No. 11-1118

IN THE

Supreme Court of the United States

JERRY W. GUNN, INDIVIDUALLY, WILLIAMS SQUIRE & WREN, L.L.P., JAMES E. WREN, INDIVIDUALLY, SLUSSER & FROST, L.L.P., WILLIAM C. SLUSSER, INDIVIDUALLY, SLUSSER, WILSON & PARTRIDGE, L.L.P., AND MICHAEL E. WILSON, INDIVIDUALLY,

Petitioners,

v.

VERNON F. MINTON

Respondent.

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF TEXAS

BRIEF OF THE INTELLECTUAL PROPERTY LAW ASSOCIATION OF CHICAGO AS *AMICUS CURIAE* SUPPORTING RESPONDENT

JANET PIOLI
PRESIDENT, INTELLECTUAL PROPERTY LAW ASSOCIATION OF CHICAGO
BRINKS HOFER GILSON & LIONE
NBC Tower - Suite 3600
455 N. Cityfront Plaza Drive
Chicago, IL 60611
(312) 321-4725

CHARLES W. SHIFLEY
Counsel of Record
BANNER & WITCOFF, LTD.
Ten South Wacker Drive
Suite 3000
Chicago IL 60606-7404
(312) 463-5441
shifley@bannerwitcoff.com

Attorneys for Amicus Curiae

(Additional Counsel Listed on Inside Cover)

245285

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

Additional counsel:

David L. De Bruin
Michael Best & Friedrich LLP
Two Prudential Plaza
180 N. Stetson Avenue, Suite 2000
Chicago, Illinois 60601
312-596-5804

Donald W. Rupert
Marshall, Gerstein & Borun LLP
233 South Wacker Drive
6300 Willis Tower
Chicago, IL 60606
(312) 474-6300

TABLE OF CONTENTS

Page

TABLE OF CONTENTS. i

TABLE OF CITED AUTHORITIES iv

INTEREST OF AMICUS CURIAE 1

SUMMARY OF ARGUMENT 3

ARGUMENT 7

I. Petitioners' Challenge to the Federal Circuit's Decisions in *Air Measurement* and *Immunocept* Has Broad Implications for the Federal Practice of Patent Law 7

A. Petitioners Seek to Overturn the Federal Circuit Decisions in *Air Measurement* and *Immunocept*. 7

B. The Federal Government Has Unique and Important Interests in the Regulation of the Patent Practice Implicated in Patent Malpractice Actions. 8

C. Patent Practice Covers a Broad Range of Interrelated and Exclusively Federal Activities 10

Table of Contents

Page

II. The Federal Circuit Properly Held that Claims of Malpractice in the Practice of Patent Litigation Are Within the Exclusive Jurisdiction of the Federal Courts Under a Proper Application of the *Grable* Standards. 13

A. This Court Has Construed the "Arising Under" Jurisdiction In 28 U.S.C. § 1338(a) in the Same Way as the "Arising Under" Jurisdiction In 28 U.S.C. § 1331. 13

B. The *Grable* Standard for Federal Question Jurisdiction Where State Claims Turn on Embedded Questions of Federal Law Provides Proper Guidance. 15

C. The Holdings of *Air Measurement* and *Immunocept* Do Not Conflict with *Grable*. 16

D. Congress' Exclusion of State Court Jurisdiction and Manifest Desire for National Uniformity Express Congressional Intent that Embedded Issues Touching Patent Law and the Regulation of Its Practice Are Substantial as a Matter of Law. 20

Table of Contents

Page

1. Because Federal Jurisdiction of Patent Claims Is Exclusive, a Relatively Bright-line Should Delineate When a Patent Issue Gives Rise to Federal Jurisdiction So As to Avoid Injustice. 20

E. The Federal Courts Improvement Act of 1982 and the America Invents Act Reflect a Congressional Intent that All But Immaterial, Inferential or Frivolous Patent Law Questions Are "Substantial" for the "Arising Under" Analysis. 24

F. District Court Jurisdiction Over Patent Malpractice Actions Does Not Distort Any Division of Labor Between the State and Federal Courts Provided or Assumed by Congress. 27

III. Patent Related Malpractice Actions Will Not Overburden the Federal Courts 29

CONCLUSION 31

TABLE OF CITED AUTHORITIES

Page

Cases

Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.,
504 F.3d 1262 (Fed. Cir. 2007). . . . . *passim*

American Wellworks Co. v. Layne & Bowler Co.,
241 U.S. 257 (1916) 22

Christianson v. Colt Indus. Op. Corp.,
486 U.S. 800 (1988) . . . . . *passim*

Grable & Metal Prod., Inc. v. Darue Eng'g. & Mfg.,
545 U.S. 308 (2005) . . . . . *passim*

Holmes Group Inc. v. Vornado Air Circulation Sys., Inc.,
535 U.S. 826 (2002) 25

Holmes Group, Inc. v. Vornado Air Circulation Sys.,
13 Fed. Appx. 961 (Fed. Cir. June 5, 2001). 25, 26

Immunocept, L.L.C. v. Fulbright & Jaworski, L.L.P.,
504 F.3d 1281 (Fed. Cir. 2007). . . . . *passim*

In re Caveney,
761 F.2d 671 (Fed. Cir. 1985) 10

Page

In re Seagate,
497 F.3d 1360 (Fed. Cir. 2007). 12

Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc.,
322 F.3d 1335 (Fed. Cir. 2003). 18

Magnetek v. Kirkland & Ellis, LLP,
954 N.E.2d 803, 352 Ill. Dec. 720 (App. 2011) 21

Magnetek, Inc., v. Kirkland & Ellis, LLP.,
Case No. 10-C-2131, 2010 WL 3052224 (N.D. Ill. Jun. 7, 2010) 21

