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## Judicial Wisdom or Patent Envy? The Eleventh, Seventh and Federal Circuits' Patent Jurisdictional Battle

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## **JUDICIAL WISDOM OR PATENT ENVY? THE ELEVENTH, SEVENTH AND FEDERAL CIRCUITS' PATENT JURISDICTIONAL BATTLE**

**Xuan-Thao Nguyen\***

### ABSTRACT

This article observes a startling new appellate jurisdictional battle waged by regional circuit courts to chip away the Federal Circuit's exclusive jurisdiction in patent cases. The Eleventh Circuit took an unprecedented step by engaging in patent claim construction and infringement under literal infringement analysis and the doctrine of equivalents analysis. In a case of first impression, the Eleventh Circuit asserted that it legitimately has appellate jurisdiction to decide cases involving substantive patent law. Instead of grabbing jurisdiction, the Seventh Circuit, through its Chief Judge, grabbed public attention by advocating for the abolishment of the Federal Circuit's exclusive jurisdiction over patent cases. The Chief Judge announced that the Seventh Circuit is able and ready to hear patent cases. Why do regional circuit courts now want to assert jurisdiction over patent cases? What implications can be drawn from the jurisdictional battle? Are their assertions of jurisdiction over patent cases legitimate? This article addresses these urgent questions.

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INTRODUCTION

The Federal Circuit has enjoyed its rise in prominence, as patent cases have attracted media attention across the nation and the world.<sup>1</sup> A little more than three decades since its creation by a congressional act<sup>2</sup> to inject uniformity into the patent law system<sup>3</sup> and to discourage forum shopping,<sup>4</sup> the Federal Circuit saw its patent docket rise from 121 cases in 1983 to 448 cases in 2013.<sup>5</sup> Companies aggressively procure patents for every imaginable invention.<sup>6</sup> Patent applications leaped fivefold from 117,987 in 1982 to 609,052 in 2013.<sup>7</sup> The latest overhaul of patent law, the Leahy-Smith America Invents Act<sup>8</sup> for

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1. See generally *Apple and Samsung Agree to Drop Patent Lawsuits Outside US*, THE GUARDIAN, Aug. 6, 2014, <http://www.theguardian.com/technology/2014/aug/06/apple-samsung-drop-patent-lawsuits-outside-usa>; Andrew Chung, *RPX Buys Apple-Backed Rockstar Patents for \$900 Million*, REUTERS, Dec. 23, 2014, <http://www.reuters.com/article/2014/12/23/us-rpx-rockstar-ip-idUSKBN0K11A120141223>; Kurt Eichenwald, *The Great Smartphone War*, VANITY FAIR (May 31, 2014, 8:00 PM), <http://www.vanityfair.com/business/2014/06/apple-samsung-smartphone-patent-war>; Brent Kendall & Ashby Jones, *Supreme Court Sides With Teva in Patent Case; High Court Reverses Ruling That Invalidated Patent on Multiple-Sclerosis Drug*, WALL ST. JOURNAL (Jan. 20, 2015, 7:38 PM), <http://www.wsj.com/articles/supreme-court-sides-with-teva-in-patent-case-on-copaxone-1421767907>.

2. Federal Court Improvements Act of 1982, Pub. L. No. 97-164, § 402, 96 Stat. 25, 57 (1982). See also Jason Rantanen & Lee Petherbridge, *Disuniformity*, 66 FLA. L. REV. 2007, 2008-09 (2014) (discussing the creation of the Federal Circuit by Congress); Richard H. Seamon, *The Provenance of the Federal Courts Improvement Act of 1982*, 71 GEO. WASH. L. REV. 543, 577-80 (2003) (analyzing the purposes of the Act to create the Federal Circuit).

3. H.R. REP. NO. 97-312, at 20 (1981) (The Federal Circuit “will provide nationwide uniformity in patent law” and “make the rules applied in patent litigation more predictable”; such uniformity will “eliminate the expensive, time-consuming and unseemly forum-shopping that characterizes litigation in the field.”).

4. See Joan E. Schaffner, *Federal Circuit “Choice of Law”: Erie Through the Looking Glass*, 81 IOWA L. REV. 1173, 1190 (1996) (explaining legislative history of the creation of the Federal Circuit); David O. Taylor, *Patent Misjoinder*, 88 N.Y.U. L. REV. 652, 675 (2013) (stating that Congress created the Federal Circuit to curb forum shopping).

5. See U.S. Court of Appeals for the Fed. Circuit, *Filings of Patent Infringement Appeals from the U.S. District Courts*, <http://www.cafc.uscourts.gov/sites/default/files/Caseload%20Patent%20Infringement%20282006-2015%29.pdf>; The First Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit, 100 F.R.D. 499, 501 (1983).

6. See, e.g., Xuan-Thao Nguyen, *Dynamic Federalism and Patent Law Reform*, 85 IND. L.J. 449, 453-54 (2010) (discussing patent proliferation).

7. U.S. Patent and Trademark Office, *U.S. Patent Statistics Chart, Calendar Years 1963 – 2014*, [http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us\\_stat.htm](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.htm) (last visited Jan. 7, 2016).

8. See generally Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011). On September 16, 2011, the President signed into law the Leahy-Smith America Invents Act. *Id.*; see also *President Obama Signs America Invents Act, Overhauling the Patent System to Stimulate Economic Growth, and Announces New Steps to Help Entrepreneurs Create Jobs*, OFFICE OF THE PRESS

innovation and job creation purposes, ironically obtained the nickname of “Patent Lawyers’ Full Employment Act.”<sup>9</sup> That means as the numbers of patent applications and patent grants increase, so follow the filings for patent litigation in district courts across the nation and subsequent appeals to the Federal Circuit.<sup>10</sup> All indications demonstrate a sure bet that the Federal Circuit will continue to be “the Almighty”<sup>11</sup> and “the envy of the system.”<sup>12</sup>

Perhaps, the Federal Circuit desires more than enthrone on the apex of the system, though. The Federal Circuit has previously overreached in areas that it should not and must not.<sup>13</sup> For example, the Federal Circuit’s overreach into areas of state law, from sales of intellectual property assets to secured transactions with patents as collateral, has drawn much scrutiny and criticism from scholars and judges.<sup>14</sup> The Federal Circuit’s expansion has prompted a new patent jurisdictional battle emboldened by the Supreme Court’s decision in *Gunn v. Minton*<sup>15</sup>—finding no Federal Circuit jurisdiction over state

SECRETARY, Sept. 16, 2011, <http://www.whitehouse.gov/the-press-office/2011/09/16/president-obama-signs-america-invents-act-overhauling-patent-system-stim>.

9. Skip Kaltenheuser, *From the USA: Not So Intellectual Property*, INT’L BAR ASS’N, <http://www.ibanet.org/Article/Detail.aspx?ArticleUid=557b2afa-ab58-4bdf-93b0-b956274d2f95> (last visited Jan. 7, 2016) (criticizing the Leahy-Smith America Invents Act was not for jobs creation in general, but for the lawyers).

10. Ron Katznelson, *The America Invents Act at Work – The Major Cause for the Recent Rise in Patent Litigation*, IPWATCHDOG (Apr. 15, 2013), <http://www.ipwatchdog.com/2013/04/15/aia-the-major-cause-for-rise-in-patent-litigation/id=39118/> (investigating and observing that the AIA “appears to be the dominant cause of the recent major uptick in patent lawsuits”).

11. Maggie Tamburro, *The ‘Almighty’ Federal Circuit Evolving? Patent Policy & Jurisprudence*, BULLSEYE (Jan. 22, 2013), <http://www.ims-expertservices.com/bullseye/january-2013/the-almighty-federal-circuit-evolving-patent-policy-jurisprudence/>.

12. Edward Reines, *In Defense of the Federal Circuit: A Response to Judge Wood*, PATENTDOCS (Oct. 7, 2013), <http://www.patentdocs.org/2013/10/in-defense-of-the-federal-circuit-a-response-to-judge-wood.html> (“In many ways, the Federal Circuit’s patent docket has become the envy of the system.”).

13. See generally Xuan-Thao Nguyen, *In the Name of Patent Stewardship: The Federal Circuit’s Overreach Into Commercial Law*, 67 FLA. L. REV. 127 (2015).

14. See *id.*; *Singh v. Duane Morris LLP*, 538 F.3d 334, 340 (5th Cir. 2008) (critiquing the Federal Circuit’s overreach in states’ important areas); *Minton v. Gunn*, 355 S.W.3d 634, 652–53 (Tex. 2011) (Guzman, J., dissenting) (observing the Federal Circuit’s unjustifiable broad reach into area of state law); Paul R. Gugliuzza, *Patent Law Federalism*, 2014 WIS. L. REV. 11, 29–30 (2014) (explaining the roots of the Federal Circuit’s expansive view on its jurisdiction over state claims involving patents).

15. See generally *Gunn v. Minton*, 133 S. Ct. 1059 (2013) (limiting the scope of “arising under” jurisdiction for patent cases by holding the state claim of legal malpractice in patent cases do not arise under patent law and state courts have jurisdiction). The *Gunn* decision overturns the Federal Circuit’s precedents in patent legal malpractice in *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer &*

claims of legal malpractice in patent cases—and being waged by the Eleventh and Seventh Circuits.<sup>16</sup>

The Eleventh Circuit could not sit idly by watching the Federal Circuit hear all cases related to patents.<sup>17</sup> The Eleventh Circuit decided to strike back.<sup>18</sup> In a case of first impression, the Eleventh Circuit embarked on a patent claim construction and infringement analysis under literal infringement and the doctrine of equivalents.<sup>19</sup> Conducting *de novo* review of the district court's claim construction, the Eleventh Circuit allowed general dictionaries, such as *Merriam-Webster's Collegiate Dictionary* and *Oxford English Dictionary*, to be the primary sources for constructing ordinary meanings of claim terms.<sup>20</sup> The Eleventh Circuit's standard for claim construction is in direct conflict with the Federal Circuit's standard, paving the way for forum shopping.<sup>21</sup>

While the Eleventh Circuit is quietly grabbing jurisdiction to justify its new experiment in patent claim construction and infringement analysis, the Seventh Circuit—through Chief Judge Diane P. Wood—has employed a different approach.<sup>22</sup> Chief Judge Wood of the Seventh Circuit grabbed the public's attention by vocalizing policy reasons in support of a quest to end the Federal Circuit's exclusive patent jurisdiction.<sup>23</sup> The Chief Judge announced that the Seventh Circuit is ready and able to handle patent issues.<sup>24</sup>

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*Feld, LLP.*, 504 F.3d 1262 (Fed. Cir. 2007) and *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281 (Fed. Cir. 2007). *Id.*

16. *See infra* Parts I–III.

17. *See infra* Part I.

18. *Id.*

19. *MDS (Can.) Inc. v. Rad Source Techs, Inc.*, 720 F.3d 833, 846–48 (11th Cir. 2013).

20. *Id.* at 847–48; *see also infra* Part I.

21. *See infra* Part II.

22. *See infra* Part III.

23. Hon. Diane P. Wood, *Keynote Address: Is It Time to Abolish the Federal Circuit's Exclusive Jurisdiction in Patent Cases?*, 13 CHI.-KENT J. INTELL. PROP. 1, 6–10 (2013).

24. *Id.* at 6–7. The Chief Judge remarked about the Seventh Circuit's capability and expertise in complex cases:

So why we should treat *patent* law differently is a puzzle.

If the answer is simply that patent appeals are much more difficult than any other type of case that comes before the courts, there are two responses. . . . [T]he regional courts of appeals routinely deal with all manner of difficult, technically complex subjects. If there are doubters among you, I would direct you to the Seventh Circuit's recent opinion in *Bernstein v. Bankert*, in

What could be some possible explanations for the Eleventh Circuit seizing jurisdiction in patent cases and the Seventh Circuit demanding for a share of patent cases? Why do they desire and seek to hear patent cases? Do they have judicial wisdom to offer, or are they envious of the Federal Circuit's rising prominence? Are there some merits to the circuits' actions that other regional circuits may soon adopt? This Article explores possible answers to these questions.

Part I of this Article explains the genesis of the Eleventh Circuit's jurisdiction grabbing in a case where patent claim construction and infringement analysis are at the heart of the plaintiff's action against the defendant.<sup>25</sup> This Part also carefully presents how the district court constructed claim terms and how the Eleventh Circuit conducted the *de novo* review of the claim construction and infringement analysis.<sup>26</sup> Part II offers a critique of the Eleventh Circuit's decision.<sup>27</sup> There are three sections in this Part of the Article. The first section dissects how the decision displays both an incompetence in, and ignorance of, patent law, particularly complex rules of claim construction governing intrinsic and extrinsic evidence and policy reasons for procedures and sources of interpretation.<sup>28</sup> The second section focuses on how the Eleventh Circuit's experiment with patent claim construction is in direct conflict with sister circuits' precedents, notably the Seventh and Fifth Circuits in cases with similar facts.<sup>29</sup> Prior cases establish that both the Seventh and Fifth Circuits routinely declined jurisdiction in similar patent cases under the "well-pleaded complaint" doctrine.<sup>30</sup> The last section explains how the Eleventh Circuit's seizure of jurisdiction shows a disregard

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which we clarify (in over seventy-six pages) what events trigger the availability of a § 113 *contribution* claim under the Comprehensive Environmental Response, Compensation, and Liability Act (or CERCLA), and when the party must instead resort to a § 107 claim for *cost recovery*.

*Id.*

25. *See infra* Part I.

26. *Id.*

27. *See infra* Part II.

28. *See infra* Part II.A.

29. *See infra* Part II.B.

30. *Id.*

for the Supreme Court’s “age-old rule”<sup>31</sup> that a court extending its jurisdiction “where none exists has always worked injustice in particular cases.”<sup>32</sup>

Part III follows by focusing on the Seventh Circuit’s recent action.<sup>33</sup> Part III identifies the Seventh Circuit’s response vis-à-vis Chief Judge Wood’s keynote remarks to end the Federal Circuit’s exclusive patent jurisdiction in light of its own precedents in similar cases.<sup>34</sup> Part IV explains the circuits’ responses in two sections.<sup>35</sup> The first section frames the possible explanation of their responses as “judicial wisdom or patent envy” in the context of what patents have become in today’s economy.<sup>36</sup> Patents are undeniably important, prevalent, and omnipresent today.<sup>37</sup> The second section focuses on the rise of the “Almighty” Federal Circuit and examines whether judicial wisdom or patent envy may be a plausible answer.<sup>38</sup> Regardless, the Eleventh Circuit has already injected uncertainty in patent law for claim construction, and the Seventh Circuit has demanded a share of patent appeal cases.<sup>39</sup> If other regional circuits follow suit—either by demanding or seizing jurisdiction to engage in claim construction—the end of patent law uniformity and the beginning of forum shopping will soon arrive.<sup>40</sup>

Facing the reality explained in Part IV, this Article suggests to regional circuit courts that there are more legitimate grounds for asserting appellate jurisdiction in cases involving patents.<sup>41</sup> For example, as explained in Part V of this Article, in cases where the patent issues are non-substantial and where state interests are stronger than federal interests in resolving state claims, federalism principles dictate that state courts have jurisdiction over those

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31. *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 818 (1988).

32. *Id.*; see also *infra* Part II.C.

33. See *infra* Part III.

34. *Id.*

35. See *infra* Part IV.

36. See *infra* Part IV.A.

37. *Id.*

38. See *infra* Part IV.B.

39. See *infra* Part III.

40. See *infra* Part IV.B.

41. See *infra* Part V.

cases.<sup>42</sup> That means if the cases are in federal courts due to diversity and supplemental jurisdiction, regional circuits will have jurisdiction on appeals and can decide the patent issues related to the state law claims.<sup>43</sup> Additionally, in cases where the patent claims are non-compulsory counterclaims, regional circuit courts can also have jurisdiction.<sup>44</sup>

Having legitimate grounds to hear cases involving patent issues comes with a responsibility that regional circuits must address.<sup>45</sup> The body of substantive patent law has grown in the last three decades without regional circuit involvement.<sup>46</sup> They cannot simply disregard this growth under the banner of judicial wisdom. Patent litigation has already become expensive.<sup>47</sup> Uncertainty and forum shopping will fuel the cost of patent litigation, and all involved will suffer.<sup>48</sup> That does not mean regional circuit courts should shy away from cases where patents are involved. As this Article concludes, sharing judicial labor is a task of delicate balance that *all* circuit courts must treasure in the interest of justice.<sup>49</sup>

### I. THE ELEVENTH CIRCUIT: GRABBING JURISDICTION

After years of presiding over a vast number of cases and enjoying a larger docket of cases than its regional sister circuits, the Eleventh Circuit has decided to extend its appellate jurisdiction.<sup>50</sup> It ventured

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42. *See infra* Part V.B.

