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## Insider's View of Eleventh Circuit Ruling on Patent Dispute Forum

The author of this article, Anuj Desai, briefed and presented oral argument on an issue of first impression recently decided by the Eleventh Circuit, whereby the court clarified the narrow limits of 28 U.S.C. § 1338(a)'s "arising under" jurisdiction over state law claims. *MDS (Canada) Inc. et al. v. Rad Source Tech., Inc.*, No. 11-15145, \_\_\_ F.3d \_\_\_ (11<sup>th</sup> Cir. 2013). Contrary to prior Federal Circuit precedent, the Eleventh Circuit held that even where patent law is a necessary element of one of a plaintiff's well-pleaded state law claims, if the claim does not truly involve a "substantial" question of federal patent law, original jurisdiction does not exist.

### The Appeal

Following a trial involving an alleged breach of a technology license, an appeal to the Eleventh Circuit was made of the district court's judgment largely in favor of the appellee licensor. In its opposition brief, appellee identified a novel issue of jurisdiction, namely, because patent law was a necessary element of one of appellant's contract claims, under then established Federal Circuit authority, the Eleventh Circuit possibly did not have jurisdiction over the appeal.

In supplemental briefing invited on the issue, the appellee cited a then recently issued dissent from the Federal Circuit, *Byrne v. Wood, Herron & Evans, LLP*, 676 F.3d 1024 (Fed. Cir. 2012), which persuasively argued that under Supreme Court precedent, *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 308, 125 S. Ct. 2363 (2005), it is not simply enough that patent law be a necessary element of the state law claim, but rather the question of patent law must also be "substantial" and the exercise of federal jurisdiction over state law claims should not upset any congressionally approved balance of federal and state judicial responsibilities.

In this jurisdictional context, a "substantial" question of patent law involves considerations of whether the issue is a pure question of law, whether it implicates the federal government's interests and would be controlling in other cases, and whether it is dispositive of the case at hand.

Oral argument as to the appeal focused entirely on this jurisdictional inquiry, with the panel split on the issue and Mr. Desai advocating for the rationale of the *Byrne* dissent. Because the breach of contract claim before the Eleventh

Circuit was not “substantial” within the test set forth by *Grable*, appellee asserted that the Federal Circuit did not have jurisdiction over the appeal, despite that court’s precedent to the contrary. Following oral argument, appellee notified the Eleventh Circuit of the recent Supreme Court opinion in *Gunn v. Minton*, \_\_\_ U.S. \_\_\_, 133 S. Ct. 1059, 185 L. Ed. 2d 72 (2013), which confirmed the analysis of the *Byrne* dissent.

Ultimately, in deciding this issue, the Eleventh Circuit cited to all three of the above opinions to hold that it, and not the Federal Circuit, had jurisdiction over the appeal because the issue of patent infringement in the appeal, while necessary, was not a “substantial” one under 28 U.S.C. § 1338(a), and to hold otherwise would unnecessarily sweep a number of state law claims into federal court.

## **What This Means For You**

In disputes involving patent rights, your litigation strategy must accurately recognize the correct forum to bring or defend a lawsuit and for any resulting appeal from such a lawsuit. Filing your suit or appeal in the wrong forum could prove to be an expensive mistake.

## **Not If, But How.®**

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