Pfaff v. Wells,
525 U.S. 55 (1998) 7

Sperry v. Florida ex rel. Florada Bar,
373 U.S. 379 (1963) 4, 9, 28

Statutes

28 U.S.C. § 1295(1). 25, 26

28 U.S.C. § 1331 . . . . . *passim*

28 U.S.C. § 1333. 24

28 U.S.C. § 1334(e)(2) 24

Cited Authorities

Page

28 U.S.C. § 1338 . . . . . 14, 21, 26

28 U.S.C. § 1338(a) . . . . . *passim*

28 U.S.C. § 1454 26

35 U.S.C. § 102(b) 7

35 U.S.C. § 2(b)(2)(D) 4, 9

35 U.S.C. § 316 28

35 U.S.C. § 32 9

35 U.S.C. § 101, *et seq* 11

U.S.C. § 1338(a) 3

Other Authorities

U.S. Const. art. I, § 8, cl. 8 8

U.S. Const. art. III, § 2 4

Act of Apr. 10, 1790, ch. 7, 1 Stat. 109 9

Act of July 4, 1836, ch. 357, § 6, 5 Stat. 117 9

Federal Courts Improvement Act of 1982, Pub. No. 97-164, 96 Stat. 25 H.R. Rep. No. 109-407, at 9 (2006) 10, 20, 24, 25

Page

House Rep. No. 97-312, 97th Cong., 1st Sess. 20-23 (1981) 23

H.R. Rep. No. 109-407, at 9 (2006) 25, 26, 27

Rules

37 C.F.R. § 10.1 *et seq* 4, 9

37 C.F.R. § 11.19 *et seq* 9

37 C.F.R. § 11.6 9

37 C.F.R. § 11.7. . . . . .4, 9

Fed. R. Civ. Pro. 12(b)(6) 21

Sup. Ct. R. 37.3(a) 1

INTEREST OF AMICUS CURIAE

Founded in 1884, the Intellectual Property Law Association of Chicago (IPLAC) is a voluntary bar association of over 1,000 members who work daily with patents, trademarks, copyrights, trade secrets, and the legal issues that such intellectual property presents.[1] IPLAC is the county's oldest bar association devoted exclusively to intellectual property matters. Its members include attorneys in private and corporate practice as well as government service, whose work routinely involves intellectual property rights. Many of its members are admitted to practice before the U.S. Patent and Trademark Office (USPTO) as well as state and federal bars throughout the United States. Its members and the businesses they serve are involved in literally every technical and scientific discipline existing today, *e.g.*, chemistry, electronics, computer hardware and software, biotechnology, green technology, nanotechnology, and many others.

---

1. Consents to file this brief from the counsel of record for all parties are on file with the Clerk of the Court pursuant to Supreme Court Rule 37.3(a). This brief was not authored, in whole or in part, by counsel to a party, and no monetary contribution to the preparation or submission of this brief was made by any person or entity other than IPLAC or its counsel. After reasonable investigation, IPLAC believes that no member of its Board or Litigation or Amicus Committees who voted to prepare this brief on its behalf, or any attorney in the law firm or corporation of such a board or committee member, represents a party with respect to this litigation. Some committee members or attorneys in their respective law firms or corporations may represent entities that have an interest in other matters which may be affected by the outcome of this litigation.

Members of IPLAC routinely prepare and prosecute patent applications, litigate patent cases, and render legal opinions on patent issues in the litigation, prosecution and licensing areas. In the litigation context, IPLAC's members are split about equally between plaintiffs and defendants, with all of the aforementioned technologies routinely litigated.[2] Additionally, many of IPLAC's members work for law firms who employ patent agents. While the majority of IPLAC's members are attorneys, IPLAC's membership includes patent agents. Patent agents are non-attorneys who are nonetheless admitted to practice before the USPTO. Although the agents are not licensed attorneys, they are registered in the USPTO to represent patent applicants.

As part of its central objectives, IPLAC is dedicated to aiding in the development of the patent laws both in the PTO and in the courts. Accordingly, IPLAC has a vital interest in the issue presented by this case, which will have a substantial impact on the practice of patent law. The question before this Court is whether the federal courts have exclusive jurisdiction over cases asserting malpractice in matters that involve substantive patent issues. In IPLAC's view, the Federal Circuit jurisprudence at the center of this controversy correctly concluded that such cases are properly within the exclusive jurisdiction of the federal courts.

---

2. While over 30 federal judges are honorary members of IPLAC, none of them was consulted or participated in any way regarding this brief.

SUMMARY OF ARGUMENT

IPLAC files this brief as *amicus curiae* to help the Court appreciate the implications of its decision and to explain why IPLAC believes that the exercise of subject matter jurisdiction over state malpractice claims involving substantial issues of patent law is most consistent with this Court's jurisprudence and with congressional intent for the exercise of jurisdiction under 28 U.S.C. § 1338(a).[3]

The Petitioners challenge the decision of the Supreme Court of Texas holding that the Texas state courts lacked jurisdiction over Minton's claim of malpractice in the conduct of patent litigation. The Texas Supreme Court relied upon two rulings of the Federal Circuit Court of Appeals: *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.,* 504 F.3d 1262 (Fed. Cir. 2007) and *Immunocept, L.L.C. v. Fulbright & Jaworski, L.L.P.*, 504 F.3d 1281 (Fed. Cir. 2007). *Air Measurement* involved a claim of malpractice in the conduct of patent prosecution before the USPTO and in patent litigation; *Immunocept* involved another claim of malpractice in the conduct of patent prosecution. In each case, the Federal Circuit found jurisdiction under 35 U.S.C. § 1338(a). Petitioners challenge the correctness of those rulings.

Malpractice actions can alter the future behavior of professionals. The federal government has important interests in the regulation of professional who engage in patent law. Empowered by the U.S. Constitution to establish a national patent system, Congress created the

3. IPLAC takes no position on whether or not the alleged actions of Petitioners give rise to viable legal malpractice claims.

USPTO to examine patents. Congress authorized the USPTO to regulate the "conduct of agents, attorneys, or other persons representing applicants or other parties" before it 35 U.S.C. § 2(b)(2)(D). An attorney-at-law or other person wishing to pratice before the USPTO must meet various requirements and be registered to USPTO practice. 37 C.F.R. § 11.7. Their conduct is governed by USPTO regulations patterned after the ABA Code of Professional Responsibility. *See* 37 C.F.R. *§* 10.1 *et seq.* This Court has previously barred state action that would interfere with the ability of a person registered in the USPTO to practice before that body. *See Sperry v. Florida ex rel. Florada Bar*, 373 U.S. 379 (1963).