43. *See infra* Part V.C.

44. *Id.*

45. *Id.*

46. *See* Federal Court Improvements Act of 1982, Pub. L. No. 97-164, § 402, 96 Stat. 25, 57 (1982).

47. *See* H.R. REP. NO. 97-312, at 20 (1981).

48. *See supra* notes 3–4.

49. *See infra* Conclusion.

50. *See 2014 U.S. Courts of Appeals Case Law*, JUSTIA U.S. LAW, <http://law.justia.com/cases/federal/appellate-courts/2014/> (last visited Jan. 7, 2016). The Eleventh Circuit enjoys a large caseload compared to most other regional circuits. *Id.* For example, in 2014 alone, the Eleventh Circuit had a docket of 2,019 appellate cases. *2014 Eleventh Circuit U.S. Court of Appeals Case Law*, JUSTIA U.S. LAW, <http://law.justia.com/cases/federal/appellate-courts/ca11/2014/> (last visited Jan. 7, 2016). The Third Circuit, on the other hand, had 1,368 cases in the same period. *2014 Third Circuit U.S. Court of Appeals Case Law*, JUSTIA U.S. LAW, <http://law.justia.com/cases/federal/appellate-courts/ca3/2014/> (last visited Jan. 7, 2016). The Sixth Circuit had 1,509 cases during 2014. *2014 Sixth Circuit U.S. Court of Appeals Case Law*, JUSTIA U.S. LAW, <http://law.justia.com/cases/federal/appellate->

into the area of substantive patent law by exerting its authority to grab jurisdiction and engaging in claim construction and infringement analysis under both literal infringement and the doctrine of equivalents in a case of first impression.<sup>51</sup>

The Eleventh Circuit held *per curiam* in *MDS (Canada) Inc. v. Rad Source Technologies, Inc.* that it had appellate jurisdiction to hear an appeal of a breach of contract claim that would require the resolution of a claim of patent infringement in order for the complainant to succeed.<sup>52</sup> The Eleventh Circuit proceeded to construct the patent claim scope and perform patent infringement analysis, an unprecedented action unauthorized by either Congress or the Supreme Court under the well-pleaded complaint rule.<sup>53</sup>

In that case, Rad Source licensed its three patents, U.S. Patent Nos. 6,212,255 (the ‘255 patent), 6,489,099 (the ‘099 patent), and 6,614,876 (the ‘876 patent), to MDS for the manufacturing and marketing of RS 3000 blood irradiation devices.<sup>54</sup> Rad Source later produced a new device, RS 3400, as a direct medical upgrade of RS 3000.<sup>55</sup> MDS brought a lawsuit against Rad Source for breach of the license agreement by selling RS 3400, which was allegedly infringing on the licensed patents.<sup>56</sup> To prevail, plaintiff MDS had to establish that the RS 3400 devices were within the scope of the licensed patents. The district court ruled in favor of Rad Source, and MDS appealed.<sup>57</sup> On appeal, the Eleventh Circuit had to decide

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courts/ca6/2014/ (last visited Jan. 7, 2016). The Seventh Circuit had a much smaller docket of 1,250 for the same time. *2014 Seventh Circuit U.S. Court of Appeals Case Law*, JUSTIA U.S. LAW, <http://law.justia.com/cases/federal/appellate-courts/ca7/2014/> (last visited Jan. 7, 2016). The Eighth Circuit had 1,254 cases during 2014. *2014 Eighth Circuit U.S. Court of Appeals Case Law*, JUSTIA U.S. LAW, <http://law.justia.com/cases/federal/appellate-courts/ca8/2014/> (last visited Jan. 7, 2016). The Tenth Circuit had 1,235 cases for 2014 and the Federal Circuit 1,266. *2014 Tenth Circuit U.S. Court of Appeals Case Law*, JUSTIA U.S. LAW, <http://law.justia.com/cases/federal/appellate-courts/ca10/2014/> (last visited Jan. 7, 2016); see also *2014 Federal Circuit U.S. Court of Appeals Case Law*, JUSTIA U.S. LAW, <http://law.justia.com/cases/federal/appellate-courts/cafc/2014/> (last visited Jan. 7, 2016).

51. *MDS (Can.) Inc. v. Rad Source Techs., Inc.*, 720 F.3d 833, 837–38, 846 (11th Cir. 2013).

52. *Id.* at 837–38.

53. See *infra* Part II.

54. *MDS (Can.) Inc.*, 720 F.3d at 838.

55. *Id.* at 840.

56. *Id.* at 840–41.

57. *Id.*

whether RS 3400 devices “[e]mbody Claim 6 of the ‘255 [p]atent” in order to determine the claim for breach of the license agreement.<sup>58</sup>

To reach its decision, the Eleventh Circuit conducted a review of the patent claim construction and infringement analysis.<sup>59</sup> For claim construction, the Eleventh Circuit conducted de novo review of the district court’s construction.<sup>60</sup> For infringement, The Eleventh Circuit employed “clear error” review of the district court’s finding “as to whether the claims, as properly construed, read on the accused device.”<sup>61</sup>

The Eleventh Circuit began its claim construction analysis by asserting that the “words of a claim are generally given their ordinary and customary meaning.”<sup>62</sup> The Eleventh Circuit continued by quoting the Federal Circuit’s dicta on claim construction: “In some cases, the ordinary meaning of claim language as understood by a person of skill in the art may be readily apparent even to lay judges, and claim construction in such cases involves little more than the application of widely accepted meaning of commonly understood words.”<sup>63</sup> With such a frame of reference on claim construction and nothing more, the Eleventh Circuit proceeded in its review of the district court’s construction of five claim terms: “(1) beam, (2) source of X-ray radiation, (3) thickness dimension, (4) rotating, and (5) vertical area” of Claim 6 of the ‘255 patent.<sup>64</sup>

As to the first two claim terms, “beam” and “source of X-ray radiation,” the Eleventh Circuit noted that the district court’s interpretation of “beam” included a “cone of irradiation, but not a field of irradiation,” and the district court’s interpretation of “source of X-ray radiation” meant a “directional source, instead of a nondirectional source.”<sup>65</sup> The district court relied on experts’ testimony for its construction of “source of X-ray radiation” and the

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58. *Id.* at 846.

59. *Id.*

60. *MDS (Can.) Inc.*, 720 F.3d at 846.

61. *Id.*

62. *Id.* at 846 (quoting *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005)).

63. *Id.* at 846 (quoting *Phillips*, 415 F.3d at 1314).

64. *Id.* at 847.

65. *Id.*

*Oxford English Dictionary*'s definition of "beam" for its construction of the claim term.<sup>66</sup> The Eleventh Circuit also mentioned that the description of the invention and one of the figures in the specifications make references to a "beam" that would suggest a "directional, cone-like shape."<sup>67</sup> The Eleventh Circuit summarily concluded that the construction for the first two terms was correct.<sup>68</sup> As to the term "rotating," the Eleventh Circuit reasoned that to "rotate a bag to an opposite side, the rotation necessary would be 180 degrees, as opposed to a continuous 360-degree rotation."<sup>69</sup> The Eleventh Circuit upheld the district court's construction of "rotating."<sup>70</sup>

With respect to the term "vertical area," the Eleventh Circuit stated that the district court's construction means "that the bag must be oriented vertically, as opposed to horizontally" and that the district court relied on *Merriam-Webster's Collegiate Dictionary* for the definition of "vertical" as "perpendicular to the plane of the horizon or to a primary axis."<sup>71</sup> Without further discussion, the Eleventh

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66. *MDS (Can.) Inc.*, 720 F.3d at 847. Specifically, the Eleventh Circuit noted what the district court did at trial:

Using the analogy relied on by the experts at trial, the district court determined that the beam of X-ray mentioned in Claim 6 is more like the cone-shaped beam of light from a flashlight than the field of light emitted by a fluorescent tube light. Nordion's expert, Stephen Szeglin, testified that the terms in Claim 6 could encompass both a cone and a field of irradiation because X-ray beams are produced omni-directionally. Dr. Roberto Uribe, the expert who appeared on behalf of Rad Source, testified that a 'beam' of X-ray would refer to radiation traveling in a well-defined direction. The Oxford English Dictionary defines a 'beam' as both a '[a] ray, or "bundle" of parallel rays, of light emitted from the sun or other luminous body; out-streaming radiance' and as '[a] directed flow of radiation or particles.'

*Id.* (quoting *Beam*, OXFORD ENGLISH DICTIONARY ONLINE (2015), <http://www.oed.com/view/Entry/16505>).

67. *Id.* at 847 ("For example, the description of the invention explains that 'the output port of each of the X-ray tubes . . . should preferably have a diameter to provide a 45 degree beam such that the beam has at least a diameter of 15.5 cm at 23 cm distant from the tube.' And Figure 4, which is a sketch of an embodiment of the single-source system, indicates a cone-like beam of X-rays.").

68. *Id.* at 847-48.

69. *Id.* at 847.

70. *Id.*

71. *Id.* at 848.

Circuit agreed with the district court's construction with reliance primarily on the general dictionary.<sup>72</sup>

In conclusion, the Eleventh Circuit held that the district court did not err in its claim construction.<sup>73</sup> In the next step of infringement analysis, the Eleventh Circuit simply concluded that there is no literal infringement for the following reason:

The RS 3400 uses a continuously rotating cylindrical container to hold the blood bag, so the process of irradiation does not occur in two steps, with a 180-degree rotation in between. And the blood bag in the RS 3400 is oriented horizontally from the X-ray source. Thus the RS 3400 cannot fall within the literal terms of the claim.<sup>74</sup>

Furthermore, for infringement under the doctrine of equivalents, the Eleventh Circuit readily affirmed the district court's finding of no infringement:

The irradiator described in Claim 6 holds the blood bag at a fixed distance from the X-ray source, and the blood bag is irradiated from one side, then turned and irradiated from the opposite side. By contrast, the blood bag in the RS 3400 is continuously rotated around the X-ray source in an elliptical pattern, like the orbit of a planet around the Sun.<sup>75</sup>

With its decision on claim construction, literal infringement and doctrine of equivalents infringement, the Eleventh Circuit ruled that RS 3400 does not embody in whole or in part the '255 patent, and,

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72. *MDS (Can.) Inc.*, 720 F.3d at 848. However, with respect to the last claim term, "thickness dimension," the Eleventh Circuit disagreed with the district court's construction of the term as four centimeters or less. *Id.* The Eleventh Circuit stated that because Claim 4 defines the thickness of a bag to be four centimeters and Claim 6 does not, the term "thickness" in Claim 6 is interpreted as the "narrower side of the rectangular bag" even though the description of the invention states that the thickness of the bags is at four centimeters. *Id.*

73. *Id.*

74. *Id.*

75. *Id.*

therefore, Rad Source did not breach the patent license agreement with MDS.<sup>76</sup> Overall, the Eleventh Circuit did not examine most of the claim terms in context of the claim language itself, the specification of the patent, or the prosecution history.<sup>77</sup>

## II. CRITIQUE OF THE ELEVENTH CIRCUIT'S PATENT DECISION

### A. *Incompetence in and Ignorance of Patent Law*

*MDS (Canada) Inc. v. Rad Source Technologies, Inc.* illustrates the problem of a regional circuit court's overreach into the Federal Circuit's substantive patent law and exclusive patent jurisdiction. Because the Federal Circuit has already developed a copious body of substantial patent law since its inception on October 1, 1982,<sup>78</sup> regional circuit courts, including the Eleventh Circuit, have little or no expertise in the substantive patent law area.<sup>79</sup> By its own admission, the Eleventh Circuit was treading into uncharted territory of patent claim construction and infringement analysis.<sup>80</sup> The overreach occurred through its aggressive exertion of patent jurisdiction.<sup>81</sup>

Consequently, the Eleventh Circuit dismissed the reality that in the last thirty years patent claim construction has become highly structured and complex,<sup>82</sup> and a new set of rules for claim

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76. *Id.*

77. *See id.* at 847–48.

78. Federal Court Improvements Act of 1982, Pub. L. No. 97-164, § 402, 96 Stat. 25 (1982).

79. *See generally* Mfg. Research Corp. v. Graybar Elec. Co., Inc., 679 F.2d 1355 (11th Cir. 1982) (addressing “on sale” bar and patent invalidity). The last time that the Eleventh Circuit had an opportunity to address patent infringement was July 9, 1982, three months before the Federal Circuit was created. *Id.*

80. *MDS (Can.) Inc.*, 720 F.3d at 837–38 (“This appeal presents a jurisdictional issue of first impression in our Court: whether the Federal Circuit has exclusive jurisdiction to hear an appeal of a breach of contract claim that would require the resolution of a claim of patent infringement for the complainant to succeed.”).

81. *Id.* at 841 (“[W]e conclude that the district court had diversity jurisdiction and supplemental jurisdiction, but not patent jurisdiction[.] [W]e have jurisdiction over this appeal.”) (internal citations omitted).

82. *See generally* Peter S. Menell, Matthew D. Powers & Steven C. Carlson, *Patent Claim Construction: A Modern Synthesis and Structured Framework*, 25 BERKELEY TECH. L.J. 711, 714–15 (2010) (observing that “the substantive standards and process for delineating patent claim terms have undergone significant evolution” and the “bewildering arrays of cases and rules” can “overwhelm

construction has been established.<sup>83</sup> For example, with respect to construction of ordinary claim terms, the Federal Circuit categorically rejected heavy reliance on dictionary meanings.<sup>84</sup> The Federal Circuit requires that proper construction of ordinary claim terms must first focus on *intrinsic* evidence: the claim language, the

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litigants, counsel, law clerks, and jurists”). The authors attribute the complexity of claim constructions to “the inherent difficulties of using language to define the boundaries of abstract and intangible rights. These challenges grew with the rise of information technologies. The boundaries of patent claims to software and business methods have proven particularly ambiguous.” *Id.* at 716.

83. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372, 378 (1996). The seminal decision in patent claim construction is *Markman v. Westview Instruments, Inc.*, which directed district courts to conduct patent claim construction hearings to interpret patent claims as a matter “exclusively within the province of the court” as the first step in determining patent infringement. *Id.* at 372. A *Markman* hearing can be a lengthy, full-blown trial. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979–80 (Fed. Cir. 1995), *aff’d*, 517 U.S. 370 (1996). The *Markman* decision sets forth important rules, including that “[c]laims must be read in view of the specification, of which they are a part,” and the “written description part of the specification itself does not delimit the right to exclude. That is the purpose and function of claims.” *Id.* at 979–80. In addition to the procedure provided under *Markman*, the Federal Circuit in *Vitronics Corp. v. Conceptronic, Inc.* imposed a more rigorous framework for claim construction:

First, we look to the words of the claims themselves, both asserted and nonasserted, to define the scope of the patented invention. . . . [S]econd, it is always necessary to review the specification to determine whether the inventor has used any terms in a manner inconsistent with their ordinary meaning. . . . Third, the court may also consider the prosecution history of the patent, if in evidence. . . . In most situations, an analysis of the intrinsic evidence alone will resolve any ambiguity in a disputed claim term. In such circumstances, it is improper to rely on extrinsic evidence.

*Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582–83 (Fed. Cir. 1996). *See also* Menell, *supra* note 82, at 721–24 (discussing intrinsic evidence in construction of claim terms). Moreover, the Federal Circuit has frequently overturned district courts’ claim constructions. *See, e.g.*, Christian A. Chu, *Empirical Analysis of the Federal Circuit’s Claim Construction Trends*, 16 BERKLEY TECH. L.J. 1075, 1090 (2001) (stating that the Federal Circuit’s overturn rate for district court claim constructions was almost 40% of cases); Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 HARV. J.L. & TECH. 1, 3 (2001) (reporting overturn rate 33% of district courts cases). The reversal rate, however, has decreased significantly due to the Federal Circuit’s monumental decision in *Phillips*. *See generally* J. Jonas Anderson & Peter S. Menell, *Informal Deference: A Historical, Empirical, and Normative Analysis of Patent Claim Construction*, 108 NW. U. L. REV. 1, 6 (2014) (reporting the decrease in Federal Circuit’s reversal rate on claim constructions in recent years).

