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## Embedded Federal Questions, Exclusive Jurisdiction, and Patent-Based Malpractice Claims

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EMBEDDED FEDERAL QUESTIONS, EXCLUSIVE  
JURISDICTION, AND PATENT-BASED MALPRACTICE  
CLAIMS

TABLE OF CONTENTS

INTRODUCTION . . . . .	1238
I. MALPRACTICE AND PATENT ATTORNEYS . . . . .	1240
A. <i>The “Suit Within a Suit”</i> . . . . .	1243
B. <i>Preemption Narrowly Construed: Rules,         Regulations, and Ethical Codes for         Patent Prosecution</i> . . . . .	1245
II. “ARISING UNDER” AND THE EMBEDDED FEDERAL QUESTION . . . . .	1245
A. <i>Recent Supreme Court Decisions Articulating the         Meaning of “Arising Under”</i> . . . . .	1247
B. <i>Patent Jurisdiction</i> . . . . .	1251
III. COURT DECISIONS APPLYING <i>GRABLE</i> TO PATENT-BASED MALPRACTICE CLAIMS WHEN CAUSATION RAISES INFRINGEMENT . . . . .	1254
IV. UNDERSTANDING <i>GRABLE</i> , BALANCING FEDERAL INTERESTS, AND RELYING ON STATE COURTS . . . . .	1259
A. <i>Patent-Based Malpractice Claims Raising         Substantive Issues Will Rarely Meet the         First Prong of Grable</i> . . . . .	1259
B. <i>Exercising Federal Jurisdiction over These Claims         Would Contravene the Congressionally Approved         Division of Labor for Malpractice Claims</i> . . . . .	1264
C. <i>An Alternative Approach: Weighing the         Potential for Disruption Against the Federal         Interest at Stake</i> . . . . .	1268
CONCLUSION . . . . .	1272

## INTRODUCTION

“A suit arises under the law that creates the cause of action.”<sup>1</sup> Scholars now understand Justice Holmes’s quote as one of inclusion rather than exclusion, for which it was originally meant.<sup>2</sup> Indeed, it is well settled that at times a state law claim “arises under” federal law such that federal question jurisdiction is proper.<sup>3</sup> But underlying Holmes’s comment is a widely held concern that exercising federal question jurisdiction over a state law claim turning on federal issues could invite a plethora of state filings into federal court.<sup>4</sup> In recent years, the Supreme Court has made efforts to clarify the doctrine and in the process trimmed back the instances in which a federal court should usurp authority over a state law claim.

Imagine a situation in which the individual plaintiff’s sole theory of liability turns on federal law. Further suppose that one of the required elements of the plaintiff’s claim is that she prove this federal violation. Plaintiffs confront this very situation when alleging malpractice against attorneys who handled their federal claims. For these plaintiffs, the federal issue is unavoidable. Malpractice, however, is a traditional state law claim.<sup>5</sup> An aggrieved client may now wonder whether she can bring her malpractice claim in the federal court that could have heard the underlying action or whether she must file in state court.

Yet the door to the federal courthouse is not so easily opened. The presence of a federal issue alone is insubstantial; the claim itself must “arise under” federal law.<sup>6</sup> Not surprisingly, the Supreme Court’s most important decisions interpreting “arising under” occur in the context of 28 U.S.C. § 1331, the general federal question jurisdiction statute.<sup>7</sup> But the phrase appears in other jurisdictional

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1. *Am. Well Works Co. v. Layne & Bowler Co.*, 241 U.S. 257, 260 (1916).

2. MARTIN H. REDISH, *FEDERAL JURISDICTION: TENSIONS IN THE ALLOCATION OF JUDICIAL POWER* 69 (1980).

3. *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 312 (2005).

4. *Id.* at 318.

5. *Singh v. Duane Morris LLP*, 538 F.3d 334, 339 (5th Cir. 2008).

6. *See* 28 U.S.C. § 1331 (2006).