Further, Congress gave the federal courts exclusive jurisdiction to hear patent cases. The attorneys who represent parties in these cases need not be admitted to practice before the USPTO, though many are. For this reason, federal courts have an interest, exclusive of the state courts, regarding the conduct of attorneys who appear before them in patent cases.

In our federal system, state courts are regarded as courts of general jurisdiction while federal courts have judicial power which is limited to those cases enumerated in Article III, *§* 2 of the U.S. Constitution. In *Grable & Metal Prod., Inc. v. Darue Eng'g. & Mfg.*, 545 U.S. 308 (2005), this Court addressed the standard to be applied for determining whether a district court has subject matter jurisdiction under the federal question statute, 28 U.S.C. *§* 1331. That statute generally provides district courts with original jurisdiction over civil actions "arising under the Constitution, laws, or treaties of the United States," commonly referred to as "arising under" jurisdiction.

This Court has likewise referred to subject matter jurisdiction under 28 U.S.C. § 1338(a) as "arising under" jurisdiction. That statute provides district courts with original jurisdiction over "any civil action arising under any Act of Congress relating to patents." This Court stated in *Christianson v. Colt Indus. Op. Corp.*, 486 U. S. 800, 808 (1988), that "[l]inguistic consistency" required the same test be used to determine whether a case arises under § 1338(a) as under § 1331.

The Federal Circuit in *Air Measurement* and *Immunocept* properly applied the test of "arising under" jurisdiction articulated by *Grable* in finding subject matter jurisdiction over a claim of malpractice in the USPTO or in handling federal patent litigation. In particular, these cases considered the requirement that the patent law issues be necessary to the claim, actually disputed and substantial, and that the assertion of federal jurisdiction not be contrary to any allocation of state and federal judicial authority assumed or prescribed by Congress.

Nonetheless, § 1338(a) differs from § 1331 in that the jurisdiction is not only granted, but is exclusive. The need for a clear jurisdictional rule thus becomes critical, lest a plaintiff learn too late that the court in which the matter is filed cannot render relief. Where jurisdiction is concurrent and a borderline case of jurisdiction under § 1331 is presented, a plaintiff can assure its case will be heard by bringing the case initially in state court, albeit with the prospect of removal; where jurisdiction under § 1338(a) presents a close call, the case may proceed for years through trial only to be reversed when the appellate court determines the trial court lacked jurisdiction, after which it may be too late to initiate a new action.

Much of the uncertainty under the *Grable* test arises from the element that asks whether the patent law issue embedded in the state law claim is "substantial." Yet congressional intent regarding adjudication of the patent laws, particularly as evidenced by the legislative histories of the Federal Courts Improvement Act of 1982 and the America Invents Act, indicates that all patent law issues, excluding only those that are immaterial, inferential or frivolous, should be deemed "substantial" when applying the *Grable* test.

Further, upholding federal subject matter jurisdiction over state law claims with embedded patent law issues is entirely consistent with the division of labor between state and federal courts envisioned by Congress, particularly when the amendments to the jurisdictional statutes implemented in the AIA are considered.

This clear line will not, as some have suggested, subject the federal courts to a flood of additional cases. An examination of published statistics shows that allowing patent malpractice cases into the federal courts would add less than 0.1% to the federal court dockets. Accordingly, upholding jurisdiction would not overburden the federal courts.

ARGUMENT

I. Petitioners' Challenge to the Federal Circuit's Decisions in *Air Measurement* and *Immunocept* Has Broad Implications for the Federal Practice of Patent Law

A. Petitioners Seek to Overturn the Federal Circuit Decisions in *Air Measurement* and *Immunocept*.

The Petitioners are attorneys who were sued in the Texas state courts for legal malpractice. Respondent alleged malpractice in their conduct of patent litigation before a federal district court. While represented by Petitioners, Respondent lost a patent infringement case in which the federal district court, upon summary judgment, held that Respondent's patent was invalid under 35 U.S.C. § 102(b), based on the existence of an on-sale bar. *See, e.g., Pfaff v. Wells*, 525 U.S. 55 (1998). Respondent claims that Petitioners failed to argue that the sale found to constitute the bar was in fact a permitted experimental use, and that this failure constitutes malpractice.

This Court granted certiorari to review the decision of the Supreme Court of Texas that the state court lacked jurisdiction over Respondent's claim of patent litigation malpractice. The Texas Supreme Court relied upon two rulings of the Federal Circuit Court of Appeals: *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.,* 504 F.3d 1262 (Fed. Cir. 2007) and *Immunocept, L.L.C. v. Fulbright & Jaworski, L.L.P.*, 504 F.3d 1281 (Fed. Cir. 2007). *Air Measurement* involved a claim of malpractice in the conduct of patent prosecution

before the USPTO and in patent litigation; *Immunocept* involved another claim of malpractice in the conduct of patent prosecution. In each case, the Federal Circuit held that there was exclusive federal court jurisdiction under 28 U.S.C. § 1338(a).

Petitioners directly attack the Federal Circuit's holdings in *Air Measurement* and *Immunocept*, arguing that the Federal Circuit failed to apply properly the standards articulated by this Court in *Grable & Sons Metal Prod., Inc. v. Darue Eng'g. & Mfg.*, 545 U.S. 308, 312 (2005), for determining whether a state law claim with an embedded patent law issue is a civil action "arising under" the patent laws for purposes of jurisdiction under 38 U.S.C. § 1338(a). Petitioners' Brief i, 33 *et seq.*

In addressing this issue, this Court should be aware not only of the important federal interests at stake, but of the broad range of patent activities that any decision may affect.

B. The Federal Government Has Unique and Important Interests in the Regulation of the Patent Practice Implicated in Patent Malpractice Actions.