84. *See, e.g.*, *Byrne v. Black & Decker Corp.*, 235 Fed. App’x 741, 745 (Fed. Cir. 2007) (reversing the district court for relying too much on extrinsic evidence). In fact, district courts following proper claim constructions enjoy a lower reversal rate. *See, e.g.*, Tony Zeuli & Rachel Clark Hughey, *Avoiding Patent Claim Construction Errors After Phillips*, FED. LAW., Nov.–Dec. 2009, at 50, 51 (“Of 64 published Federal Circuit claim construction decisions applying the *Phillips* decision since mid-2007, the Federal Circuit has affirmed the district court’s claim construction in its entirety in 39 decisions. That means that, in the sample considered for this review, the court affirmed more than 60 percent of the claim construction cases—a vast improvement over the 50 percent or higher rate of decisions that were reversed prior to [2005].”).

specification, and the patent prosecution history.<sup>85</sup> *Extrinsic* evidence, such as dictionary meanings and expert testimony, should not be the primary source for claim construction.<sup>86</sup>

Specifically, in the en banc decision *Phillips v. AWH Corp.*, the Federal Circuit comprehensively reviewed decisional law history and policy for claim construction<sup>87</sup> dated as far back as 1876 with the Supreme Court's mandate that the claims themselves are of "primary importance" in ascertaining precisely the meaning of claim terms for knowing what is patented.<sup>88</sup> The requirement of reliance on the claims themselves for claim construction rests on the strong policy that it is "unjust to the public" and "an evasion of the law" to construe claim terms "in a manner different from the plain import of its terms."<sup>89</sup> In addition to reliance on claim language for ordinary meaning of claim terms,<sup>90</sup> the *Phillips* court discussed the use of other intrinsic evidence, such as the specifications and the prosecution history in claim construction.<sup>91</sup> For instance, in construing the ordinary meaning of a claim term, as the *Phillips* court restated, claim construction cannot be done in "a vacuum" but must look "at the ordinary meaning in the context of the written description and the prosecution history."<sup>92</sup> The rationale for looking

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85. See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1315–24 (Fed. Cir. 2005) (explaining intrinsic and extrinsic evidence, emphasizing the importance of intrinsic evidence and cautioning against the use of extrinsic evidence).

86. See, e.g., *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1348–56 (Fed. Cir. 2005) (Federal Circuit's de novo review of constructing the claim term "aesthetically pleasing" by (1) first looking at the term in context of the claim, (2) if the claim language "lacks sufficient clarity to ascertain the scope of the claims," analyzing the term in the specification, and (3) analyzing the prosecution history to determine whether it provides any reasonable construction of the term). The *Datamize* court consulted the extrinsic evidence in the record of expert testimonies and disregarded them. *Id.* at 1353–54.

87. *Phillips*, 415 F.3d at 1312–19.

88. *Id.* at 1312 (quoting *Merrill v. Yeomans*, 94 U.S. 568, 570 (1876)). See also *Cont'l Paper Bag Co. v. E. Paper Bag Co.*, 210 U.S. 405, 419 (1908) ("[T]he claims measure the invention."); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 339 (1961) ("[T]he claims made in the patent are the sole measure of the grant.").

89. *White v. Dunbar*, 119 U.S. 47, 52 (1886).

90. *Phillips*, 415 F.3d at 1314 ("[T]he claims themselves provide substantial guidance as to the meaning of particular claim terms."); *ACTV, Inc. v. Walt Disney Co.*, 346 F.3d 1082, 1088 (Fed. Cir. 2003) ("[T]he context of the surrounding words of the claim also must be considered in determining the ordinary and customary meaning of those terms.").

91. *Phillips*, 415 F.3d at 1313–14.

92. *Id.* at 1313 (quoting *Medrad, Inc. v. MRI Devices Corp.*, 401 F.3d 1313, 1319 (Fed. Cir. 2005)).

at the ordinary meaning of a claim term in the context of the patent, including specification or written description and the prosecution history, is that the intrinsic record provides the court with the “technological and temporal context” to ascertain the meaning of the claim term in accordance with the inventor or “one of ordinary skill in the art at the time of the invention.”<sup>93</sup>

Ironically, the Eleventh Circuit ignored the canon of claim construction for ordinary meaning of claim terms.<sup>94</sup> The Eleventh Circuit permitted the district court to rely primarily on extrinsic evidence: experts’ testimonies and two general dictionaries, *Oxford* and *Merriam-Webster*, to serve as the principal source for claim construction.<sup>95</sup> Worse, the Eleventh Circuit cited the *Phillips* decision for support.<sup>96</sup> If the Eleventh Circuit had read *Phillips* a few paragraphs further and with greater care, it would have discovered that *Phillips* rejected the reliance on experts’ testimony and general dictionaries as the primary source for ascertaining ordinary meaning of claim terms.<sup>97</sup> The *Phillips* court stated that extrinsic evidence is “less reliable,” “quite misleading,” and “suffer[s] from bias” because the evidence is not part of the patent and its prosecution history; it is created at the time of litigation for purpose of litigation; it is offered by a hypothetical person with skills in the art; and it may not reflect the understanding of a skilled person in the field of the patent.<sup>98</sup> Moreover, the *Phillips* court condemned primary reliance on extrinsic evidence for construing the ordinary meaning of claim terms because such reliance derogates the undisputable public record of the patent and undermines “the public notice function of patents.”<sup>99</sup> In summary, the *Phillips* court warned that even though

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93. *Phillips*, 415 F.3d at 1313 (quoting *V-Formation, Inc. v. Benetton Grp. SpA*, 401 F.3d 1307, 1310 (Fed. Cir. 2005)). See also *Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.*, 375 F.3d 1341, 1351 (Fed. Cir. 2004), *rev’d on other grounds*, 546 U.S. 394 (2006) (proper definition is the “definition that one of ordinary skill in the art could ascertain from the intrinsic evidence in the record”).

94. See *supra* Part I.

95. *MDS (Can.) Inc. v. Rad Source Techs, Inc.*, 720 F.3d 833, 847–48 (11th Cir. 2013).

96. *Id.* at 846.

97. See *Phillips*, 415 F.3d at 1318–19.

98. *Id.* at 1318.

99. See *id.* at 1319.

extrinsic evidence may be useful, it is “unlikely to result in a reliable interpretation of patent claim scope . . . .”<sup>100</sup>

Moreover, the *Phillips* court ruled strongly against reliance on general dictionaries in claim construction because general dictionaries “strive to collect all uses of particular words, from the common to the obscure,” and offer “multiple dictionary definitions for a term” that will “extend beyond the ‘construction of the patent [that] is confirmed by the avowed understanding of the patentee, expressed by him, or on his behalf, when his application for the original patent was pending.’”<sup>101</sup> Federal Circuit cases permit courts to rely on technical dictionaries to construe claim terms, but only if the technical dictionary definition “does not contradict any definition found in or ascertained by a reading of the patent documents.”<sup>102</sup>

Illustratively, applying the precedent set forth in *Phillips*, the Federal Circuit in *Byrne v. Black & Decker Corp.* rejected the district court’s claim construction of the term “surface” because it gave too much weight to the dictionary definition rather than to intrinsic evidence.<sup>103</sup> In that case, the district court consulted *Webster’s II New College Dictionary* and defined “surface” as “the exterior face of an object” or “a material layer constituting such an exterior face.”<sup>104</sup> The district court also “relied on the *Random House College Dictionary* . . . to further define ‘surface’ to mean ‘the outer face, outside, or exterior boundary of a thing’ or ‘part or all of the boundary of a solid.’”<sup>105</sup> On appeal, the Federal Circuit demonstrated how the term “surface” should have been properly construed under *Phillips*.<sup>106</sup> The Federal Circuit explained that the “proper claim construction based on the teachings in *Phillips* begins with the claim

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100. *Id.*

101. *Id.* at 1321–22 (quoting *Goodyear Dental Vulcanite Co. v. Davis*, 102 U.S. 222, 227 (1880)).

102. *Id.* at 1322–23; *see also* *Williamson v. Citrix Online, LLC*, 770 F.3d 1371, 1379 (Fed. Cir. 2014) (noting the term “module” has technical dictionary meanings in accordance with *IBM Dictionary of Computing*, Alan Freedman’s *The Computer Glossary*, and John Daintith & Edmund Wring, *Dictionary of Computing*).

103. *Byrne v. Black & Decker Corp.*, 235 F. App’x 741, 745 (Fed. Cir. 2007).

104. *Id.* at 744.

105. *Id.*

106. *Id.* at 745.

language.”<sup>107</sup> The Federal Circuit carefully examined how the term “surface” appears in the context of the claim language itself.<sup>108</sup> Next, the Federal Circuit looked to the specification of the patent and identified where in the specification the meaning of the term “surface” is supported.<sup>109</sup> Last, the Federal Circuit focused on prosecution history and found how certain cited references must be overcome during prosecution that lent support to the construction of the term “surface” to be “flat,” “continuous,” “not de minimis,” “two-dimensional,” and one “that is not narrow but has a width less than the feed increment of [a] trimmer head and is itself generally planar.”<sup>110</sup>

Because the district court did not engage in proper claim construction and relied too much on general dictionaries, the Federal Circuit held that the district court erred in its claim construction of the ordinary claim term “surface” under *Phillips*.<sup>111</sup> *Phillips*’ framework of claim construction is profound. Indeed, the structured claim construction teachings propounded by *Phillips* in 2005 have brought a new era of certainty.<sup>112</sup> Since *Phillips*, the Federal Circuit’s reversal rate of district courts’ claim constructions has dropped from 44% in 2004 to 16.5% in 2009.<sup>113</sup>

The Eleventh Circuit charted its own path for claim construction despite established patent law, the Federal Circuit’s en banc opinion in *Phillips*, and claim constructions post-*Phillips* to guide it. The Eleventh Circuit authorized claim construction with primary reliance on expert testimony and general dictionaries to ascertain the ordinary meaning of claim terms.<sup>114</sup> The Eleventh Circuit’s conduct can only be viewed as either a complete ignorance of patent law or a deliberate contradiction of the Federal Circuit’s precedent established in

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107. *Id.*

108. *Id.*

109. *Byrne*, 235 F. App’x at 745.

110. *Id.*

111. *Id.* at 745–46.

112. Anderson & Menell, *supra* note 83, at 5–6 (discussing the new data on the Federal Circuit’s reversal rate on claim constructions since *Phillips*).

113. *Id.*

114. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1310 (Fed. Cir. 2005); *see also MDS (Can.) Inc. v. Rad Source Techs, Inc.*, 720 F.3d 833, 847–48 (11th Cir. 2013).

*Phillips* and its progeny on claim construction for ordinary claim terms. Consequently, the Eleventh Circuit's experiment in a case of first impression has injected uncertainty in claim construction cases. Litigants can now engage in forum shopping to select an appellate forum with claim construction rules that may influence infringement analysis results.<sup>115</sup> Litigants now know that in the Eleventh Circuit they can heavily rely on general dictionaries, expert testimony, and other extrinsic evidence while *Phillips* forbids them from so doing in the Federal Circuit.

### *B. Openly Contradicting Other Sister Circuits' Precedents*

The Eleventh Circuit's experiment with patent claim construction in *MDS (Canada) Inc. v. Rad Source Technologies, Inc.* also conflicts with sister circuits' precedents on exclusive patent appeal jurisdiction. Notably, the decision openly contradicts the Seventh and Fifth Circuit's precedents.<sup>116</sup>

For instance, in *U.S. Valves, Inc. v. Dray*, the Seventh Circuit declined patent jurisdiction and transferred the case to the Federal Circuit.<sup>117</sup> Factually, *U.S. Valves* is similar to *MDS*. In *U.S. Valves*, plaintiff U.S. Valves claimed that defendant Dray sold valves in violation of the parties' patent license agreement.<sup>118</sup> Dray invented an internal piston valve, obtained a patent for the invention, and licensed the patent to U.S. Valves in exchange for royalty payments.<sup>119</sup> Over time, however, the relationship between the parties deteriorated, and Dray terminated the patent license agreement.<sup>120</sup> Subsequently, Dray

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115. Claim construction "plays a critical role in nearly every patent case. It is central to the evaluation of infringement and validity, and can affect or determine the outcome of other significant issues such as unenforceability, enablement, and remedies." Menell et al., *supra* note 82, at 714.

116. See generally *U.S. Valves, Inc. v. Dray*, 190 F.3d 811 (7th Cir. 1999); Scherbatskoy v. Halliburton Co., 125 F.3d 288 (5th Cir. 1997).

117. *U.S. Valves*, 190 F.3d at 815; see also *Kennedy v. Wright*, 851 F.2d 963, 964 (7th Cir. 1988) (transferring the case involving ownership of new patents to the Federal Circuit under the well-pleaded-complaint rules and answering in the affirmative the issue: "May a question 'arise under' the patent laws, thus creating federal jurisdiction in the district court, but not 'arise under' the patent laws for purposes of appellate jurisdiction?").

118. *U.S. Valves*, 190 F.3d at 812.

119. *Id.*

120. *Id.*

began producing and selling the internal piston valve and another type of valve called the sliding ring valve; both valves served the same functions.<sup>121</sup> Dray also filed a patent application for the sliding ring valve.<sup>122</sup> Upon learning about Dray's conduct, U.S. Valves asserted that the sliding ring valve was the equivalent of the internal piston valve and, therefore, was covered by the parties' exclusive patent license agreement.<sup>123</sup> Alleging a breach of contract, U.S. Valves claimed that the licensed patents covered both types of Dray's valves.<sup>124</sup> The district court found breach of contract, issued a permanent injunction, and awarded damages against Dray.<sup>125</sup> On appeal in the Seventh Circuit based on diversity jurisdiction, Dray requested that the Seventh Circuit transfer the case to the Federal Circuit because U.S. Valves' claim for breach of contract necessarily would include patent law as an essential element of the claim.<sup>126</sup>

Evaluating whether Dray breached the contract would require a determination of whether Dray's valves infringed the plaintiff's licensed patents.<sup>127</sup> In other words, the patent infringement analysis was substantial and a necessary element of the plaintiff's breach of contract claim.<sup>128</sup> The Seventh Circuit focused on whether the district court's jurisdiction over the complaint rested on diversity jurisdiction or patent jurisdiction.<sup>129</sup> The Seventh Circuit applied the well-pleaded complaint doctrine's test mandated in the Supreme Court's *Christianson v. Colt Industries Operating Corp.* decision. There, the Court stated:

[Patent law] jurisdiction extends only to those cases in

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121. *Id.*

122. *Id.*

123. *Id.*

124. *U.S. Valves*, 190 F.3d at 812.

125. *Id.*

126. *Id.*

127. *Id.* at 814. Dray conceded the breach of contract based on his company had manufactured and sold the internal piston valve. *Id.* at 812. With respect to the sliding ring valve, the parties disputed on whether these valves were covered by the patent license agreement for the calculation of damages. *Id.* at 812–13.

128. *Id.* at 813.

129. *Id.*

which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that 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.<sup>130</sup>

The Seventh Circuit noted that U.S. Valves' claim for breach of contract does not state a patent law claim. Thus, the first prong of *Christianson* was not applicable.<sup>131</sup> Under the second prong of the test, the Seventh Circuit observed that because (1) the license agreement between Dray and U.S. Valves granted U.S. Valves the "exclusive right to manufacture, use, sell, advertise, and distribute" the licensed products covered by the licensed patents and (2) U.S. Valves claimed that Dray was selling valves in violation of the exclusive license provision, "the only way for U.S. Valves to establish this claim [was] for it to show that Dray sold valves covered" by the licensed patents.<sup>132</sup> Consequently, to establish breach of contract, "the court must first examine the patent and determine which valves are covered and whether the patent was infringed."<sup>133</sup> In other words, "patent law [was] a necessary element of U.S. Valves' breach of contract action," and the Seventh Circuit did not have jurisdiction.<sup>134</sup> The Federal Circuit had the exclusive jurisdiction, and the Seventh Circuit, therefore, transferred the case to the Federal Circuit.<sup>135</sup>

Likewise, in *Scherbatskoy v. Halliburton Co.*, the Fifth Circuit rendered a similar decision by declining jurisdiction and transferring the case to the Federal Circuit.<sup>136</sup> In that case, Serge A. Scherbatskoy, Sr. obtained patents for processes relating to "measuring while

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130. *U.S. Valves*, 190 F.3d at 813. (quoting *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 809 (1988)).