7. *See infra* Part IIA.

statutes as well, namely § 1338, which applies to patents, copyrights, and trademarks.<sup>8</sup> The phrase's meaning is the same in both statutes.<sup>9</sup> Section 1338(a), however, throws a wrench in the works. Section 1338(a) confers *exclusive* jurisdiction on the federal courts for patent cases.<sup>10</sup> Should federal courts treat a patent-based malpractice suit as a patent case, governed exclusively by federal law, or as a state law professional negligence claim?

Two Supreme Court cases shed light on this problem. In *Merrell Dow Pharmaceuticals, Inc. v. Thompson*,<sup>11</sup> the Court failed to find federal question jurisdiction over a state law claim that relied on the violation of a federal statute as negligence per se.<sup>12</sup> Conversely, in *Grable & Sons Metal Products, Inc. v. Darue Engineering & Manufacturing*,<sup>13</sup> the Court held that federal jurisdiction was proper over a state quiet title claim.<sup>14</sup> Read together these cases confirm that the Court sees the embedded federal question as a rare exception to the general rule of federal question jurisdiction. Courts should be reluctant to allow garden-variety state law claims into federal court even if they necessarily require a plaintiff to raise federal issues. The opposite result would be antithetical to the federalism concerns underlying the Court's federal question jurisprudence. Indeed, when there is no significant federal interest at stake, these federalism concerns counsel in favor of remand.

This Note argues that this skepticism against allowing a state claim into federal court should extend to an overwhelming majority of patent-based malpractice claims, despite the statutory grant of exclusive jurisdiction for patent cases. Part I will briefly explain patent-based malpractice and the peculiar problem of the "suit within a suit" requirement for causation analysis. Part II will then discuss relevant Supreme Court jurisprudence on "arising under" jurisprudence, the embedded federal question, and patent jurisdic-

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8. 28 U.S.C. § 1338(a) (2006).

9. *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 808 (1988). In *Christianson*, the Court held that "[l]inguistic consistency" demanded that courts give "arising under" the same meaning in both statutes. *Id.* at 808-09. Functionally, this requires courts to apply § 1331 precedents in § 1338(a) cases.

10. 28 U.S.C. § 1338(a).

11. 478 U.S. 804 (1988).

12. *Id.* at 807.

13. 545 U.S. 308 (2005).

14. *Id.* at 314.

tion. Part III will highlight recent decisions by the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) allowing patent-based malpractice claims in federal court, as well as state court and Fifth Circuit decisions reaching the opposite conclusion. Part IV will apply the Court's current understanding of "arising under" to patent-based malpractice claims and argue that patent-based malpractice claims should rarely qualify for federal question jurisdiction.<sup>15</sup>

### I. MALPRACTICE AND PATENT ATTORNEYS

In the last forty years, the number of malpractice claims has steadily increased.<sup>16</sup> However, until recently, patent-based malpractice claims were quite rare.<sup>17</sup> Whatever the cause,<sup>18</sup> aggrieved clients are bringing more claims against patent attorneys.<sup>19</sup> Considering the high stakes in patent litigation, it is natural for clients to

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15. For purposes of simplicity, the remainder of the Note will refer to federal question jurisdiction as federal jurisdiction, recognizing that diversity and supplemental jurisdiction are also effective avenues for patentees to file their malpractice claims in federal court.

16. 1 RONALD E. MALLEN & JEFFREY M. SMITH, *LEGAL MALPRACTICE* § 1:6, at 21-22 fig.1 (2009). Indeed, Mallen and Smith set forth alternating explanations as to the cause of the rise in malpractice litigation. *Id.* at 23-30. The bottom line is that more aggrieved clients are finding their way to a courthouse.

17. 3 *id.* § 24:24, at 664.