Federal authority over patent law is embedded in the U.S. Constitution and reflected in numerous Congressional determinations. Article I, § 8, clause 8 of the U.S. Constitution specifically provides Congress with the power to establish a national patent system to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and

Discoveries." In 1790, Congress passed the first patent statute. Act of Apr. 10, 1790, ch. 7, 1 Stat. 109. In 1836, Congress created a patent office to examine applications for patents. Act of July 4, 1836, ch. 357, *§* 6, 5 Stat. 117. Today, no one doubts that patents play an important, albeit at times controversial, role in our national economy.

Congress has authorized the USPTO not only to examine and grant patents, but to regulate the "conduct of agents, attorneys, or other persons representing applicants or other parties" before it under authority provided by 35 U.S.C. *§* 2(b)(2)(D). *See generally*, *Sperry v. Florida ex rel. Florida Bar*, 373 U.S. 379 (1963). Pursuant to USPTO regulations, an attorney-at-law or other person wishing to pratice before the USPTO must first meet certain academic qualifications, such as having a degree in a scientific or engineering discipline. 37 C.F.R. § 11.7. Generally, they must pass an examination and be registered to practice before the USPTO. *Id.* Patent agents, who are not attorneys-at-law, and patent attorneys have the same authority to prosecute patents on behalf of applicants within the USPTO. 37 C.F.R. § 11.6. The conduct of each is governed by USPTO regulations patterned after the American Bar Association Code of Professional Responsibility. *See* 37 C.F.R. *§* 10.1 *et seq.* The USPTO also has implemented rules for investigating and disciplining persons who practice before it. *See* 37 C.F.R. *§* 11.19 *et seq.* Decisions on such discipline are reviewed in federal court. 35 U.S.C. *§* 32.

In federal Court, parties may be represented in patent litigation within the federal courts is permitted by any attorney admitted to practice in that court. The attorneys need not be admitted to practice before the USPTO,

though many are. Nonetheless, here too the conduct of these proceedings are of specific federal interest. In particular, unlike most areas of federal law, jurisdiction to hear patent cases is exclusive of the state courts. 28 U.S.C. § 1338(a). Accordingly, the federal courts, exclusive of the state courts, have a specific interest in regulating the conduct of the attorneys who practice before them in patent actions.

A malpractice action can influence the conduct of attorneys who practice in a specialized field. For example, a malpractice action could determine that an attorney in federal patent litigation has a duty to undertake certain activities or raise certain arguments before the federal court, over matters of exclusively federal patent law. It would be unusual for the states to regulate the conduct of attorneys in exclusively federal actions, in the same way that it would make little sense for a state to regulate the conduct of representatives before the USPTO. Yet, that is Petitioners' argument in this matter.

C. Patent Practice Covers a Broad Range of Interrelated and Exclusively Federal Activities

While the malpractice alleged in this case arose in the context of litigation, issues of statutory "on sale" bars and experimental use also arise in conducting patent prosecution before the USPTO and in other areas of patent practice. *See, e.g., In re Caveney,* 761 F.2d 671 (Fed. Cir. 1985) (rejection of patent application claims by USPTO affirmed). Similar malpractice claims could be envisioned arising out of alleged negligence in those matters.

Indeed, patent law practice covers a wide variety of legal areas. These include:

- Patent prosecution — the preparation and filing of patent applications in which practitioners must ensure that the applications comply with the patent statutes, 35 U.S.C. §101, *et seq.*, the regulations issued by the USPTO directed to the prosecution process, 37 C.F.R., Chapter I, and the procedures and other matters set forth by the USPTO in its Manual of Patent Examining Procedures.[4]

- Administrative trials in the USPTO — this includes the preparation of *ex parte* reexamination petitions, the former conduct of *inter partes* reexaminations and the conduct of post-grant reviews and *inter partes* reviews that became available on September 16, 2012, under the America Invents Act.

- Patent litigation in the courts — the enforcement or defense of patent infringement charges. These cases typically involve patent claim construction (an issue of law); infringement assessments based on the construed claims; validity determinations relating to, among other things, patentable subject matter, anticipation, obviousness, enablement, and written description, each of which is ultimately a question of law; application of the first sale and experimental use doctrines; and inequitable conduct.

---

4. The Manual of Patent Examining Procedures is a 1,500 + page manual prepared by the USPTO that sets out its understanding of the patent statutes and how practitioners prepare and prosecute patent applications in line with the statutes and the rules of the USPTO. *See* http://www.uspto.gov/web/offices/pac/mpep/index.html.

- Patent opinions — the preparation of legal opinions that address a person's freedom to make, use, sell or import a device or to practice a method in light of existing patents (commonly referred to as a Freedom to Operate opinion); the review of the prosecution history of a patent and preparation of an assessment of the meaning of the patent's claims; the analysis of a device or method and a comparison to the construed claims of a patent for purposes of determining whether there is a reasonable likelihood of infringement; the review of prior art and a comparison of that prior art to the construed claims of a patent to determine whether the claims might be deemed invalid; and the investigation of possible issues of inequitable conduct occurring during the prosecution of the patent. *See, e.g., In re Seagate,* 497 F.3d 1360, 1366 (Fed. Cir. 2007) (subjects of several example opinions described).

Because the same issues commonly arise in patent litigation, in trials before the USPTO, during prosecution of a patent application or in other contexts, a malpractice claim regarding conduct in patent litigation risks affecting the conduct of patent agents and patent attorneys in other patent law activities, including those before the USPTO and in other patent litigation within the various federal courts.

II. The Federal Circuit Properly Held that Claims of Malpractice in the Practice of Patent Litigation Are Within the Exclusive Jurisdiction of the Federal Courts Under a Proper Application of the *Grable* Standards.

This Court has long-recognized that an action may be one "arising under" a federal law even though the cause of action asserted is created by state law and not federal law. The Court has characterized this as that "longstanding, if less frequently encountered, variety of federal 'arising under' jurisdiction, … [where] federal-question jurisdiction will lie over state-law claims that implicate significant federal issues." *Grable*, 545 U.S. at 312.

> The doctrine captures the commonsense notion that a federal court ought to be able to hear claims recognized under state law that nonetheless turn on substantial questions of federal law, and thus justify resort to the experience, solicitude, and hope of uniformity that a federal forum offers on federal issues.