131. *Id.*

132. *Id.* at 813–14.

133. *Id.* at 814.

134. *Id.*

135. *Id.*

136. *Scherbatskoy v. Halliburton Co.*, 125 F.3d 288, 291 (5th Cir. 1997).

drilling” or “MWD” technology.<sup>137</sup> Scherbatskoy then entered into a license agreement with Gearhart-Owen Industries, Inc. for Gearhart’s use of the patents.<sup>138</sup> Halliburton later acquired Gearhart and engaged in a dispute with Scherbatskoy over the rights and obligations under the license agreement for the MWD patents.<sup>139</sup> The parties negotiated a Settlement Agreement and a new Patent License Agreement.<sup>140</sup> Under these agreements, Scherbatskoy granted Halliburton a license to use the MWD patents in exchange for royalty payments.<sup>141</sup> In addition, the Patent License Agreement provided that if Halliburton acquired a “New Company” that had offered MWD services prior to the date of Halliburton’s acquisition of the company, Halliburton would have to pay additional royalties.<sup>142</sup>

Thereafter, Halliburton acquired certain assets from Smith International Inc., including all of Smith’s MWD technology.<sup>143</sup> Halliburton asserted that its acquisition of Smith’s assets did not amount to an acquisition of a “New Company.”<sup>144</sup> Accordingly, Halliburton refused to pay additional royalties to Scherbatskoy.<sup>145</sup> Scherbatskoy brought suit for breach of contract and breach of fiduciary duty against Halliburton in a Texas state court.<sup>146</sup> Halliburton successfully removed the action to a federal district court on the basis of federal question jurisdiction, insisting that Scherbatskoy’s complaint invoked patent law, and diversity jurisdiction.<sup>147</sup> At summary judgment, the district court granted Halliburton’s motion that there was no breach of contract.<sup>148</sup> Scherbatskoy appealed to the Fifth Circuit.<sup>149</sup> Halliburton moved to

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137. *Id.* at 289.

138. *Id.*

139. *Id.*

140. *Id.*

141. *Id.*

142. *Scherbatskoy*, 125 F.3d at 289.

143. *Id.*

144. *Id.* at 290.

145. *Id.*

146. *Id.*

147. *Id.*

148. *Scherbatskoy*, 125 F.3d at 290.

149. *Id.*

dismiss the appeal or to transfer the appeal to the Federal Circuit in the alternative.<sup>150</sup>

The Fifth Circuit decided the jurisdiction issue.<sup>151</sup> In determining whether it had jurisdiction over the appeal, the Fifth Circuit followed the Supreme Court's *Christianson v. Colt Indus. Operating Corp.* decision and applied the well-pleaded complaint rule to ascertain whether Scherbatskoy's lawsuit arose under the federal patent laws: "[whether] the complaint include[d] allegations that federal patent law create[d] the cause of action or federal patent law [was] a necessary element of the claim."<sup>152</sup> The Fifth Circuit observed that resolution of Scherbatskoy's contract claim "implicates the federal patent laws" because Scherbatskoy's complaint alleged "Halliburton breached the contract when it failed to pay additional royalties under the Patent License Agreement after acquiring a new company, Smith International, which, it is alleged, infringed the Scherbatskoys' patents."<sup>153</sup> Thus, "determining whether Smith International infringed the Scherbatskoys' patents is a necessary element to recovery of additional royalties or a finding that Halliburton breached the Patent License Agreement. Both issues require the application of the federal patent laws."<sup>154</sup> Accordingly, the Fifth Circuit held that it did not have jurisdiction to hear the appeal and only the Federal Circuit would have jurisdiction; the Fifth Circuit then transferred the case.<sup>155</sup> Moreover, the Fifth Circuit also dismissed as "irrelevant" that the summary judgment appeal did not explicitly address the patent issue for jurisdiction purposes; the exclusive patent jurisdiction for the appeal rested with the Federal Circuit.<sup>156</sup>

On the receiving end, the Federal Circuit also engaged in jurisdictional analysis before it decided to accept the cases transferred from the Seventh Circuit<sup>157</sup> and the Fifth Circuit.<sup>158</sup> For

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150. *Id.*

151. *Id.*

152. *Id.* at 291 (citing *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800 (1988)).

153. *Id.* at 291.

154. *Scherbatskoy*, 125 F.3d at 291.

155. *Id.*

156. *Id.*

157. *U.S. Valves v. Dray*, 212 F.3d 1368, 1372 (Fed. Cir. 2000).

example, in determining whether jurisdiction was proper for the Federal Circuit to accept the case in *Scherbatskoy v. Halliburton Co.*, the Federal Circuit also looked to the Supreme Court's decision in *Christianson v. Colt Industries Operating Corp.*, which enunciated that patent jurisdiction can only be extended in cases where either the federal patent law creates the cause of action or where the plaintiff's claim depends on resolution of a substantial question of patent law.<sup>159</sup> In addition, the Federal Circuit relied on its prior decisions, such as *Hunter Douglas v. Harmonic Design* and *Additive Controls v. Flowdata*, for guidance in deciding *U.S. Valves v. Dray*.<sup>160</sup> The Federal Circuit asserted jurisdiction in *Hunter Douglas v. Harmonic Design* because it invoked patent law.<sup>161</sup> In that case, the patentee and its licensees were accused of committing a state tort of falsehood through their assertion that they held exclusive rights in patents even though the patents were invalid and unenforceable.<sup>162</sup> The state's falsehood claim required the determination of whether the patents were indeed invalid and unenforceable.<sup>163</sup> Likewise, in *Additive Controls v. Flowdata*, the Federal Circuit asserted jurisdiction over a case where Additive claimed that Flowdata made false accusations that Additive infringed on Flowdata's patent in violation of the state's business disparagement law.<sup>164</sup> Determining whether Flowdata's statement was false would require a determination of non-infringement of the patent at issue.<sup>165</sup>

In applying *Christianson's* teachings and the *Hunter Douglas* and *Additive Controls* decisions, the Federal Circuit in *U.S. Valves v. Dray* noted that the present case contained a substantial issue of federal patent law under the well-pleaded complaint rule that would warrant the Federal Circuit's jurisdiction.<sup>166</sup> Specifically, the license

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158. *Scherbatskoy v. Halliburton Co.*, No. 98-1290, 1999 WL 13377, at \*2-4 (Fed. Cir. Jan. 11, 1999).

159. *Id.* at \*3 (citing *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 808-09 (1988)).

160. *U.S. Valves*, 212 F.3d at 1372.

161. *Id.*

162. *Id.* (discussing *Hunter Douglas v. Harmonic Design, Inc.*, 153 F.3d 1318 (Fed. Cir. 1998)).

163. *Id.*

164. *Id.* (discussing *Additive Controls v. Flowdata*, 986 F.2d 476 (Fed. Cir. 1993)).

165. *Id.*

166. *U.S. Valves*, 212 F.3d at 1372 ("As in *Hunter Douglas* and *Additive*, this case contains a

agreement between U.S. Valves and Dray provided U.S. Valves “an exclusive right to manufacture, use, sell, advertise, and distribute the Licensed Product.”<sup>167</sup> To establish that Dray sold valves in violation of U.S. Valves’ exclusive rights to such sales, the court found that “U.S. Valves must show that Dray sold valves that were covered by the licensed patents.”<sup>168</sup> This would require the court to interpret and construct patent claim terms and then determine whether the valves infringed the licensed patents.<sup>169</sup> In other words, patent law was substantial and a necessary element of U.S. Valves’ breach of contract action.<sup>170</sup>

In summary, *U.S. Valves* and *Scherbatskoy* represent a “case within a case” that the state cause of action requires a determination of patent infringement, non-infringement, invalidity, or enforceability under the well-pleaded rule.<sup>171</sup> The patent issue was substantial and necessary to ascertaining whether there was a violation of state law.<sup>172</sup> Moreover, the Seventh Circuit and the Fifth Circuit have established their own precedents in this area, in agreement with the Federal Circuit’s case law, and transferred cases to the Federal Circuit.<sup>173</sup>

The Eleventh Circuit ignored the established precedents and openly contradicted the Fifth, Seventh, and Federal Circuits. Although the decision in *U.S. Valves v. Dray* explicitly acknowledges that the plaintiff’s breach of contract claim required resolution of the patent infringement claim where the licensed patents covered the defendant’s newly developed products, the Eleventh Circuit disregarded precedents and proceeded to engage in the two steps of

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substantial issue of federal patent law.”).

167. *Id.*

168. *Id.*

169. *Id.*

170. *Id.*

171. *See* Lab. Corp. of Am. Holdings v. Metabolite Lab., Inc., 599 F.3d 1277, 1284 (Fed. Cir. 2010) (discussing cases deemed as a “case within a case” that would present a substantial patent question for jurisdictional purpose).

172. *U.S. Valves*, 190 F.3d at 813–14; *Scherbatskoy v. Halliburton Co.*, No. 98-1290, 1999 WL 13377, at \*4 (Fed. Cir. Jan. 11, 1999).

173. *U.S. Valves, Inc. v. Dray*, 190 F.3d 811, 815 (7th Cir. 1999) (transferring the case to the Federal Circuit); *Scherbatskoy v. Halliburton Co.*, 125 F.3d 288, 291 (5th Cir. 1997).

patent infringement analysis.<sup>174</sup> The Eleventh Circuit engaged in patent claim construction and infringement analysis under literal infringement and the doctrine of equivalents.<sup>175</sup> The Eleventh Circuit then concluded that no patent infringement existed and, therefore, no breach of the license agreement occurred.<sup>176</sup> Clearly, the patent law issue was substantial and a necessary element in the contract claim. Yet, the Eleventh Circuit asserted that the patent law issue was not substantial to the contract claim because its “resolution of this question [was] unlikely to control any future cases.”<sup>177</sup> Due to “the fact-bound nature” of the patent question and “the small likelihood that the resolution” of the patent infringement would “impact future cases,” the Eleventh Circuit stated that it could not “conclude that the issue of patent infringement presented by [the plaintiff] is a ‘substantial question’ of federal [patent] law.”<sup>178</sup> Simply, the Eleventh Circuit grabbed appellate jurisdiction when it had no authority under the law. The Eleventh Circuit’s conduct and justification are directly in conflict with the Seventh, Fifth, and Federal Circuits under the well-pleaded complaint doctrine for patent cases.<sup>179</sup>

Moreover, the Eleventh Circuit’s belief that its claim construction, with primary reliance on general dictionaries and expert testimony, will not impact future cases ignores the obvious consequences of its decision. It destroys uniformity in claim construction, one of the most important areas of substantive patent law.<sup>180</sup> It also opens the door for forum shopping to manipulate outcomes.<sup>181</sup>

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174. *MDS (Can.) Inc. v. Rad Source Tech., Inc.*, 720 F.3d 833, 846–48 (11th Cir. 2013).

175. *Id.*

176. *Id.*

177. *Id.* at 842. The Eleventh Circuit further justified its decision that:

All of the relevant parties are joined in this lawsuit and will be bound by the decision regarding the RS 3400. Both the highly specialized nature of patent claims and the niche market for blood irradiator devices suggest that the resolution of this issue is unlikely to impact any future constructions of claims.

*Id.*

178. *Id.* at 843.

179. *Compare id.*, with *Scherbatskoy v. Halliburton Co.*, 125 F.3d 288, 291 (5th Cir. 1997), and *Christianson v. Colt Indus. Operating Corp.*, 822 F.2d 1544 (Fed. Cir. 1987).

180. *See supra* notes 114–15.

181. *Id.*

### C. Disregard for the Supreme Court's Teaching

The Eleventh Circuit's decision in *MDS (Canada), Inc. v. Rad Source Technologies, Inc.* also disregarded the Supreme Court's mandate in *Christianson*.<sup>182</sup> The Supreme Court, in addition to instructing courts on the well-pleaded complaint rule, mandated that courts follow the "age-old" rule—"that a court may not in any case, even in the interest of justice, extend its jurisdiction where none exists"—because not following this rule "has always worked injustice in particular cases."<sup>183</sup> The Eleventh Circuit ignored *Christianson* with regard to both the well-pleaded complaint rule and the mandate.

In *Christianson*, plaintiff Colt brought a state claim of trade secret misappropriation against its former employee, Christianson, and others.<sup>184</sup> The defendants claimed that (1) Colt's patents were invalid for failure to disclose enablement and best mode information and that (2) the "trade secrets" that the patents should have disclosed lost any state protection because Colt had benefits from owning invalid patents.<sup>185</sup> Consequently, the defendants asserted they did not misappropriate Colt's trade secrets because the "trade secrets" had no protection.<sup>186</sup> The Federal Circuit initially declined to exercise jurisdiction because the patent issue was not a substantial and necessary element of plaintiff's trade secret misappropriation claim.<sup>187</sup> The Seventh Circuit also declined to exercise jurisdiction.<sup>188</sup> The Supreme Court agreed with the Federal Circuit that no patent jurisdiction existed because the case did not arise under patent law due to the plaintiff's complaint never suggesting patents and the defendant's defense raising a theory of invalidity.<sup>189</sup> In summary, the

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182. Compare *MDS (Can.) Inc.*, 720 F.3d at 841, with *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 818 (1988), and *Christianson*, 798 F.2d at 1052.

183. *Christianson*, 486 U.S. at 818.

184. *Id.* at 804–06.

185. *Id.* at 806.

186. *Id.*

187. *Christianson v. Colt Indus. Operating Corp.*, 822 F.2d 1544, 1549–60 (Fed. Cir. 1987) (discussing the numerous times retransferring between the Federal Circuit and the Seventh Circuit, as neither circuit believed that it had jurisdiction).

188. *Christianson v. Colt Indus. Operating Corp.*, 798 F.2d 1051, 1052 (7th Cir. 1986).

189. *Christianson*, 486 U.S. at 809 (quoting *Franchise Tax Bd. of State of Cal. v. Constr. Laborer's*

Supreme Court established that patent law jurisdiction extends only to cases where (1) federal patent law provides a cause of action or (2) the plaintiff's right to relief "necessarily depends on resolution of a substantial question of federal patent law."<sup>190</sup> The Supreme Court held that the plaintiff's trade secrets violation claim did not raise a substantial question of patent law or that the patent was a necessary element of the plaintiff's claim.<sup>191</sup>

Applying the rule and rationale mandated by *Christianson*, the Federal Circuit should have exclusive jurisdiction over *MDS (Canada) Inc. v. Rad Source Technologies, Inc.* because the plaintiff's claim of breach of contract depends on the resolution of whether the defendant's products are covered under the patents stated in the contract.<sup>192</sup> The patent question was substantial and necessary in resolving the plaintiff's breach of contract claim against the defendants for manufacturing devices covered by the licensed patents. The Eleventh Circuit ignored precedents and grabbed jurisdiction where it did not have it, contrary to decisions rendered by the Seventh and Fifth Circuits.<sup>193</sup> In so doing, it violated the age-old rule mandated by *Christianson* that regional circuit courts must refrain from exerting jurisdiction when jurisdiction does not exist, to avoid "working injustice" in the case.<sup>194</sup> The injustice in *MDS* includes fracturing the structured claim construction rules and inviting forum shopping for claim construction rules favorable to influence litigation outcomes.

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Vacation Trust for S. Cal., 463 U.S. 1, 10 (1983) ("[W]hether a claim 'arises under' patent law 'must be determined from what necessarily appears in the plaintiff's statement of his own claim in the bill or declaration, unaided by anything alleged in anticipation or avoidance of defenses which it is thought the defendant may interpose' . . . . Thus, a case raising a federal patent-law defense does not, for that reason alone, 'arise under' patent law, 'even if the defense is anticipated in the plaintiff's complaint, and even if both parties admit that the defense is the only question truly at issue in the case.'").