18. As Professor Oddi points out, there are several likely reasons for the increase in patent-based malpractice claims. A. Samuel Oddi, *Patent Attorney Malpractice: An Oxymoron No More*, 2004 U. ILL. J.L. TECH. & POL'Y 1, 4. First, patents have become increasingly valuable over the years, and, especially since the creation of the Federal Circuit in 1982, the courts have displayed an attitude toward heightened enforcement and liberally granting damages to aggrieved patentees. *Id.* at 6-7. Correspondingly, the costs of patent litigation have steadily increased over the last decade. *Id.* at 7 n.33. Professor Oddi's summation is that the "high costs of patent acquisition and litigation" have likely raised clients' expectations; when those expectations are not met, clients seem to be more willing to attempt recovery through a malpractice action. *Id.* at 7. Oddi points to the AIPLA's Report of the Economic Survey for 2003, which reported median patent litigation costs from five hundred thousand dollars to four million dollars, depending on the value of the patent. *Id.* at 7 n.33. The 2007 report showed that for patent infringement suits worth less than one million dollars, the median inclusive litigation costs rose to six hundred thousand dollars, while the median inclusive litigation costs of patent infringement suits worth more than twenty-five million dollars rose to five million dollars. AM. INTELLECTUAL PROP. LAW ASS'N LAW PRACTICE MGMT. COMM., *AIPLA REPORT OF THE ECONOMIC SURVEY 25-26* (2007).

19. AM. BAR ASS'N STANDING COMM. ON LAWYERS' PROF'L LIAB., *PROFILE OF LEGAL MALPRACTICE CLAIMS 2004-2007*, at 4 tbl.1 (2008) [hereinafter *ABA STUDY 2008*]; *see also* Oddi, *supra* note 18, at 3-6.

seek recovery from someone when their expectations are not met.<sup>20</sup> Additionally, patent attorneys, unlike other attorneys, are required to display a certain level of technical skill in order to practice in front of the U.S. Patent and Trademark Office (USPTO).<sup>21</sup> Notwithstanding the heightened technical requirements, the attorney's fiduciary obligation to the client is no different than that of any other attorney.<sup>22</sup>

From a doctrinal perspective, the term legal malpractice is in fact a wide umbrella for tort, contract, or both as causes of action by a client against a former attorney.<sup>23</sup> Generally, legal malpractice is a tort cause of action for a lawyer's violation of the duty to a client.<sup>24</sup> And to prevail, the plaintiff must show not only that her attorney violated this duty but also that the duty caused her injury and resulted in damage.<sup>25</sup>

Whether pled as a tort or contract cause of action, there are numerous types of attorney errors that may form the basis for a malpractice action. The American Bar Association studies the number of malpractice claims filed and their bases, breaking the claims into four distinct groups: administrative errors, substantive errors, client relation errors, and intentional wrongs.<sup>26</sup> For a patent attorney—or any attorney, for that matter—the distinction can be

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20. See Oddi, *supra* note 18, at 7.

21. 37 C.F.R. § 11.7(a)(2)(ii) (2008). Attorneys who wish to prosecute patents in front of the Patent and Trademark Office must complete the Examination for Registration to Practice in Patent Cases Before the United States Patent and Trademark Office. *Id.* § 11.7(a)-(b)(1)(ii).

22. 3 MALLEEN & SMITH, *supra* note 16, § 24:24, at 669.

23. Oddi, *supra* note 18, at 8-9 (noting that although the theory of the cause of action may differ, the requirements are generally the same). Interestingly, in some jurisdictions legal malpractice is both a contract and tort action. 3 MALLEEN & SMITH, *supra* note 16, § 23:3, at 286 (discussing selection of the appropriate statute of limitations). In other jurisdictions, legal malpractice, while sounding in tort, is an action for breach of contract. 1 *id.* § 8:1, at 1024-25.

24. DAN B. DOBBS, THE LAW OF TORTS § 484, at 1385 (2000). That duty is created either by contract or a relationship to the client. *Id.* Generally, the attorney owes her client the duty to exercise the skill, care, and knowledge of a reasonable and prudent attorney in similar circumstances. *Id.* § 485, at 1388. Also, in the tort context, the duty to the plaintiff may arise “from, and because of, the attorney-client relationship.” 1 MALLEEN & SMITH, *supra* note 16, § 8:2, at 1028.

