patent] laws"); *Pratt*, 168 U.S. at 259 (same).

93. *See cases cited, supra* notes 21 & 25, and accompanying text.
94. 986 F.2d at 478.
95. 153 F.3d at 1328–29.
96. 212 F.3d at 1372.
97. 278 F.3d at 1295.
98. *Gunn*, 2013 WL 610193 at *8–9; *Empire*, 547 U.S. at 701.
99. *Gunn*, 2013 WL 610193 at *10; *Grable*, 545 U.S. at 314.
100. *See, e.g., Grable*, 545 U.S. at 314.
101. *Gunn*, 2013 WL 610193 at *10.
102. *Id.*
103. *Grable*, 545 U.S. at 315.
104. 478 U.S. 804, 813 (1986).
105. *Grable*, 545 U.S. at 318. *Merrell Dow* considered a state tort claim resting on the allegation that the defendant drug company had violated a federal misbranding prohibition and was therefore presumptively negligent under Ohio law. 478 U.S. at 806. The Supreme Court in *Grable* observed, when discussing *Merrell Dow*, that if a "federal labeling standard without a federal cause of action could get a state claim into federal court, so could any other federal standard without a federal cause of action. And that would have meant a tremendous number of cases." 545 U.S. at 318.
106. *See Grable*, 545 U.S. at 318; *Merrell Dow*, 478 U.S. at 813.
107. 545 U.S. at 315.
108. *See, e.g., Air Measurement*, 504 F.3d at 1272 ("Congress considered the federal-state division of labor and struck a balance in favor of this court's entertaining patent infringement."); *Hunter Douglas*, 153 F.3d at 1330–31 ("In enacting the Federal Courts Improvement Act of 1982, 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,' so as to 'render[] more predictable the outcome of contemplated litigation, facilitate[] effective business planning, and add[] confidence to investment in innovative new products and technology.") (quoting *Aerojet-General Corp. v. Machine Tool Works, Oerlikon-Buehrle Ltd.*, 895 F.2d 736, 744 (Fed. Cir. 1990)).
109. *Air Measurement*, 504 F.3d at 1272.
110. *See* 28 U.S.C. § 1295(a)(1) (granting the Federal Circuit appellate jurisdiction over appeals from district court decisions where jurisdiction was based on section 1338(a)). As Chief Judge Markey explained in the Federal Circuit's *Christianson* decision, Congress "chose to adopt the existing arising under frame-work" such that the Federal Circuit's jurisdiction would be evaluated "'in the same sense that cases are said to arise under federal law for purposes of federal question jurisdiction'" 822 F.2d at 1553 (quoting H.R.Rep. No. 312, 97th Cong., 1st Sess. 41 (1981)).
111. H.R.Rep. No. 312, 97th Cong., 1st Sess. 41 (1981).
112. *See Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 832-33 (2002) (rejecting argument that § 1338(a) and § 1295(a)(1) should be interpreted differently based on "Congress's goal of promoting the uniformity of patent law"); *Christianson*, 486 U.S. at 814 (rejecting argument that jurisdiction under § 1338(a) and § 1295(a)(1) was supported by Congress' objectives in creating a Federal Circuit to reduce the widespread lack of patent-law uniformity).
113. 486 U.S. at 813.
114. *Id.*
115. *Id.* at 814 (quoting H.R. Rep. No. 97-312 p. 41 (1981)) (emphasis added).
116. 535 U.S. 826 (2002).
117. *Id.* at 832–33.
118. *Id.* at 833 ("Our task here is not to determine what would further Congress's goal of ensuring patent-law uniformity, but to determine what the words of the statute must fairly be understood to mean.").
119. *Air Measurement*, 504 F.3d at 1272.
120. *Gunn*, 2013 WL 610193 at *8.
121. *Id.*
122. *Id.* at *9.
123. *Id.*
124. 676 F.3d at 1038 (O'Malley, J., dissenting).