190. *Id.*

191. *Id.* at 810.

192. *See infra* Part IV. In recent years, the Supreme Court has addressed jurisdiction issue in legal malpractice in patent cases. *Id.* In these types of cases, the patent issue is not substantial because it is hypothetical in nature. *Id.*

193. *See supra* Part I.

194. *Christianson*, 486 U.S. at 818.

#### D. Violating a Congressional Act

By asserting appellate jurisdiction over a case where patent law is a substantial question of the plaintiff's claim, the Eleventh Circuit also violated Congress's intent in vesting the Federal Circuit with exclusive appellate jurisdiction to hear patent cases in whole or in part under 28 U.S.C. § 1338<sup>195</sup> that "arise under" patent law.<sup>196</sup> Congress created the Federal Circuit under the Federal Courts Improvement Act of 1982.<sup>197</sup> As stated in the legislative document, Congress created the Federal Circuit to end forum shopping, the widespread lack of uniformity, and the uncertainty of legal doctrine in patent law.<sup>198</sup> The Eleventh Circuit's claim construction to ascertain the ordinary meaning of claim terms with primary reliance on expert testimony and two general dictionaries, *Oxford* and *Merriam-Webster*, directly contradicted the Federal Circuit's precedents on claim construction for ordinary meaning of claim terms.<sup>199</sup> The Eleventh Circuit's decision injects uncertainty, causes

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195. Congress set forth the Federal Circuit's patent jurisdiction via 28 U.S.C. § 1295 (2012) to be read jointly with Section 1338:

The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—(1) of an appeal from a final decision of a district court . . . if the jurisdiction of that court was based, in whole or in part, on section 1346 of [28 U.S.C.], except that jurisdiction of an appeal in a case brought in a district court under section 1346(a)(1), 1346(b), 1346(e), or 1346(f) of this title, or under section 1346(a)(2) when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue shall be governed by sections 1291, 1292, and 1294 of this title.

28 U.S.C. § 1295 (2012). The Leahy-Smith America Invents Act subsequently changed the jurisdictional provisions. Pub. L. No. 112-29, 125 Stat. 284 (2011).

196. See, e.g., H.R. REP. NO. 97-312, at 41 (1981) (stating that the cases fall within the Federal Circuit's exclusive patent jurisdiction "in the same sense that cases are said to 'arise under' federal law for purposes of federal question jurisdiction"). In the recent overhaul of patent law, Congress has expanded the Federal Circuit's jurisdiction to cover compulsory counterclaims. See also 28 U.S.C. § 1295 (2012); discussion *infra* Part IV.

197. See generally Larry D. Thompson, Jr., *Adrift on a Sea of Uncertainty: Preserving Uniformity in a Patent Law Post-Vornado Through Deference to the Federal Circuit*, 92 GEO. L.J. 523, 529 (2004) (providing a brief history of the creation of the Federal Circuit).

198. H.R. REP. NO. 97-312, at 23 (1981) (stating that one Congress's objectives when creating the Federal Circuit was "to reduce the widespread lack of uniformity and uncertainty of legal doctrine that exist[ed] in the administration of patent law," and that such uniformity will "eliminate the expensive, time-consuming and unseemly forum-shopping that characterizes litigation in the field"); see also Christopher A. Cotropia, "Arising Under" Jurisdiction and Uniformity in Patent Law, 9 MICH. TELECOMM. & TECH. L. REV. 253, 259-60 (2003) (tracing the creation of the Federal Circuit).

199. MDS (Can.) Inc. v. Rad Source Tech., Inc., 720 F.3d 833, 846-48 (11th Cir. 2013).

the lack of uniformity as to the rules of claim construction, and opens the door for forum shopping. Simply, the Eleventh Circuit's decision violates a congressional act and Congress's intent behind that act, regardless of whether it legitimately had appellate jurisdiction.

### III. NEW RESPONSES FROM THE SEVENTH CIRCUIT

While the Eleventh Circuit grabbed patent jurisdiction without authority, the Seventh Circuit grabbed the public's attention through its Chief Judge's speech, "*Is It Time to Abolish the Federal Circuit's Exclusive Jurisdiction in Patent Cases?*"<sup>200</sup> Whether the speech was "elegant,"<sup>201</sup> "colorful,"<sup>202</sup> or an "unconventional" blending of the Dixie Chicks, Robin Thicke and Burt Bacharach,<sup>203</sup> the Chief Judge for the Seventh Circuit emphatically wants to end the Federal Circuit's exclusive jurisdiction in patent cases. The Chief Judge asserted that exclusive jurisdiction in the name of legal uniformity is harmful to the patent system because it lacks opportunities for percolation before it reaches the Supreme Court,<sup>204</sup> and it lacks multiple judicial perspectives from sister circuits.<sup>205</sup>

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200. Hon. Diane P. Wood, *supra* note 23.

201. Arti K. Rai, *Competing with the "Patent Court": A Newly Robust Ecosystem*, 13 CHL-KENT J. INTELL. PROP. 386, 386 (2014).

202. See Reines, *supra* note 12.

203. Timothy B. Lee, *The Dixie Chicks and Robin Thicke Explain How to Fix the Patent System*, WASH. POST (Oct. 7, 2013), <http://www.washingtonpost.com/blogs/the-switch/wp/2013/10/07/the-dixie-chicks-and-robin-thicke-explain-how-to-fix-the-patent-system/>.

204. Hon. Diane P. Wood, *supra* note 23. On percolation, the Chief Judge asserted as follows, along with borrowing the Dixie Chick's chorus of the song "Wide Open Spaces":

The virtues of uniformity have their limits. No one wants to live in an echo chamber, and no thinker or innovator will get very far surrounded by a bunch of yes-men. The Supreme Court learns valuable lessons about which cases are the hardest, and which are most worthy of certiorari, by watching the development and resolution of conflicts in the circuits or the state supreme courts. Patent law, too, needs "wide open spaces / room to make [its] big mistakes." Mistakes teach valuable lessons; they can reveal where the cracks in the foundation are and how they should be fixed. A proposition that seems obvious to one person might seem questionable to another, ambiguous to a third, and flatly wrong to a fourth. As in the song, percolation is needed despite (or maybe *because of*) the high stakes.

*Id.* at 4 (quoting DIXIE CHICKS, WIDE OPEN SPACES).

205. *Id.* The Chief Judge argued that a specialized patent court is not needed because the doctrines between patent and other types of intellectual property are "blurred" and regional circuits are accustomed in handling these doctrines. *Id.* at 7. Also, the multiple perspectives from circuits are crucial

As expected, the Chief Judge’s statement attracted attention from mainstream media,<sup>206</sup> blogs,<sup>207</sup> and academic symposiums.<sup>208</sup> Some viewed the statement as a “frontal assault”<sup>209</sup> while others praised the importance of the statement and the prominence of the speaker to address patent jurisdiction.<sup>210</sup> Many have articulated responses to the Chief Judge’s statement by proposing ways to enhance the percolation<sup>211</sup> and competition to the Federal Circuit’s exclusive jurisdiction in patent cases.<sup>212</sup>

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to the development of patent law, for example, non-obviousness:

Again, this is an area where several circuits’ elaboration of competing viewpoints might prove useful: perhaps there are different ways, better ways, to approach non-obviousness. Speaking from my own experience, I can assure you that circuit splits and disagreements with colleagues force judges to sharpen their writing, push them to defend their positions, and from time to time persuade them that someone else’s perspective is preferable. This process of testing and experimentation is lost when uniformity is privileged above all other values.

*Id.* at 5.

206. Ashby Jones, *Critics Fault Court’s Grip on Appeals for Patents: Calls to Loosen Federal Circuit’s Hold Grows Amid Complaints Over Rulings*, WALL ST. J. (July 6, 2014, 7:10 PM), <http://www.wsj.com/articles/critics-fault-courts-grip-on-appeals-for-patents-1404688219>.

207. See generally Lance Droni, *Fed. Circ.’s Reign Over Patents Should End, Judge Says*, LAW360 (Sept. 26, 2013, 9:35 PM), <http://www.law360.com/articles/474687/fed-circ-s-reign-over-patents-should-end-judge-says>; Robert Williams, *Should Patent Law Jurisdiction Be Spread Around?*, PAT. L. BLOG (Sept. 27, 2013), <http://www.rtt-law.com/blogs/patent-law/should-patent-law-jurisdiction-be-spread-around/>.

208. See Hon. Diane P. Wood, *supra* note 23.

209. Harold C. Wegner, *Federal Circuit Exclusive Appellate Patent Jurisdiction: A Response to Chief Judge Wood*, 13 CHL-KENT J. INTELL. PROP. 394, 394 (2014).

210. Lee, *supra* note 203 (“Wood’s use of song lyrics may have been fanciful, but her advocacy for curbing the Federal Circuit’s power over patent law is deadly serious. Academics have long advocated reining in the Federal Circuit. But having a jurist of Wood’s stature back the idea will give it greater credibility.”).

211. Paul R. Gugliuzza, *Saving the Federal Circuit*, 13 CHL-KENT J. INTELL. PROP. 350, 351–52 (2014). Paul R. Gugliuzza offered his counter-argument to the Chief Judge’s lack of percolation argument:

Judge Wood suggests that, due to the Federal Circuit’s exclusive jurisdiction, patent doctrine is insufficiently “percolated,” meaning that it lacks mechanisms through which case law can be critiqued, reexamined, tested, and corrected, and issues worthy of Supreme Court review can be flagged. Yet percolating forces do exist in the patent system. For example, in the Federal Circuit, dissents critiquing existing doctrine are frequent and often lead to en banc proceedings reexamining and sometimes correcting the doctrine at issue. In addition, the Supreme Court, federal district courts, Congress, the Solicitor General, and the Patent and Trademark Office, among others, all provide, through various channels, diverse and influential perspectives that prevent patent law from becoming stale.

*Id.* On “percolation,” Professor Rochelle Cooper Dreyfuss argues that now that a degree of nationwide uniformity in patent law has been achieved, it would be a pity to disrupt it. Rochelle C. Dreyfuss, *Abolishing Exclusive Jurisdiction in the Federal Circuit: A Response to Judge Wood*, 13 CHL-KENT J.

As of today, the Seventh Circuit has not acted on its Chief Judge's demand for a share of the Federal Circuit's patent docket.<sup>213</sup> The Seventh Circuit has not overturned its precedent of declining jurisdiction when the patent question is substantial to the plaintiff's claim under the well-pleaded complaint rule, nor has it followed the Eleventh Circuit's lead in *MDS*.<sup>214</sup> Instead, the Seventh Circuit's Chief Judge generated public attention without actually grabbing jurisdiction.<sup>215</sup> The Seventh Circuit invited litigants to seek its appellate jurisdiction by announcing that it is ready and able to handle complex cases.<sup>216</sup> Whether the Seventh Circuit will exercise restraint or heed the Chief Judge's statement remains to be seen.

#### IV. POSSIBLE EXPLANATIONS FOR CIRCUIT COURTS' RESPONSES

What could explain the Eleventh Circuit's decision to grab jurisdiction in a patent claim construction and infringement case? What could explain the Seventh Circuit Chief Judge's attention grabbing statement? Do they have judicial wisdom to offer or are they envious of the Federal Circuit's rising prominence? Perhaps the

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INTELL. PROP. 327, 330–48 (2014). While Chief Judge Wood is right that the law would improve with percolation, a change in the composition of the court, new procedures for challenging patents in the Patent and Trademark Office, a district court pilot program, and satellite patent offices will bring to the debate new voices, different kinds of expertise, and diverse experience. It is worth waiting to see how these changes play out. *Id.*

212. Professor Rai believes that:

[C]ompetition [to the Federal Circuit's exclusive patent jurisdiction] is indeed desirable. Whether such competition is best provided through additional appellate courts is unclear, however. In any event, given our current structure, the more tractable approach is to improve competitive input from sources that have already emerged. These include dissenting Federal Circuit judges, parties and amici who are not "patent insiders," and perhaps, above all, the executive branch.

Rai, *supra* note 201, at 387.

213. A search in Westlaw database for patent decisions in the Seventh Circuit yields none, as of January 25, 2015.

214. *XCO Int'l Inc. v. Pac. Sci. Co.*, 369 F.3d 998, 1006 (7th Cir. 2004) (noting that "if Pac-Sci were challenging in a complaint for breach of contract the validity of an issued patent, this appeal would have to go to the Federal Circuit rather than to this court") (citing *U.S. Valves, Inc. v. Dray*, 190 F.3d 811, 813–14 (7th Cir. 1999)).

215. See Hon. Diane P. Wood, *supra* note 23, at 6–7.

216. *Id.* at 10.

explanations are grounded in both judicial wisdom and patent envy, if any explanation exists at all.

*A. Judicial Wisdom and Patent Envy: Patents Are Common Today*

In 1982, when Congress created the Federal Circuit, 63,276 patents were granted.<sup>217</sup> Patent law practice during this time was the “backwater” in the legal profession.<sup>218</sup> More recently, in 2013 the United States Patent and Trademark Office (USPTO) granted 302,948 patents. That is almost a 500% increase from 1982.<sup>219</sup> Patent litigation and patent issues have become common headlines.<sup>220</sup> Patent law practice is now part of several national law firms, generating handsome fees.<sup>221</sup> Patent issues appear in daily newspapers and permeate the blogosphere.<sup>222</sup> Patents are everywhere.<sup>223</sup>

217. *U.S. Patent Statistics Chart, Calendar Years 1963–2014*, *supra* note 7.

218. *See* Reines, *supra* note 12 (“Although historically patent law was considered an esoteric backwater, it is now recognized as a dynamic legal field involving fascinating subjects and great financial stakes. Our world is filled with amazing new inventions that improve the way we work, how we are entertained, and our healthcare. Patent appeals now attract the finest advocates and garner national media attention.”).

219. *U.S. Patent Statistics Chart, Calendar Years 1963–2014*, *supra* note 7.

220. Media, from the local newspaper to National Geographic, cover patent issues. *See, e.g.*, Melinda Johnston, *Stallings Inventor Brian Conti Gains National Attention*, THE CHARLOTTE OBSERVER (Nov. 15, 2014, 12:00 AM) <http://www.charlotteobserver.com/2014/11/15/5314841/stallings-inventor-brian-conti.html#.VJznwV4C4>; Ker Than, *7 Takeaways From Supreme Court’s Gene Patent Decision*, NAT’L GEOGRAPHIC, June 15, 2013, <http://news.nationalgeographic.com/news/2013/06/130614-supreme-court-gene-patent-ruling-human-genome-science/>. Patent issues are discussed from the White House to the state house. *See* Gene Sperling, *Taking on Patent Trolls to Protect American Innovation*, THE WHITE HOUSE BLOG (June 4, 2013, 1:55 PM), <http://www.whitehouse.gov/blog/2013/06/04/taking-patent-trolls-protect-american-innovation>; *see also* *Patent Trolling*, STATE OF VERMONT (July 25, 2014), <http://ago.vermont.gov/hot-topics/patent-trolling1.php>.

221. *See Best Law Firms for Patent Law*, U.S. NEWS & WORLD REPORT, <http://bestlawfirms.usnews.com/patent-law> (last visited Jan. 8, 2016); GARY A. MUNNEKE, THE LEGAL CAREER GUIDE: FROM LAW STUDENT TO LAWYER 152 (4th ed. 2002) (“Patent law, once thought of as the backwater of legal practice, has become one of the hottest areas of practice with the explosion of technology in the world.”).

222. Brent Kendall, *Supreme Court Ponders Trademark Odyssey of Sealtight vs. Sealtite*, WALL ST. J. (Dec. 2, 2014, 5:31 PM), <http://blogs.wsj.com/law/tag/patent-and-trademark-office/>; *see also* Brian Palmer, *Jonas Salk: Good for Virology, Bad at Economics*, SLATE, Apr. 13, 2014, [http://www.slate.com/articles/technology/history\\_of\\_innovation/2014/04/the\\_real\\_reasons\\_jonas\\_salk\\_didn\\_t\\_patent\\_the\\_polio\\_vaccine.html](http://www.slate.com/articles/technology/history_of_innovation/2014/04/the_real_reasons_jonas_salk_didn_t_patent_the_polio_vaccine.html).