Id.

A. This Court Has Construed the "Arising Under" Jurisdiction In 28 U.S.C. § 1338(a) in the Same Way as the "Arising Under" Jurisdiction In 28 U.S.C. § 1331.

This Court most recently addressed the scope of federal jurisdiction under 28 U.S.C. § 1338(a) in the context of resolving a jurisdictional dispute between two

federal Courts of Appeals, the Seventh Circuit and the Federal Circuit. *See Christianson v. Colt Ind. Op. Corp.*, 486 U.S. 800 (1988). Each court believed the other had appellate jurisdiction over a federal antitrust claim which alleged, *inter alia*, that defendant Colt had maintained a monopoly by obtaining patents that were presumptively valid but were in fact invalid based upon Colt's wrongful retention of proprietary information. *Id.* at 805–06. The question turned on whether the district court had jurisdiction under § 1338.

In *Christianson*, this Court held that "arising under" jurisdiction was construed the same in § 1338(a) as in other federal jurisdictional statutes using that language. It observed that cases construing the identical "arising under" language in the general federal question statute, 28 U.S.C. § 1331, "quite naturally applied the same test." *Christianson*, 486 U.S. at 808. "Linguistic consistency, to which we have historically adhered, demands that § 1338(a) jurisdiction likewise extend only to those cases in 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." *Id.* at 809.

The decision in *Christianson* turned on the requirement that the patent law issue must be a necessary element of one of the well-pleaded claims. It observed that long ago, in interpreting the predecessor to § 1338, the Court held that for a case to be one "arising under" the patent laws "the plaintiff must set up some right, title or interest under the patent laws, or at least make

it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction of these laws." *Christianson*, 486 U.S. at 807–08 The Court held that plaintiff's antitrust claims did not arise under the patent laws because the patent laws provided just one theory of recovery for each claim, but was not necessary to the overall success of either claim. *Id.* at 810. For this reason, the *Christianson* Court did not discuss whether the federal patent law question presented was "substantial."

B. The *Grable* Standard for Federal Question Jurisdiction Where State Claims Turn on Embedded Questions of Federal Law Provides Proper Guidance

Grable considered whether the federal courts had jurisdiction over a state quiet title action in which Grable claimed that it had superior title to a parcel of land that was seized and sold by the U.S. Internal Revenue Service to satisfy a tax liability. Grable claimed the IRS notice of the sale was not properly served as required by federal law. The Court found jurisdiction, holding: "the national interest in providing a federal forum for federal tax litigation is sufficiently substantial to support the exercise of federal-question jurisdiction over the disputed issue on removal, which would not distort any division of labor between the state and federal courts, provided or assumed by Congress." *Grable*, 545 U.S. at 310.

While disclaiming any effort to articulate "'a single, precise, all-embracing' test for jurisdiction over federal issues embedded in state-law claims between non-diverse parties," the decision in *Grable* strived to do exactly that.

First, the Court ruled that the mere need to apply federal law is not itself sufficient. *Grable*, 545 U.S. at 313. Beyond that, "federal jurisdiction demands not only a contested federal issue, but a substantial one, indicating a serious federal interest in claiming the advantages thought to be inherent in a federal forum." *Id.* Second, the Court required that federal jurisdiction be consistent with congressional judgment about the sound division of labor between state and federal courts governing the application of § 1331. *Id.*

The Court summarized the standard as follows:

> [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.

Id. at 314.

C. The Holdings of *Air Measurement* and *Immunocept* Do Not Conflict with *Grable*.

Like the present case, both *Air Measurement* and *Immunocept* addressed malpractice actions that originated in Texas. The malpractice action in *Air Measurement* was filed in the state court then removed to the federal court. The complaint alleged various errors made by the patentee's patent attorney in prosecuting a patent and in subsequent lawsuits asserting the patent was against alleged infringers. Those lawsuits all settled without any judicial determination of infringement, invalidity or unenforceability. *Air Measurement*, 504 F.3d at 1266.

The Federal Circuit ruled:

> "Because we conclude that the patent infringement question is a necessary element of AMT's malpractice claim and raises a substantial, contested question of patent law that Congress intended for resolution in federal court, we affirm."

Air Measurement, 504 F.3d at 1265. This statement is a succinct statement of the *Grable* standard recited above.

In considering the jurisdictional issue, *Air Measurement* addressed the case-within-a-case aspect of the malpractice action causation element. Under Texas law, the elements of a malpractice claim are: (1) a duty owed to the plaintiff, (2) breach of that duty, (3) proximate causation of plaintiff's injuries, and (4) damages. *Air Measurement*, 504 F.3d at 1268. Where the claim stems from unsuccessful prior litigation, the plaintiff must establish proximate causation by proving that it would have prevailed in the prior litigation but for the alleged negligence. *Id.* at 1268–69. In that case, this meant the plaintiff would have to prove it would have prevailed in the underlying patent infringement action but for the alleged malpractice.

The defendant-appellant in *Air Measurement* argued that *Grable* added an additional dimension to the *Christianson* test based on the congressionally approved balance between federal and state jurisdiction. *Air Measurement*, 504 F.3d at 1271. The Federal Circuit rejected this argument, concluding that the federalism concern expressed in *Grable* was not new and that *Grable* did not change the "arising under" case law. *Id.*

> There is a strong federal interest in the adjudication of patent infringement claims in federal court because patents are issued by a federal agency. The litigants will also benefit from federal judges that have experience in claim construction and infringement matters. *See Grable*, 545 U.S. at 1315, 125 S. Ct. 2363; *see also Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc.*, 322 F.3d 1335, 1341 (Fed. Cir. 2003) . . . Under these circumstances, patent infringement justifies "resort to the experience, solicitude, and hope of uniformity that a Federal forum offers on federal issues." *Grable*, 545 U.S. at 312.

Air Measurement, 504 F.3d at 1272.

The malpractice action in *Immunocept* was filed in the United States District Court for the Western District of Texas, relying upon § 1338 for jurisdiction. The alleged malpractice was malpractice in the conduct of patent prosecution before the USPTO.