25. Oddi, *supra* note 18, at 9.

26. See ABA STUDY 2008, *supra* note 19, at 10 tbl.5A. Administrative errors can be classified as those involving procedural errors, whereas substantive errors are mainly directed at an attorney's knowledge of the law, failure to properly apply the law, or trial strategy choice. *Id.*

crucial. At one end of the spectrum, the misconduct may involve missed deadlines,<sup>27</sup> misfiled applications,<sup>28</sup> or calendar management issues.<sup>29</sup> At the other end, the misconduct may include defective claim drafting,<sup>30</sup> unfamiliarity with the law or want of technical competence,<sup>31</sup> or defective patent infringement prosecution.<sup>32</sup> The nature of the error affects the degree to which a court must discuss patent issues. Almost all procedural errors will raise the patent issue as an incidental matter.<sup>33</sup> But there are also some substantive errors—such as failure to know patent law—that raise the patent issue collaterally and turn instead on the applicable standard of care.<sup>34</sup> Depending on the degree to which patent issues are present, the court will grapple with these questions in its causation analysis.<sup>35</sup> Causation may, in fact, be the most problematic issue in malpractice.<sup>36</sup> And it plays a central role in the jurisdictional question raised in this Note.

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27. *Delta Process Equip., Inc. v. New Eng. Ins. Co.*, 560 So. 2d 923, 924 (La. Ct. App. 1990).

28. *IMT, Inc. v. Haynes & Boone, LLP*, No. CIV.A 3:98-CV-2634, 1999 WL 58838, at \*1 (N.D. Tex. Feb. 1, 1999) (attorney filed patent application as a continuation-in-part rather than as an original application).

29. Sean B. Seymore, *The Competency of State Courts To Adjudicate Patent-Based Malpractice Claims*, 34 *AIPLA Q.J.* 443, 451 (2006).

30. *Collard & Roe, PC v. Vlacancich*, 789 N.Y.S.2d 599, 600 (N.Y. App. Div. 2004) (attorney drafted patent too narrowly).

31. *Commonwealth Film Processing, Inc. v. Moss & Rocovich, PC*, 778 F. Supp. 283, 284-85 (W.D. Va. 1991) (client alleged that attorney demonstrated inadequate knowledge of the law); *Voight v. Kraft*, 342 F. Supp. 821, 821-22 (D. Idaho 1972) (attorney advised client to pursue a patent that was unpatentable).

32. See *Byrne v. Wood, Herron & Evans LLP*, No. 2:08-102-DCR, 2008 WL 3833699, at \*1 (E.D. Ky. Aug. 13, 2008); *Eddings v. Glast, Phillips & Murray*, No. 3:07-CV-1512-L, 2008 WL 2522544, at \*1 (N.D. Tex. June 25, 2008); *Stratagene v. Parsons Behle & Latimer*, 315 F. Supp. 2d 765, 768 (D. Md. 2004).

33. State courts routinely adjudicate claims when the patent issues are collateral to the claim. See *Carabotta v. Mitchell*, No. 79165, 2002 WL 42948, at \*1-2 (Ohio App. Ct. Jan. 10, 2002). In these situations, the attorney's error either does not affect the patentee's substantive rights or the patentee has no protected patent right. As such, a state court will not have to construe "substantive" patent issues and are perfectly capable of hearing the claim. Seymore, *supra* note 29, at 469; see also *infra* note 119.

34. See *Voight*, 342 F. Supp. at 822.

35. See *infra* Part III.

36. Oddi, *supra* note 18, at 26.

A. *The “Suit Within a Suit”*

For the plaintiff to recover against her attorney in a legal malpractice action, she must show what “should have” happened in the underlying action or matter “but for” the attorney’s error.<sup>37</sup> This requirement is commonly referred to as the “suit within a suit” or “trial within a trial” element of malpractice.<sup>38</sup> This is more than just a creative label. The plaintiff is required to prove the claim that her attorney lost<sup>39</sup> and also that the attorney’s negligence caused that loss.<sup>40</sup> In most cases, the cause-in-fact requirement amounts to a full-blown recreation of the underlying litigation, with the same witnesses and evidence that should have been presented.<sup>41</sup>

As an illustration, assume that an attorney represented a plaintiff in a patent infringement suit but because of a missed filing deadline, the infringing defendant was able to raise a defense of invalidity.<sup>42</sup> If the client later sued the attorney for malpractice, then she would be required to prove that she should have won the underlying infringement suit absent the attorney’s error to demonstrate that this caused her loss.