223. Patents are covered in radio. *See, e.g.*, *This American Life: When Patents Attack*, WBEZ RADIO (July 22, 2011), <http://www.thisamericanlife.org/radio-archives/episode/441/when-patents-attack>. Patents are also covered in business papers. *See, e.g.*, Steve Ivey, *Making Their Mark: Louisville Patent Attorneys Play Key Roles in Invention Process*, LOUISVILLE BUS. FIRST (May 27, 2011, 6:00 AM), <http://www.bizjournals.com/louisville/print-edition/2011/05/27/making-their-mark-louisville->

The Federal Circuit has enjoyed its expansive influence and has “become the envy of the system”<sup>224</sup> with the rise in patent prominence. Its exclusive jurisdiction over patent appeal cases propels its unique role in the public eye.<sup>225</sup> Established print sources, electronic media, and blogs vie to cover its latest decisions in patent cases.<sup>226</sup> Some judges in the Federal Circuit sought the limelight, perhaps a little too much.<sup>227</sup> Lawyers also brag about their alliances with the Federal Circuit.<sup>228</sup> Furthermore, the clubby atmosphere has attracted unwanted attention and criticism.<sup>229</sup>

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patent.html?page=all. Patents are also covered in specialized daily articles. *See, e.g., Patent Output from the National Institutes of Health Vital to Understanding America's Innovation Economy*, SCIENCE DAILY (June 9, 2014), <http://www.sciencedaily.com/releases/2014/06/140609153512.htm>. Patents are covered in newswire. *See, e.g., CLIO USA: Procter & Gamble Suffers a Legal Setback in its Questionable Patent Claims Involving Teeth Whiteners*, PR NEWSWIRE (July 3, 2014), <http://www.prnewswire.com/news-releases/clio-usa-procter-gamble-suffers-a-legal-setback-in-its-questionable-patent-claims-involving-teeth-whiteners-265675701.html>. Lastly, patents are covered in national patent strategy papers. *See, e.g., National Patent Development Strategy (2011-2020)*, N.Y. TIMES (Nov. 2010), <http://graphics8.nytimes.com/packages/pdf/business/SIPONatPatentDevStrategy.pdf>.

224. *See* Reines, *supra* note 12 (“In many ways, the Federal Circuit’s patent docket has become the envy of the system.”); *see also* Maggie Tamburro, Comment to *The “Almighty” Federal Circuit Evolving? Patent Policy & Jurisprudence*, IMS EXPERTSERVICES (Jan. 22, 2013), <http://www.ims-expertservices.com/bullseye/january-2013/the-almighty-federal-circuit-evolving-patent-policy-jurisprudence/>.

225. The Federal Circuit itself is keenly aware of its rising importance. *See, e.g.,* Hon. Kathleen M. O’Malley, *Interesting Times at the Federal Circuit*, 63 AM. U. L. REV. 949, 956 (2014). Moreover, an empirical study has confirmed that the “district courts treat the Federal Circuit as more authoritative (compared to the Supreme Court) on patent law, than they treat the regional circuits (compared to the Supreme Court) on copyright law.” David Pekarek-Krohn & Emerson H. Tiller, *Federal Circuit Patent Precedent: An Empirical Study of Institutional Authority and IP Ideology* 3 (Nw. Univ. Sch. of L. Scholarly Commons, Working Paper No. 42, 2010).

226. Tamburro, *supra* note 224; *CLIO USA*, *supra* note 223.

227. Ashby Jones & Brent Kendall, *Top Judge Who Gave Lawyer Praise Recuses Himself From Patent Cases, Laudatory Email Raises Questions About Patent Bar*, WALL ST. J. (May 22, 2014, 5:50 PM), <http://www.wsj.com/articles/SB10001424052702303980004579578452919038262>; *see also* Dan Levine, *Insight: Rocker Judge Juggles Tech Policy, Supreme Court and the Stones*, REUTERS, Dec. 11, 2013, <http://www.reuters.com/article/2013/12/11/us-usa-judge-rader-insight-idUSBRE9BA06D20131211>.

228. Jones & Kendall, *supra* note 227. For example, one prominent patent attorney, Mr. Edward Reines, attempted to capitalize on his relationship with Judge Rader, then Chief Judge of the Federal Circuit. *Id.* Mr. Reines “chaired the Federal Circuit Advisory Council, a group of prominent patent lawyers that serve as a liaison between the court and the patent bar. Judge Rader appointed him to the position.” *Id.*

229. *Id.* (describing the clubby atmosphere between the Federal Circuit and the patent bar). The recent email controversy in the Federal Circuit has attracted attention from the Wall Street Journal and the ABA to Above the Law blog. *See* Ashby Jones, *Email Controversy Leads to Reprimand of Weil Gotshal Patent Lawyer*, WALL ST. J.: L. BLOG (Nov. 5, 2014, 5:43 PM), <http://blogs.wsj.com/law/2014/11/05/>

Hardly any other district court or circuit court has shared the same level of prominence in such a short period: a little more than thirty years from creation.<sup>230</sup> More patents being granted by the USPTO means an increase in volume of patent litigation cases filed in district courts<sup>231</sup> and higher numbers of patent appeals reviewed in the Federal Circuit.<sup>232</sup> Inevitably, the Federal Circuit continues to enjoy its rise in stature.<sup>233</sup> The sister circuit courts cannot do anything because they have no authority to hear patent cases.<sup>234</sup> As the Chief Judge of the Seventh Circuit advocates for a share in patent cases in the name of judicial wisdom—having different circuit courts to hear patent appeals—the judicial wisdom argument runs hollow through the lense of envy. The Eleventh Circuit leaped a step further, actually grabbing patent jurisdiction instead of just demanding a share of

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email-controversy-leads-to-reprimand-of-weil-gotshal-patent-lawyer/; see also David Lat, *Federal Circuit Benchslaps Prominent Patent Practitioner*, ABOVE THE LAW (Nov. 5, 2014, 2:39 PM), <http://abovethelaw.com/2014/11/federal-circuit-benchslaps-prominent-patent-practitioner/>; Martha Neil, *Federal Appeals Court Blasts Attorney for Forwarding Chief Judge's Congratulatory Email*, A.B.A. J. (Nov. 5, 2014, 4:18 PM), [http://www.abajournal.com/news/article/federal\\_appeals\\_court\\_scolds\\_prominent\\_patent\\_attorney\\_for\\_circulating\\_judg/](http://www.abajournal.com/news/article/federal_appeals_court_scolds_prominent_patent_attorney_for_circulating_judg/).

230. If reversal rate by the Supreme Court is a measurement of stature, the Ninth Circuit leads the pack with having the largest number of cases heard and reversed by the Supreme Court. See *Circuit Scorecard*, SCOTUSBLOG (July 3, 2014), [http://sblog.s3.amazonaws.com/wp-content/uploads/2014/07/SCOTUSblog\\_scorecard\\_OT13.pdf](http://sblog.s3.amazonaws.com/wp-content/uploads/2014/07/SCOTUSblog_scorecard_OT13.pdf).

231. Chris Barry, Ronen Arad, Landan Ansell & Evan Clark, *2013 Patent Litigation Study: Big Cases Make Headlines, While Patent Cases Proliferate*, PWC (2013), [http://www.pwc.com/en\\_US/us/forensic-services/publications/assets/2013-patent-litigation-study.pdf](http://www.pwc.com/en_US/us/forensic-services/publications/assets/2013-patent-litigation-study.pdf) (studying the increase in patent cases filed in district courts); see also *Lex Machina Releases First Annual Patent Litigation Year in Review*, LEX MACHINA (May 13, 2014), <https://lexmachina.com/media/press/lex-machina-releases-first-annual-patent-litigation-review/> (comparing 6,092 new patent cases filed in 2013, a 12.4% increase from 2012).

232. Since 2011 the Federal Circuit saw an increase in the number of patent infringement appeals. See *Filings of Patent Infringement Appeals from the U.S. District Courts*, *supra* note 5. Patent cases from the district courts, the USPTO, and the ITC comprises a total of 48% of all cases in the Federal Circuit during FY2013. See *Appeals Filed, by Category FY 2013*, United States Court of Appeals for the Federal Circuit, <http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/fy%2013%20filings%20by%20category.pdf> (last visited Jan. 11, 2016).

233. A national newspaper has observed that the Federal Circuit's profile "has skyrocketed in recent years, alongside the rise of big-dollar patent disputes, such as those between technology giants Apple Inc. and Samsung Electronics Co." Jones & Kendall, *supra* note 227.

234. Sister circuit courts routinely transfer cases involving patents as substantial question to the Federal Circuit. See, e.g., *USPPS, Ltd. v. Avery Dennison Corp.*, 647 F.3d 274, 277–80 (5th Cir. 2011); *U.S. Valves, Inc. v. Dray*, 190 F.3d 811, 813–14 (7th Cir. 1999).

patent appeals, and now watching the fiasco of consequences cascade down from *MDS (Canada) Inc. v. Rad Source Technologies*.<sup>235</sup>

The only court that can legitimately hear patent cases on appeals other than the Federal Circuit is the court of last resort, the Supreme Court of the United States.<sup>236</sup> The Supreme Court has also tried its best to inject itself into patent cases by accepting an unusually high number of patent cases in recent years, while the total certiorari grant for all cases has decreased.<sup>237</sup> The rise of patents and their importance guarantees that Supreme Court patent decisions will generate media coverage.<sup>238</sup> However, sharing the limelight has its own cost; with its lack of patent law expertise, the Supreme Court has seen its own setbacks and has endured ridicule for ignorance of patent law in some instances.<sup>239</sup>

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235. *MDS (Can.) Inc. v. Rad Source Tech., Inc.*, 720 F.3d 833, 841 (11th Cir. 2013).

236. See, e.g., John M. Golden, *The Supreme Court as "Prime Percolator": A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA L. REV. 657, 657 (2009).

237. See Dennis Crouch, *Supreme Court Versus Patent Law*, LINKEDIN (Apr. 3, 2014), <http://www.linkedin.com/pulse/20140403210921-2503830-supreme-court-versus-patent-law>; Ryan J. Owens & David A. Simon, *Explaining the Supreme Court's Shrinking Docket*, 53 WM. & MARY L. REV. 1219, 1229 (2012).

238. See generally Noah Feldman, *Ready for a Patented Supreme Court Smackdown?*, BLOOMBERG VIEW (Oct. 15, 2014, 5:01 AM), <http://www.bloombergview.com/articles/2014-10-15/ready-for-a-patented-supreme-court-smackdown>; Mark Grabowski, *Are Technical Difficulties at the Supreme Court Causing a "Disregard of Duty"?*, 3 J. L., TECH. & INTERNET 93, 93 (2011) ("Supreme Court Justices lately have displayed a startling level of ignorance about computing and communication methods that many Americans take for granted"); Brent Kendall, *Akamai-Limelight Patent Case Goes Before Top Court, Justices Consider Whether to Make It Easier to Hold Companies Liable for Encouraging Infringement by Others*, WALL ST. J. (Apr. 30, 2014, 6:24 PM), <http://www.wsj.com/articles/SB10001424052702303948104579534063156736196>.

239. See Hon. Timothy B. Dyk, *Does The Supreme Court Still Matter?*, 57 AM. U.L. REV. 763, 763 (2008) ("At any gathering of the [patent] bar, no tag line of a speech has more assurance of applause than one that importunes the Supreme Court to keep its hands off the patent law."). See also Courtenay C. Brinckerhoff, *Supreme Court Reverses Federal Circuit On Induced Infringement in Limelight Networks, Inc. v. Akamai*, FOLEY & LARDNER LLP: PHARMAPATENTS (June 2, 2014), <http://www.pharmapatentsblog.com/2014/06/02/supreme-court-requires-direct-infringement-to-support-induced-infringement-in-limelight-networks-inc-v-akamai-technologies-inc/> ("The Supreme Court decision comes close to being openly disrespectful to the Federal Circuit."); Jeff Guo, *The Supreme Court Reveals its Ignorance of Genetics*, THE NEW REPUBLIC, June 13, 2013, <http://www.newrepublic.com/article/113476/supreme-court-genetics-ruling-reveals-judges-ignorance>; Eric W. Gutttag, *Ignorance Is Not Bliss: Alice Corp. v. CLS Bank International*, IPWATCHDOG (July 25, 2014), <http://www.ipwatchdog.com/2014/07/25/ignorance-is-not-bliss-alice-corp-v-cl-s-bank-international/id=50517/>.

*B. Judicial Wisdom and Patent Envy: Lack of Multiple Perspectives*

The Chief Judge of the Seventh Circuit champions the view that the development of patent law needs the assistance from the Seventh Circuit and other sister circuits.<sup>240</sup> The value of having multiple perspectives is important for percolation of patent doctrines.<sup>241</sup> In other words, the Federal Circuit lacks the medium for percolation; the Federal Circuit’s exclusivity cabins the development of patent law. The lack of multiple perspectives results in a lack of judicial wisdom.<sup>242</sup>

The judicial wisdom argument does not have much support, as explained by scholars, and will not be repeated here.<sup>243</sup> The judicial wisdom argument, however, is clothed in patent envy disguised with care. Again, it is understandable for circuit courts wanting to have appellate jurisdiction to hear patent cases. The size of the patent pie is getting too large compared to thirty-three years ago when the Federal Circuit was first created.<sup>244</sup> Not only growth in quantity or size, but also the quality of the patent pie vis-à-vis patent importance in the economy has prompted the Seventh and Eleventh Circuits to grab attention and jurisdiction.<sup>245</sup> Dismissing the patent envy argument is easy to do, but the reality is that Circuits have taken steps to keep the Federal Circuit from retaining exclusive patent jurisdiction: the Eleventh Circuit has injected uncertainty in substantive patent law in the area of claim construction, and the Chief Judge of the Seventh Circuit has demanded a share of patent appeal cases.<sup>246</sup>

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240. Hon. Diane P. Wood, *supra* note 23.

241. Golden, *supra* note 236, at 673.

242. Timothy B. Lee conducted an interview on September 26, 2014, and received the following comments from Robin Feldman, a critic of the Federal Circuit: “Without the disciplining effect of frequent supervision or dialogue among other circuits, it’s difficult to avoid becoming insular. In other words, problems at the Federal Circuit are structurally predictable.” Timothy B. Lee, *Why the Supreme Court Keeps Smacking Down America’s Top Patent Court*, VOX (Sept. 26, 2014, 10:40 AM), <http://www.vox.com/2014/9/26/6846713/why-the-supreme-court-keeps-smacking-down-americas-top-patent-court>.

243. See Harold C. Wegner, *Federal Circuit Exclusive Appellate Patent Jurisdiction: A Response to Chief Judge Wood*, 13 CHI.-KENT J. INTELL. PROP. 394, 401 (2014).

244. *U.S. Patent Statistics Chart, Calendar Years 1963 – 2014*, *supra* note 7.

245. See discussion *supra* note 223.

246. See *MDS (Can.) Inc. v. Rad Source Tech., Inc.*, 720 F.3d 833, 838 (11th Cir. 2013); Hon. Diane

Whether judicial wisdom and patent envy are possible explanations for the Eleventh and Seventh Circuits' conduct, the question remains: should patent appeals be decided by different regional circuits and, if so, under what circumstances? If sound reasons exist for the end of exclusive patent jurisdiction, regional circuits must demonstrate that they are ready to analyze substantive patent issues. If they exhibit conduct similar to the Eleventh Circuit's experiment in the *MDS* case, the end of patent law uniformity will arrive in the midst of escalation in forum shopping.

#### V. TOWARD A MORE LEGITIMATE GROUND: FEDERALISM PRINCIPLES

There is perhaps a more legitimate ground for regional circuit courts to claim their share of the patent jurisdiction from the Federal Circuit. Federalism is the driving force for obtaining their share of jurisdiction.