The *Immunocept* decision, rendered by the same Federal Circuit panel and on the same day as *Air Measurement,* characterized *Grable* as merely rephrasing *Christianson*'s two-part test: "The Supreme Court later rephrased the *Christenson* two-part test as a determination of whether 'a state-law claim necessarily 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 judicial responsibilities.'" *Immunocept*,

504 F.3d at 1284 (*quoting Grable*, 545 U.S. at 314.)

Consistent with the *Grable* test, the Federal Circuit first found that because the alleged claim drafting error was the "sole basis of negligence, the claim drafting error is a necessary element of the malpractice cause of action." *Immunocept*, 504 F.3d at 1285. The court went on to address the next two elements of the *Grable* test, namely, that the issue be actually disputed and be a substantial question.

> The parties, however, dispute whether there was a drafting mistake. Therefore, if determining claim scope involves a substantial question of federal law that passes the federalism muster of *Grable,* there is §1338 jurisdiction over the malpractice claim under both *Christensen* and *Grable.*

Id. at 1285. After reviewing some of its prior case law regarding § 1338 jurisdiction, the court continued:

> Because patent claim scope defines the scope of patent protection, . . . , we surely consider claim scope to be a substantial question of patent law. As a determination of patent infringement serves as a basis of §1338 jurisdiction over related state law claims, so does a determination of claim scope. After all, claim scope determination is the first step of a patent infringement analysis. . . .

Id. (citations omitted).

The court went on to consider the federalism concerns and whether the exercise of jurisdiction in a federal forum would disturb any congressionally approved balance of federal and state judicial responsibilities. In addressing this, the court observed that because a claim scope determination is a complex question of law, litigants would benefit from federal judges who are accustomed to handling the complicated rules. *Immunocept*, 504 F.3d at 1285. "Additionally, Congress' intent to remove non-uniformity in the patent law, as evidenced by its enactment of the Federal Courts Improvement Act of 1982, Pub. No. 97-164, 96 Stat. 25, is further indicium that § 1338 jurisdiction is proper here." *Id*. at 1285–86.

The Federal Circuit holdings in *Air Measurement* and *Immunocept* expressly and properly applied this Court's law regarding "arising under" jurisdiction and, particularly, the test as articulated in *Grable*.

D. Congress' Exclusion of State Court Jurisdiction and Manifest Desire for National Uniformity Express Congressional Intent that Embedded Issues Touching Patent Law and the Regulation of Its Practice Are Substantial as a Matter of Law.

1. Because Federal Jurisdiction of Patent Claims Is Exclusive, a Relatively Bright-line Should Delineate When a Patent Issue Gives Rise to Federal Jurisdiction So As to Avoid Injustice.

In *Christianson*, the parties were bounced back and forth in a game of "jurisdictional ping-pong" between

the two courts of appeal, each claiming the other had jurisdiction. The Court noted the expense and frustration that this can cause parties to litigation, nonetheless acknowledging that such problems are inherent in drawing jurisdictional lines in close cases. 486 U.S. at 818.

The risk of injustice is particularly egregious when the issue is exclusive jurisdiction, such as under *§* 1338. In cases of jurisdiction under *§* 1331, the state courts, being courts of general jurisdiction, will always be available to a plaintiff in a case where federal jurisdiction is a close call. This is not so, however, under *§* 1338.

Because jurisdiction under *§* 1338 is exclusive, a plaintiff making a misjudgment as to which court has jurisdiction may risk loss of its claim. This is exemplified by the patent malpractice claim at issue in *Magnetek v. Kirkland & Ellis, LLP,* 954 N.E.2d 803, 352 Ill. Dec. 720 (App. 2011). In that case, plaintiff filed a malpractice suit in state court in August, 2008, alleging negligence in a patent litigation. The trial court dismissed the case in April, 2010 for lack of subject matter jurisdiction. Promptly thereafter, the plaintiff brought a new action in the United States District Court for the Northern District of Illinois. That action was met with a motion to dismiss for filing the action after the expiration of Illinois' applicable 2 year statute of limitations. *See Magnetek, Inc., v. Kirkland & Ellis, LLP.*, Case No. 10-C-2131, 2010 WL 3052224 (N.D. Ill. Jun. 7, 2010) (Defendant's motion to dismiss pursuant to Fed. R. Civ. Pro. 12(b)(6)).

In *Grable*, Justice Thomas wrote a concurring opinion to emphasize his view that "jurisdictional rules should

be clear." 545 U.S. at 321. He observed that no one had asked the Court to adopt the rule Justice Holmes had set forth in *American Wellworks Co. v. Layne & Bowler Co.*, 241 US 257 (1916). Justice Holmes argued that §1331 jurisdiction should be limited to cases in which federal law creates the cause of action pled on the face of the plaintiff's complaint. Justice Thomas, in his concurrence, observed that "whatever the vices of the *American Wellworks* rule, it is clear." *Id.* at 321. The majority in *Grable*, however, expressly reaffirmed its rejection of the bright line Justice Holmes would have drawn. *Id.* at 314.

Petitioner characterizes the "arising under" case law as "muddled" and argues for a bright-line test that would exclude all patent malpractice actions from the federal courts. Petitioners' Brief 47–54. Petitioners' proposed bright line, however, would lead to a chaotic circumstance where fifty states would regulate what constitutes malpractice before the USPTO and influence the conduct of attorneys handling matters exclusively relegated to the federal courts. It would also conflict with Congressional intent discussed *infra.*

The AIPLA Brief, at 20, argues that state law claims with embedded patent law questions should be deemed "substantial" only if presenting "issues relating to the validity, construction or effect of the patent laws, whose resolution would settle a significant question of patent law and govern future cases." This standard would overturn *Air Measurement* and *Immunocept*, based upon the questionable assumption that there is a distinction between the application of law and the construction or effect of the law. More importantly, it too is at odds with the intent of Congress expressed when it created the Federal Circuit:

> Presently, there are three possible forums for patent litigation, the Court of Customs and Patent Appeals, a federal district court, or the Court of Claims. Although these multiple avenues of review do result in some actual unresolved conflicts in patent law, *the primary problem in this area is uncertainty which results from inconsistent application of the law to the facts of an individual case.* Even in circumstances in which there is no conflict as to the actual rule of law, the courts take such a great variety of approaches and attitudes toward the patent system that the application of the law to the facts of an individual case produces unevenness in the administration of the patent law.

House Rep. No. 97-312, 97th Cong., 1st Sess. 20-23 (1981) (hereafter House Rep.) (emphasis added). Congress expressly sought uniformity in the application of the patent laws, not just consistent construction or effect (assuming such can be discerned without reference to context).

What remains is a recognized need for a relatively clear line in view of the greater risks a mistaken judgment on jurisdiction may cause when federal jurisdiction is exclusive. Even where the issue was solely one of which appellate court had jurisdiction, this Court recognized that jurisdictional uncertainty "would undermine public confidence in our judiciary, squander private and public resources, and commit far too much of this Court's calendar to the resolution of fact specific jurisdictional disputes that lack national importance." *Christianson*, 486 U.S. at 818–19.

E. The Federal Courts Improvement Act of 1982 and the America Invents Act Reflect a Congressional Intent that All But Immaterial, Inferential or Frivolous Patent Law Questions Are "Substantial" for the "Arising Under" Analysis.

This Court has strived to apply the same set of rules to determine "arising under" jurisdiction regardless of the jurisdictional statute that employs those well-worn words, being constrained by "linguistic consistency." *Christianson*, 486 U.S. at 808–09. The *Grable* test, while perhaps not a "single, precise, all-embracing" test, nonetheless in application can provide greater certainty in determining jurisdiction under *§* 1338(a), by recognizing that Congress has evidenced its intent that all embedded patent law questions other than those that are immaterial, inferential, or frivolous, present "substantial" federal questions.

While *§* 1338(a) applies the same "arising under" terminology as *§* 1331, in applying the *Grable* test, this Court should acknowledge that the exclusivity of the jurisdiction under § 1338(a) is a congressional expression reflecting the substantiality of questions affecting patents and patent law. There are few other areas where Congress has taken the step of making federal court jurisdiction exclusive.[5]

---

5. Title 28 provides admiralty cases, 28 U.S.C. *§* 1333, and certain aspects of bankruptcy cases brought under title 11, 28 U.S.C. *§* 1334(e)(2), as subject to exclusive federal court jurisdiction.

Congress also expressed its view that patent law issues in general are substantial federal issues in the creation of the Federal Circuit Court of Appeals under the Federal Courts Improvement Act of 1982 ("FCIA"). Congress sought uniform application of the patent laws, and to avoid forum shopping, by consolidating appeals from patent cases into one court, the Federal Circuit. Congress apparently did not chose the best statutory language to implement its intent, *see Holmes Group Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 833–34 (2002), but these were Congress' goals in creating the Federal Circuit. Further, the legislative history manifests Congress' intent to vest the newly-created Federal Circuit Court of Appeals with broad and diverse jurisdiction to hear cases involving non-patent law issues when related and non-frivolous patent issues were also present. *See* H.R. Rep. No. 109-407, at 9 (2006). The Federal Circuit has implemented Congress' intent by carefully exercising jurisdiction only over cases in which a party's claim for relief arose under the federal patent laws or where a plaintiff's right to relief depends on the resolution of a substantial question of federal patent law. *Holmes Group, Inc. v. Vornado Air Circulation Sys.*, 13 Fed. Appx. 961 (Fed. Cir. June 5, 2001) (vacating judgment and remanding case to district court); *Air Measurement,* 504 F.3d 1262 (discussed *supra* at Sec. II.C) and *Immunocept*, 504 F.3d 1281 (discussed *supra* at Sec. II.C).

In adopting recent amendments to Sections 1338(a) and 1295(1) of Title 28 in the America Invents Act of 2011 ("AIA"), Congress affirmed its intent to vest the Federal Circuit with broad and diverse jurisdiction. The amendments to Sections 1338(a) and 1295(1) were prompted by this Court's decision in *Holmes*, which

applied the well-pleaded complaint rule to hold that a counterclaim seeking relief for patent infringement did not make the civil action one "arising under" the patent laws. H.R. Rep. No. 109-407, at 5. Congress expressed its belief that the *Holmes* decision "contravened the will of Congress when it created the Federal Circuit." *Id.* Congress was concerned that the *Holmes* decision would "induce litigants to engage in forum-shopping among the regional circuits and State courts" resulting in the "erosion in the uniformity or coherence in patent law that has been steadily building since the Circuit's creation in 1982." *Id.*

The AIA legislatively reversed *Holmes*, providing that a patent counterclaim provides removal jurisdiction in the district court pursuant to 28 U.S.C. *§* 1454. Pub. L. 112-29, 125 Stat. 284, 331–32 (codified as amended 35 U.S.C. §§ 1338(a), 1295(1)). While leaving the first sentence of *§* 1338 the same, the AIA broadened the extent to which state court subject matter jurisdiction is excluded: "No State court shall have jurisdiction over any *claim for relief* arising under any Act of Congress relating to patents …." *Id.* (emphasis added). This provision essentially mandates that the district courts hear all claims for relief under the patent laws, and overrules the application of the well-pleaded complaint rule as a limitation for "arising under" jurisdiction under *§* 1338(a).

The AIA jurisdictional amendments became effective on September 16, 2011. What is important here is the clear reaffirmation that patent law issues are particularly viewed by Congress as substantial issues of federal law. Congress explained:

> the statutory language in question specifically requires that the district court have jurisdiction under 28 U.S.C. § 1338. This, standing alone, is a substantial requirement. *Immaterial, inferential, and frivolous allegations of patent questions will not create jurisdiction in the lower court*, and therefore will not create jurisdiction in the appellate court.

H.R. Rep. No. 109-407, at 41 (emphasis added). This suggests that where the claim raises a patent law issue that is *not* immaterial, inferential or frivolous, the district court is presented with a "substantial" issue of federal patent law.

F. District Court Jurisdiction Over Patent Malpractice Actions Does Not Distort Any Division of Labor Between the State and Federal Courts Provided or Assumed by Congress.