##### A. *Federalism Principles*

Regional circuit courts can exert their jurisdiction over patent cases under federalism principles.<sup>247</sup> They can retain diversity jurisdiction in cases of strong state interest that will not disrupt the federal-state judicial balance. Specifically, regional circuit courts can assert that the state has a strong responsibility in matters underlying state claims that are intertwined with patents. Indeed, in addition to requiring that the patent issue must be “actually disputed and substantial,” the Supreme Court also instructed federal courts to exert federal question jurisdiction over state claims only in rare cases where doing so will not disturb “any congressionally approved balance of federal and state judicial responsibilities.”<sup>248</sup> In other

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P. Wood, *supra* note 23.

247. Federalism in the United States is the legal relationship and distribution of power between the federal government and state governments. BLACK'S LAW DICTIONARY 729 (10th ed. 2014).

248. *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 308, 314 (2005).

words, federalism principles are important, and courts must adhere to them as not to “upset the federal-state division of judicial labor.”<sup>249</sup>

Federalism separates two spheres, federal government and state government, in the administering of governance as propounded in the Constitution.<sup>250</sup> State claims are in the provenance of state courts;<sup>251</sup> federal courts must confine themselves to the jurisdiction “conferred on it by Congress and permitted by the Constitution.”<sup>252</sup> If litigants bring state claims in federal courts based on diversity, regional circuit courts will then have jurisdiction, even if the case may insubstantially involve patent issues.<sup>253</sup> Consequently, the Federal Circuit will have no jurisdiction over the case.<sup>254</sup> For example, in legal malpractice cases where clients bring suits against their former lawyers for failure to present certain defenses in an earlier patent infringement litigation, the states have special responsibility for maintaining standards among members of licensed professions, including the legal profession.<sup>255</sup> The federal system has no interest in interfering with states’ interest in policing the licensed professions.<sup>256</sup> Indeed, there is

249. *Byrne v. Wood, Herron & Evans, LLP*, 676 F.3d 1024, 1037 (Fed. Cir. 2012) (O’Malley, J., dissenting) (citing *Grable*, 545 U.S. at 313–14).

250. *In re Carter*, 618 F.2d 1093, 1098 (5th Cir. 1980) (stating that federal courts, as courts of limited jurisdiction, must pay “due regard for the constitutional allocation of powers between the state and federal systems [which] requires a federal court scrupulously to confine itself to the jurisdiction conferred on it by Congress and permitted by the Constitution”); *see also Singh v. Duane Morris LLP*, 538 F.3d 334, 340 (5th Cir. 2008) (discussing federalism and judicial responsibilities); *Grable*, 545 U.S. at 313–14 (“[T]he federal issue will ultimately qualify for a federal forum only if federal jurisdiction is consistent with congressional judgment about the sound division of labor between state and federal courts . . .”).

251. *See In re Carter*, 618 F.2d at 1098.

252. *Id.*

253. 28 U.S.C. § 1291 (2012) (“The courts of appeals (other than the United States Court of Appeals for the Federal Circuit) shall have jurisdiction of appeals from all final decisions of the district courts of the United States . . .”). A regional circuit has jurisdiction over appeals based on diversity jurisdiction in the district court under 28 U.S.C. § 1332. *See, e.g., Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 810 (1988) (holding that the regional circuit court has jurisdiction over the appeal, not the Federal Circuit court, because the claim did not arise under patent law).

254. *Christianson*, 486 U.S. at 819.

255. *Gunn v. Minton*, 133 S. Ct. 1059, 1068 (2013) (citing *Ohralik v. Ohio State Bar Ass’n*, 436 U.S. 447, 460 (1978)); *see also Singh*, 538 F.3d at 339 (holding that legal malpractice claim in a trademark case is within the jurisdiction of state courts, not federal courts because “federal jurisdiction over this state-law malpractice claim would upend the balance between federal and state judicial responsibilities”).

256. *Singh*, 538 F.3d at 339 (“Legal malpractice has traditionally been the domain of state law, and federal law rarely interferes with the power of state authorities to regulate the practice of law.”).

no federal law or policy imposing a mandate that states must withdraw from policing licensed lawyers and that state courts have no authority to preside over legal malpractice claims “simply because they require resolution of a hypothetical patent issue.”<sup>257</sup> Federalism principles dictate that state claim in cases where the patent issue is collateral fall within state courts’ jurisdictions,<sup>258</sup> and state claims in cases that rely on diversity jurisdiction fall within regional circuit courts’ jurisdictions.

Ignoring federalism, the Federal Circuit’s jurisdictional overreach in recent years on state claims,<sup>259</sup> including legal malpractice cases, has become a subject of criticism.<sup>260</sup> Some courts have ridiculed the Federal Circuit for its fundamental misunderstanding of federalism, complaining that “under the Federal Circuit’s approach, the federalism element is simply an invocation of the need for uniformity in patent law.”<sup>261</sup> Moreover, courts have said the Federal Circuit’s approach is “disheartening given the potential consequences on the division between state and federal courts beyond the purview of patent disputes.”<sup>262</sup> The Supreme Court has recently reigned in the Federal Circuit’s jurisdictional overreach under federalism principles.<sup>263</sup> In other words, the Federal Circuit’s dated interpretation of federalism is no longer legitimate.<sup>264</sup> The Federal

257. *Gunn*, 133 S. Ct. at 1068.

258. *See, e.g., id.*; *Minton v. Gunn*, 355 S.W.3d 634, 651–52 (Tex. 2011) (discussing federalism, the division between federal and state courts, and that state courts have jurisdiction in a malpractice claim because “the federal issue here is collateral, not basic” and the malpractice claim “does not impact any live patent law claims”).

259. *See* Paul R. Gugliuzza, *The Federal Circuit as a Federal Court*, 54 WM. & MARY L. REV. 1791, 1803–04 (criticizing that the Federal Circuit has used its own framework of federalism to expand its jurisdiction “over legal claims created by state law”); *see also Singh*, 538 F.3d at 339–40 (declining to follow the Federal Circuit’s overreach in the state claims area because the Federal Circuit “did not consider the reasons addressed here, involving the federal interest and the effect on federalism”).

260. *See* Gugliuzza, *supra* note 259, at 1810. Judge O’Malley has forcefully critiqued the Federal Circuit for developing case law hoarding jurisdiction in cases of state concerns, as the case law “has poisoned the well, and it will only serve to exacerbate the federalism concerns.” *Byrne v. Wood, Herron & Evans, LLP*, 676 F.3d 1024, 1040 (Fed. Cir. 2012) (O’Malley, J., dissenting).

261. *Minton*, 355 S.W. 3d at 652.

262. *Id.* at 652–53 (Guzman, J., dissenting); *see also Singh*, 538 F.3d at 340.

263. *See, e.g., Gunn*, 133 S. Ct. at 1068.

264. *Minton*, 355 S.W.3d at 652 (observing that the Federal Circuit’s brand of federalism means for “the benefits of a federal forum, the need for uniformity in patent law, and the fact that patents are issued by a federal agency” and has “no consideration of what effect asserting exclusive federal

Circuit must relinquish control over a case when there is no justification to retain jurisdiction.<sup>265</sup> Regional circuit courts can now rely on federalism principles to retain diversity jurisdiction in cases of strong state interest that will not disturb the balance of federal and state judicial responsibilities.<sup>266</sup>

In summary, federalism is a cornerstone of the U.S. legal system. The separation between state and federal systems is important to the balance of all branches of government. Division between state and federal courts means that not every case mentioning patents should automatically provide a ground for the Federal Circuit to assert its jurisdiction. Neither the Federal Circuit nor any other circuit court should overreach its jurisdictional authority.

*B. Patent Issues are Non-substantial and Hypothetical*

Regional circuit courts can also retain jurisdiction in cases where patent issues are intertwined with state claim issues, as long as the patent issues are non-substantial and hypothetical. The patent legal malpractice cases are not the same type of cases governed by the well-pleaded complaint rule under *Christianson*.<sup>267</sup> For example, in a legal malpractice case stemming from the lawyer’s representation in a prior patent litigation, the patent issue is typically non-substantial and the consequence of what the lawyer has allegedly failed to do is hypothetical in nature.<sup>268</sup> Regarding the state’s interest, however, in legal malpractice for regulating the legal profession, it is paramount that state courts and not federal courts decide.<sup>269</sup> Undoubtedly, if the

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jurisdiction would have over the balance between the state and federal judiciaries intended by Congress.”) (citing *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262, 1272 (Fed. Cir. 2007)).

265. *Id.*

266. *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 314 (2005) (“[T]he question is, does a state-law claim necessarily raise 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”).

267. *See, e.g., Byrne v. Wood, Herron & Evans, LLP*, 676 F.3d 1024, 1034–36 (Fed. Cir. 2012) (O’Malley, J., dissenting) (observing a number of legal malpractice cases involving patent issues are not substantial and pose no serious threat to the uniformity of patent law).

268. *Id.*

269. *Id.* at 1038 (noting that in patent-related legal malpractice cases, “states undoubtedly have a strong interest and role in regulating the conduct of *all* of their respective attorneys, as well as in

case is in federal court due to diversity jurisdiction,<sup>270</sup> the regional circuits will have appellate jurisdiction.<sup>271</sup>

The Federal Circuit has overreached its “patent hand” and retained jurisdiction in patent-related legal malpractice cases under the rhetoric of patent uniformity and substantiality, causing disarray in this area.<sup>272</sup> The Supreme Court of the United States, in *Gunn v. Minton*, gave order to this disarray where legal malpractice is intertwined with patent issues.<sup>273</sup> In *Gunn*, Vernon Minton was a computer programmer who developed a program for securities trading and obtained a patent for his invention in 2000.<sup>274</sup> In 1995, prior to filing for patent protection, Minton leased his computer program to TEXCEN, a securities brokerage.<sup>275</sup> Minton then asserted a patent infringement claim against NASDAQ and others.<sup>276</sup> NASDAQ raised a defense that Minton’s patent was invalid under the “on sale” bar, pursuant to 35 U.S.C. § 102(b), because he released his program to the TEXCEN securities brokerage more than one year before he sought patent protection.<sup>277</sup> Minton argued that what he leased to TEXCEN was different from his patent, but the district court rejected his argument and granted NASDAQ summary judgment.<sup>278</sup> Minton then requested reconsideration from the district court based on an argument raised for the first time that his release of the program was within the “experimental use” exception to the “on

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protecting *all* of their residents from negligent legal services”).

270. See 28 U.S.C. § 1332 (2012) (diversity jurisdiction).

271. *Court Role and Structure*, UNITED STATES COURTS, <http://www.uscourts.gov/about-federal-courts/court-role-and-structure> (last visited Jan. 11, 2016).

272. *Byrne*, 676 F.3d at 1031–33 (explaining how the Federal Circuit has shaped its precedents in reaching jurisdiction over legal malpractice cases and the precedents have been “out of step with that of other federal and state courts.”); see also Gugliuzza, *supra* note 259, at 1815–19 (observing the Federal Circuit’s jurisdictional expansion in recent years).

273. See *Gunn v. Minton*, 133 S. Ct. 1059, 1065 (2013) (finding that malpractice claims involving patent issues only if it “raise[s] a stated federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing any congressionally approved balance of federal and state responsibilities”) (quoting *Grable & Sons Metal Prods. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 314 (2005)).

274. *Id.* at 1062.

275. *Id.*

276. *Id.*

277. *Id.*

278. *Id.*

sale” bar.<sup>279</sup> The district court denied the reconsideration motion as untimely, and the Federal Circuit affirmed.<sup>280</sup>

Thereafter, Minton brought a legal malpractice suit against his lawyer, Gunn, for failure to timely raise the experimental use exception that may have resulted in the invalidation of his patent and the loss in his prior patent infringement suit against NASDAQ.<sup>281</sup> Gunn moved for summary judgment upon a showing that Minton’s release of the program was not an experimental use, meaning the experimental use exception would have failed in the patent lawsuit, regardless of whether the exception was timely raised.<sup>282</sup> Minton then appealed the legal malpractice action and argued that his malpractice claim arose under federal patent law, 28 U.S.C. § 1338(a), which provided for exclusive federal jurisdiction over “any claim for relief arising under any Act of Congress relating to patents.”<sup>283</sup> Minton asserted that, as a result, the Texas state court lacked subject matter jurisdiction over his case.<sup>284</sup> Minton wanted his legal malpractice case heard anew in federal court.<sup>285</sup> The Texas Court of Appeals, however, affirmed the trial court’s summary judgment decision and held that the federal interests in Minton’s state claim of legal malpractice were not sufficiently substantial for jurisdiction under 28 U.S.C. § 1338(a).<sup>286</sup> The case then reached the Supreme Court of Texas.<sup>287</sup> That Court, relying on two Federal Circuit decisions on similar facts, reversed the Texas Court of Appeals.<sup>288</sup> Subsequently, the Supreme Court of the United States accepted review.<sup>289</sup>

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279. *Gunn*, 133 S. Ct. at 1062–63.

280. *Id.* at 1063.

281. *Id.*

282. *Id.*

283. *Id.*

284. *Id.*

285. *Gunn*, 133 S. Ct. at 1063.

286. *Id.* The Texas Court of Appeals applied the U.S. Supreme Court’s test in *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308 (2005), to determine when a state law claim may give rise to federal subject matter jurisdiction. *Id.*

287. *Minton v. Gunn*, 355 S.W.3d 634 (Tex. 2011).

288. *Id.* The Texas Supreme Court relied on *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262 (Fed. Cir. 2007), and *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281 (Fed. Cir. 2007), to reach its decision. *Id.* at 641–42

289. *Gunn*, 133 S. Ct. at 1064.

The U.S. Supreme Court reaffirmed its precedent test for determining when federal jurisdiction over a state claim implicates a federal issue or when a state claim is “arising under” federal jurisdiction: “if a federal issue is (1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance approved by Congress.”<sup>290</sup> Applying the four-part test, the *Gunn* Court concluded that resolution of the experimental use exception to the on sale bar was “necessary” to Minton’s legal malpractice because he had to establish that he would have prevailed in his patent infringement suit against NASDAQ if his lawyer, Gunn, had timely raised the exception.<sup>291</sup> Also, the federal issue was “actually disputed” because Minton and Gunn disputed on the merits whether the experimental use exception would apply to rescue Minton’s patent infringement case against NASDAQ.<sup>292</sup> Nevertheless, the Supreme Court held that the federal issue in this case was “not substantial in the relevant sense.”<sup>293</sup> The Supreme Court required that “the substantiality inquiry . . . looks instead to the importance of the issue to the federal system as a whole.”<sup>294</sup>

The Supreme Court cited two examples of a federal issue that was “substantial” enough to “the federal system as a whole” to trigger federal jurisdiction over a state claim. The first instance is where the issue was federally imposed notice requirements prior to the IRS’s seizure and sale of property, which the government has a “strong interest” to validly recover delinquent taxes through seizure and sale of property.<sup>295</sup> The second instance is where the case depends upon the determination of “the constitutional validity of an act of Congress which is directly drawn in question.”<sup>296</sup>

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290. *Id.* at 1065.

291. *Id.*

292. *Id.* at 1065–66.

293. *Id.* at 1066.

294. *Id.*

295. *Gunn*, 133 S. Ct. at 1066 (citing *Grable & Sons Metal Prods. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 310–11 (2005)).

296. *Id.* (citing *Smith v. Kan. City Title & Trust Co.*, 255 U.S. 180 (1921)).

The Supreme Court distinguished the facts in *Gunn* from the two classic examples above because the federal issue in the present case “carries no such significance.”<sup>297</sup> It failed the “substantiality inquiry” due to “the backward-looking nature of a legal malpractice claim,” because the question is “posed in a merely hypothetical sense.”<sup>298</sup> Regardless of how state courts resolve the hypothetical case of whether patent infringement would have been found if “Minton’s lawyers had raised a timely experimental-use argument,” the resolution would “not change the real-world result of the prior federal patent litigation.”<sup>299</sup> Most importantly, state courts resolving legal malpractice cases intertwined with patent issues will not undermine “the development of a uniform body of [patent] law.”<sup>300</sup>

The new order from *Gunn* is clear: no federal jurisdiction exists over a state claim where the federal issue is not substantial, particularly in patent-related legal malpractice cases.<sup>301</sup> That means state courts will preside over these types of cases, and higher-level state courts will have appellate jurisdiction. Regional federal circuit courts will have appellate jurisdiction to preside over these types of cases only if diversity jurisdiction exists in the district court.<sup>302</sup> Also, the Supreme Court recognized in *Gunn v. Minton* that state courts can have jurisdiction in cases where the patent issue is intertwined with state claims, as long as state courts’ decisions have no real-world impact on, and do not undermine the development of, a uniform body of patent law.<sup>303</sup> In other words, the Supreme Court affirmed that the mandate for the development of a uniform body of patent law is an important federal interest.<sup>304</sup> Consequently, if regional circuit courts have appellate jurisdiction over these types of state claims

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297. *Id.*

298. *Id.* at 1066–67.