Grable provided a separate federalism test even where the state action discloses a contested and substantial federal question: "the 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 governing the application of § 1331," or, here, § 1338(a). 545 U.S. at 313-314.

This factor seeks an assessment of congressional intent, not a balancing of federal and state interests. Accordingly, Petitioners' discussion of state interests in legal malpractice actions and regulation of attorneys-at-

law has little relevance. Regardless, such interests cannot outweigh the expressed federal interests.

First, Congress vested the federal courts with exclusive jurisdiction in patent matters. Particularly in the face of Congress' recent broadening of the state court exclusion of jurisdiction over patent cases, it cannot be argued that Congress intended to veto a broad scope of federal court jurisdiction over matters touching patent law issues.

Second, Congress authorized the USPTO to regulate all persons, attorneys and non-attorneys alike, who practice before the USPTO. The procedures within the USPTO include "trials" before the Patent Trial and Appeal Board. As of September 16, 2012, these include *inter partes* reviews. Those trials include the taking of depositions governed by the Federal Rules of Evidence, as well as oral and written argument. Pub. L. 112-29, 125 Stat. 302–03 (codified at 35 U.S.C. § 316). Here, Congress provided for federal regulation subject to federal court review, and there is no basis to argue that federal court jurisdiction over malpractice in this area is inconsistent with any congressionally assumed division of labor. *Cf. Sperry v. Florida ex rel. Florada Bar*, 373 U.S. 379 (1963) (holding state could not bar patent agent from engaging in acts incident to the preparation and prosecution of patent applications before the USPTO).

Accordingly, allowing the federal courts to determine patent malpractice actions is entirely consistent with the judgment of Congress regarding *§* 1338(a).

III. Patent Related Malpractice Actions Will Not Overburden the Federal Courts

Petitioners imply that if the Federal Circuit's "arising under" approach to legal malpractice claims stands, the federal district courts will be overburdened. (Petitioners' Brief 49–51). Published data show the contrary.

According to the statistical tables of the United States federal judiciary for the calendar years 2000 through 2011, there were a total of 3,197,665 civil actions filed in the district courts. (*See* the data for each calendar year found in the statistical tables at http://www.uscourts.gov/uscourts/Statistics/StatisticalTablesForTheFederalJudiciary/StatisticalTables_Archive.aspx). During that same time period, there were 35,650 actions filed that were characterized as patent actions. (*Id.*, Table C-2 for each calendar year). Thus, over the twelve year period, patent matters accounted for only 1.1% of all civil actions.

Published data relating to malpractice actions are similar. The Standing Committee on Lawyers' Professional Liability of the American Bar Association publishes malpractice data in its Profile of Legal Malpractice Claims studies, as Petitioners have recognized. (*See* Petitioners' Brief 50–51). Those studies show that for the twelve calendar year period of 2000 through 2011 there were 123,105 total malpractice claims identified by the respondents to the study. These claims covered twenty-five different areas of law. Of this number, during the same time period, there were 2,139 reported claims involving patents, trademarks, and copyrights law areas. Thus, according to the ABA data, the patent, copyright and trademark law claims accounted for 1.74% of the

reported legal malpractice claims. (*See* Am. Bar Ass'n Standing Comm. On Lawyers' Prof'l Liability, Profile of Legal Malpractice Claims 2004-2007 (2008), at 4 tbl. 1, collecting data from 2000 through 2007; Am. Bar Ass'n Standing Comm. On Lawyers' Prof'l Liability, Profile of Legal Malpractice Claims 2008-2011 (2012), at 5 tbl. 1, providing data from 2008 through 2011). On a per year average, there were 178 malpractice actions involving patents, trademarks, and copyrights.[6]

The ABA studies establish that if every one of the 2,139 reported patents, trademarks, and copyrights malpractice actions had related to patents and filed in the federal courts, that number of cases would have added 0.07% more civil cases to the federal court dockets over the twelve year period than actually experienced. This would amount to 1.9 additional cases per district per year. Further, since trademark jurisdiction is not exclusive, upholding the decision of the Supreme Court of Texas would make only a portion of these cases federal cases. On this basis, the district courts would hardly be overburdened by upholding federal jurisdiction.

---

6. The ABA studies report more than just patent malpractice matters. The definition of "patents, trademarks, and copyrights" used in each study includes "all aspects of the registration, protection and licensing of patents, trademarks or copyrights; practice before federal and state courts in actions for infringement and other actions; the prosecution of applications before the United States Patent and trademarks Office' counseling with regard to the law of unfair competition as it relates to patents, trademarks and copyrights." (*See* the ABA 2008 study at 21; *see also* the ABA 2012 study at 22).

CONCLUSION

This Court should affirm the holding of the Supreme Court of Texas and the holdings of the Federal Circuit in *Air Measurement* and *Immunocept*, and rule that in applying the *Grable* standards to jurisdiction under § 1338, patent law issues are "substantial" unless shown to be immaterial, inferential or frivolous.

Respectfully Submitted

CHARLES W. SHIFLEY
Counsel of Record
BANNER & WITCOFF, LTD.
Ten South Wacker Drive
Suite 3000
Chicago IL 60606-7404
(312) 463-5441
shifley@bannerwitcoff.com

Attorneys for Amicus Curiae

Additional Counsel:

JANET PIOLI
PRESIDENT, INTELLECTUAL PROPERTY LAW ASSOCIATION OF CHICAGO
BRINKS HOFER GILSON & LIONE
NBC Tower - Suite 3600
455 N. Cityfront Plaza Drive
Chicago, IL 60611
(312) 321-4725
jpioli@brinkshofer.com

David L. De Bruin
Michael Best & Friedrich LLP
Two Prudential Plaza
180 N. Stetson Avenue, Suite 2000
Chicago, Illinois 60601
312-596-5804
dldebruin@michaelbest.com

Donald W. Rupert
Marshall, Gerstein & Borun LLP
233 South Wacker Drive
6300 Willis Tower
Chicago, Illinois 60606
(312) 474-6300
drupert@marshallip.com