299. *Id.* at 1067.

300. *Id.* at 1067 (citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989)).

301. *Gunn*, 133 S. Ct. at 1067.

302. *See generally* *USPPS, Ltd. v. Avery Dennison Corp.*, 541 F. App’x 386, 390 (5th Cir. 2013) (retaining jurisdiction through diversity because the “hypothetical patent issues between the parties to this case are fact-specific and of no importance to the federal system” as a whole, as required for exclusive appellate jurisdiction in the Federal Circuit).

303. *Gunn*, 133 S. Ct. at 1067.

304. *See id.*

intertwined with a patent issue due to diversity jurisdiction, the patent issue must not be a substantial issue in that the circuit courts' decisions and must not undermine the development of a uniform body of patent law.<sup>305</sup>

Moreover, in applying the Supreme Court's mandate in *Gunn* to breach of patent license agreement cases that require resolution of whether the defendant's products are covered by the licensed patent, the patent question is substantial because it satisfies *Gunn*'s "substantiality inquiry." The resolution of such cases require the court to engage in patent claim construction and infringement analysis in order to determine the plaintiff's breach of contract claim against the defendant for violating contract provisions covered by the licensed patents. Additionally, the uniform development of patent claim construction and infringement analysis is of paramount importance to federal courts. Without having consistent rules in these two key features of all patent cases, uncertainty and forum shopping problems will once again plague the patent system. In other words, patent claim construction and infringement analyses are not "hypothetical"<sup>306</sup> without "real-world effect[s]."<sup>307</sup> This is evidenced by Congress purposely creating the Federal Circuit to end uncertainty and forum shopping and to create a uniform patent system where patent claim construction and infringement analysis are at the center of patent issues.<sup>308</sup> Consequently, under *Gunn*, regional circuit courts will not have jurisdiction to hear well-pleaded complaint cases where the patent question is substantial, as seen in *U.S. Valves* and *Scherbatskoy*.

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305. See, e.g., *Cty. Materials Corp. v. Allan Block Corp.*, 502 F.3d 730, 734 (7th Cir. 2007) (addressing underlying issues of patent law to resolve a state-law malpractice claim).

306. *Gunn*, 133 S. Ct. at 1067.

307. *Id.*

308. *Id.* at 1068 ("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.").

*C. Patent Counterclaims, Not Compulsory Counterclaims*

Another opportunity for regional circuits to extend jurisdiction in cases involving patents presents itself if the patent claims are counterclaims. If the patent counterclaims are compulsory, the Federal Circuit will have exclusive jurisdiction, marking a change from prior law.<sup>309</sup>

In its recent major overhaul of patent law, Congress amended patent jurisdiction statutory provisions.<sup>310</sup> Congress provided that the Federal Circuit has exclusive appellate jurisdiction from a final decision of a federal district court in any civil action arising under patent statutes.<sup>311</sup> Also, the Federal Circuit has exclusive appellate

309. See *Holmes Grp., Inc. v. Vornado Air Circulation Sys.*, 535 U.S. 826, 831 (2003) (holding that patent compulsory counterclaims do not serve as the basis for federal courts’ “arising under jurisdiction”). Specifically, the Vornado court explained:

[W]hether a case arises under federal patent law “cannot depend upon the answer.” . . . It follows that a counterclaim—which appears as part of the defendant’s answer, not as part of the plaintiff’s complaint—cannot serve as the basis for “arising under” jurisdiction.

Allowing a counterclaim to establish “arising under” jurisdiction would also contravene the longstanding policies underlying our precedents. First, since the plaintiff is “the master of the complaint,” the well-pleaded complaint rule enables him, by eschewing claims based on federal law . . . to have the cause heard in state court. The rule proposed by respondent, in contrast, would leave acceptance or rejection of a state forum to the master of the counterclaim. It would allow a defendant to remove a case brought in state court under state law, thereby defeating a plaintiff’s choice of forum, simply by raising a federal counterclaim. Second, conferring this power upon the defendant would radically expand the class of removable cases, contrary to the “[d]ue regard for the rightful independence of state governments” that our cases addressing removal require. And finally, allowing responsive pleadings by the defendant to establish “arising under” jurisdiction would undermine the clarity and ease of administration of the well-pleaded-complaint doctrine, which serves as a “quick rule of thumb” for resolving jurisdictional conflicts.

*Id.* at 831–32 (internal citations omitted).

310. See generally Paul M. Schoenhard, *Gaps, Conflicts and Ambiguities in the Federal Courts’ Post-AIA Patent Jurisdiction*, 25 INTELL. PROP. & TECH. L.J. 20 (2013) (discussing the newly amended statutory provisions for federal district courts’ and the Federal Circuit’s jurisdictions).

311. 28 U.S.C. § 1295 (2012) now reads, in relevant part:

The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction . . . of an appeal from a final decision of a district court of the United States, the District Court of Guam, the District Court of the Virgin Islands, or the District Court of the Northern Mariana Islands, in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents or plant variety protection.

*Id.*

jurisdiction in any civil action in which a party asserts a compulsory counterclaim arising under patent statutes.<sup>312</sup>

According to the legislative history relating to the amendment of the patent statute on compulsory counter claim jurisdiction, the definition for “compulsory counterclaim” is the same definition provided in Rule 13(a) of the Federal Rules of Civil Procedure.<sup>313</sup> To satisfy the definition, the compulsory counterclaim must arise out of the same transaction or occurrence and not require the joinder of parties over whom the court would lack jurisdiction.<sup>314</sup> The rationale for the requirement that the counterclaim must be “compulsory” in order for the Federal Circuit to have appellate jurisdiction is to prevent the possibility that a “defendant could raise unrelated and unnecessary patent counterclaims simply in order to manipulate appellate jurisdiction.”<sup>315</sup>

Consequently, the new patent jurisdiction statutory provision allows regional circuit courts to have appellate jurisdiction in cases where the patent question is *not* a compulsory counterclaim.<sup>316</sup> In such cases, the patent question is merely a counterclaim that involves different factual and legal issues and arises from different transactions or occurrences. That means the regional circuits will retain jurisdiction, and the Federal Circuit must transfer cases involving patent counterclaims to regional circuit courts.

For example, in *U.S. Water Services, Inc. v. ChemTreat, Inc.*, the Eighth Circuit had jurisdiction over the appeal after the Federal Circuit transferred the case.<sup>317</sup> In that case, U.S. Water Services (USWS) filed a trade secret misappropriation lawsuit against

312. *Id.*

313. 157 CONG. REC. S1378, S1379 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). *See also* Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 FED. CIR. B.J. 539, 540 (2013) (discussing the legislative history of the amended patent jurisdiction provisions or the *Holmes Group, Inc. v. Vornado Circulations Systems, Inc.* fix).

314. 157 CONG. REC. at S1379.

315. *Id.*

316. Schoenhard, *supra* note 310, at 22 (observing that the new statutory provision for the Federal Circuit’s jurisdiction over patent compulsory counterclaims “comes at a price: [because] all circuit courts must now conduct a threshold inquiry into whether a ‘compulsory counterclaim’ was ‘asserted.’”).

317. *U.S. Water Servs., Inc. v. ChemTreat, Inc.*, 570 Fed. App’x 924, 924 (Fed. Cir. 2014).

ChemTreat under Minnesota law.<sup>318</sup> ChemTreat filed a counterclaim of invalidity and non-infringement of one of USWS's patents.<sup>319</sup> The parties then settled the lawsuit, and the district court granted a judgment of non-infringement in ChemTreat's favor.<sup>320</sup> USWS appealed the district court's non-infringement decision to the Federal Circuit.<sup>321</sup> The Federal Circuit observed that the patent issue was first raised in a counterclaim that was not a "compulsory counterclaim" and held that the case did not arise under patent law.<sup>322</sup> The Federal Circuit, therefore, had no jurisdiction to hear the case because the patent issue was merely supplemental.<sup>323</sup> The Federal Circuit transferred the case to the Eighth Circuit.<sup>324</sup>

Also, in *Wawrzynski v. H.J. Heinz Co.*, the Federal Circuit transferred the appeal to the Third Circuit because the patent claim was not a compulsory counterclaim.<sup>325</sup> In that case, Mr. Wawrzynski developed and obtained a patent for "Method of Food Article Dipping and Wiping in a Condimental Container."<sup>326</sup> He sent his patented invention of condiment packaging and promotional materials to the Heinz Company in request for a meeting.<sup>327</sup> The Heinz Company representatives met with Mr. Wawrzynski.<sup>328</sup> Thereafter, they expressed disinterest in his packaging and declined a second meeting.<sup>329</sup>

A few months later, the Heinz Company released its new "Dip & Squeeze" package.<sup>330</sup> Wawrzynski then filed a lawsuit in Michigan state court against the Heinz Company relating to the "Dip & Squeeze" package, alleging breach of implied contract and unjust enrichment based on Heinz's alleged use of Wawrzynski's ideas for

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318. *Id.* at 925.

319. *Id.*

320. *Id.*

321. *Id.*

322. *See id.* at 925–26 n.2.

323. *U.S. Water Servs.*, 570 Fed. App'x at 926.

324. *Id.*

325. *Wawrzynski v. H.J. Heinz Co.*, 728 F.3d 1374, 1375 (Fed. Cir. 2013).

326. *Id.* at 1376.

327. *Id.*

328. *Id.*

329. *Id.*

330. *Id.*

condiment packaging.<sup>331</sup> Heinz successfully moved to transfer the action from Michigan state court to the U.S. District Court for the Western District of Pennsylvania on the basis of diversity jurisdiction.<sup>332</sup> Heinz then filed an answer, affirmative defenses, a counterclaim that alleged non-infringement of the Wawrzynski patent, and that the patent was invalid.<sup>333</sup> Prior to filing a response, Wawrzynski claimed he had already granted Heinz a covenant not to sue for patent infringement.<sup>334</sup> Wawrzynski filed an answer to Heinz's counterclaim that he was not suing Heinz for patent infringement and sought to dismiss Heinz's counterclaim for failure to present a case or controversy, among other deficiencies.<sup>335</sup> The district court denied Wawrzynski's motion.<sup>336</sup> Subsequently, Heinz moved for summary judgment arguing that Wawrzynski's other claims were preempted by federal patent law and that there was non-infringement of Wawrzynski's patent; the district court ruled in Heinz's favor.<sup>337</sup> Among other issues raised on appeal, Wawrzynski asserted that he never alleged patent infringement in this case, and therefore the district court did not have subject matter jurisdiction.<sup>338</sup>

With respect to the Federal Circuit's jurisdiction over compulsory counterclaims arising under patent law, the Federal Circuit observed that the plaintiff's complaint was filed prior to the effective date of the newly amended Section 1295—the provision conferring the Federal Circuit exclusive jurisdiction over counterclaims.<sup>339</sup>

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331. *Wawrzynski*, 728 F.3d at 1376.

332. *Id.*

333. *Id.* at 1376–77.

334. *Id.* at 1377.

335. *Id.*

336. *Id.*

337. *Wawrzynski*, 728 F.3d at 1377.

338. *Id.*

339. *Id.* at 1378–79. The *Wawrzynski* court noted:

Even assuming that Heinz's counterclaim was compulsory, Mr. Wawrzynski's case does not meet the effective date requirement of the AIA version of § 1295, which applies to "any civil action commenced on or after the date of the enactment of this Act," which is September 16, 2011. Pub. L. 112–29, § 19(e), 125 Stat. 284, 333. Mr. Wawrzynski's complaint was filed and the "action commenced" prior to this date. The plain language of § 1295 provides no exceptions to its effective date requirement.

*Id.*

Moreover, even if the effective date was not an issue, Heinz's counterclaim was not compulsory because both parties did not consent to litigate the patent infringement claim.<sup>340</sup> Specifically, the Federal Circuit explained:

Mr. Wawrzynski cannot point to an express or implied consent by the parties to litigate Heinz's counterclaim. Quite to the contrary, Mr. Wawrzynski moved on two separate occasions to dismiss the counterclaim on the basis of lack of jurisdiction. In order to divest the counterclaim, Mr. Wawrzynski went so far as to admit in his pleadings that Heinz did not infringe the '990 patent and to provide Heinz with a covenant not to sue. Heinz certainly wished to litigate its counterclaim, but one party's consent is not sufficient for us to deem the complaint amended.<sup>341</sup>

In addition to the lack of a compulsory counterclaim, the Federal Circuit held that it had no jurisdiction to retain the case under the well-pleaded complaint doctrine for patent infringement because Mr. Wawrzynski insisted that he had filed the original complaint only under state claims with clear intentions.<sup>342</sup> In addition, Mr. Wawrzynski insisted that Heinz did not infringe his patent because he provided Heinz with the covenant not to sue.<sup>343</sup> Accordingly, the case came to the federal court via diversity jurisdiction, not via well-pleaded complaint patent infringement jurisdiction.<sup>344</sup>

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340. *Id.* at 1378–79.

341. *Id.* at 1379.

342. *Id.* at 1380–81.

343. *Wawrzynski*, 728 F.3d at 1379.

344. *Id.* at 1381. The Federal Circuit further explained:

[W]e have concluded that the relief requested in the complaint aligns with state law claims and not a claim for patent infringement. We also found support for Mr. Wawrzynski's contention that certain of the ideas and materials he allegedly provided to Heinz are not found in his patent. These conclusions, along with our overarching conclusion that the complaint does not present a well-pleaded patent law issue, undercut conclusions relied upon by the district court to support its grant of summary judgment of preemption. Accordingly, it appears that nothing in federal patent law now stands in the way of Mr. Wawrzynski pursuing his state law claims.

In light of the above-cited cases decided prior to the amendment to the patent jurisdiction statutory provisions, regional circuit courts will face difficult questions conducting inquiries for jurisdiction. Specifically, courts will have to address whether the counterclaim was “compulsory” and when the “compulsory counterclaim” was “asserted.”<sup>345</sup>

In summary, there are several grounds for regional circuit courts to have jurisdiction in patent cases. Those grounds include cases where (1) the patent issues are not substantial,<sup>346</sup> (2) states have a strong interest in the non-patent issues under federalism,<sup>347</sup> and (3) the patent claim is a non-compulsory counterclaim.<sup>348</sup> Regional circuit courts and, when appropriate, state appellate courts must properly exercise their jurisdiction; they should not shy away from cases when they see and hear the word “patent.” Conversely, the Federal Circuit must loosen its grip in the three identified areas discussed above.

#### CONCLUSION

The new jurisdictional battle waged by the Eleventh and Seventh Circuits for a share of patent cases will erode the Federal Circuit’s exclusive patent jurisdiction. There are legitimate grounds for regional circuits to share patent cases with the Federal Circuit. Regional circuit courts, through diversity jurisdiction, can retain appellate jurisdiction in cases where patent issues are insubstantial and hypothetical in comparison to state law claims wielding strong state interests. In addition, regional circuit courts can exert jurisdiction over non-compulsory patent counterclaims. Most importantly, in light of the rise in patent prominence and the growth of patent jurisprudence stewarded solely by the Federal Circuit in the last thirty-three years, regional circuit courts must proceed with

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*Id.*

345. Schoenhard, *supra* note 310, at 22–23 (observing that circuit courts’ jurisdictional inquiry “involves a question of timing. Is jurisdiction based on any counterclaims, as originally filed? As amended? Or, as . . . extant at the time appeal is taken?”).

346. *See supra* Part V.B.

347. *See supra* Part V.A.

348. *See supra* Part V.C.

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utmost care. After all, sharing judicial labor is a task of delicate balance that *all* circuit courts must treasure in the interest of justice.