Although the suit within a suit requirement is extensive, the disposition of the malpractice action often turns on a question of fact. Causation-in-fact will involve all the legal issues that would have been heard in the underlying action. Thus, if the question is whether an attorney’s error caused a loss of claim, the issue may be a matter of law for the court.<sup>43</sup> But when the analysis depends on

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37. 4 MALLEN & SMITH, *supra* note 16, § 35:12, at 1205. Mallen and Smith note, however, that often states use the phrases “would have” (subjective) and “should have” (objective) interchangeably. *Id.* at 1098. But the subjectivity of this substitution can be ameliorated as long as the court approaches the inquiry with reference to what a *reasonable* judge or jury “‘would have’ decided.” *Id.*

38. *Id.* at 1205. This Note will refer to this element simply as the “suit within a suit.” Causation-in-fact is also known as “but for” causation. *Id.*

39. DOBBS, *supra* note 24, § 486, at 1391. In patent cases this can lead to rather technical cases in state courts with no experience in these matters. It is these full-blown patent hearings that have led some to argue that these claims belong in federal court. *See* Seymore, *supra* note 29, at 475-79.

40. DOBBS, *supra* note 24, § 486, at 1390.

41. 4 MALLEN & SMITH, *supra* note 16, § 35:12, at 1206.

42. This hypothetical is loosely based on the facts of *Air Measurement Technology, Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262, 1266 (Fed. Cir. 2007).

43. 4 MALLEN & SMITH, *supra* note 16, § 35:15, at 1253.



factual inquiries to determine whether the attorney's actions were a substantial factor<sup>44</sup> in the result or whether there would have been a better result without the attorney's error—requiring the plaintiff to prove the suit within a suit—the ruling turns on an issue of fact.<sup>45</sup> In addition, the question of proximate cause—whether the attorney's negligence caused the plaintiff's injury—usually raises a question of fact.<sup>46</sup>

Though a malpractice suit is sometimes described as the “conceptual” equivalent of the underlying action,<sup>47</sup> this description can be misleading. While it may be instructive to think of the suit within a suit element as the equivalent of the trial for purposes of scope, that description breaks down when one considers the nature of relief afforded to the aggrieved client. A malpractice claim allows her to recover against the attorney but not against the hypothetical defendant in the underlying action.<sup>48</sup> By proving the suit within a suit, and the rest of the elements, the plaintiff is entitled to recover *from the attorney* what she would have recovered if the case had been tried properly, or even brought, as the case may be.<sup>49</sup> In other words, “damages are the monetary value of an injury,”<sup>50</sup> not restoration of the underlying right itself.

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44. Whether an actor's negligent conduct is a substantial factor in producing harm is determined with regard to several considerations, including: the number of other factors contributing to the harm and the extent of their effects; whether the actor's conduct created a continuous and active force or series of forces in operation up to the time of the harm, or created a condition harmless until acted upon by other forces, not the fault of the actor; and the lapse of time between the actor's conduct and the harm. RESTATEMENT (SECOND) OF TORTS § 433 (1965).

45. 4 MALLEN & SMITH, *supra* note 16, § 35:15, at 1253-54 (“Usually, the answer to this issue concerning litigation malpractice is the result of a recreation of the underlying action in which the error occurred, a determination inextricably involved with factual matters.”).

46. *Id.*

47. *Id.* § 35:1, at 1091; *see also* Seymore, *supra* note 29, at 456 (quoting Mallen & Smith).

48. *See* DOBBS, *supra* note 24, § 492, at 1405-09.

49. *Id.* at 1407.

50. 3 MALLEN & SMITH, *supra* note 16, § 21:1, at 2. Although this distinction may seem obvious or trivial now, this Note contends that it is critical for determining whether the claim is “substantial” and “disruptive” according to the Court's most recent “arising under” jurisprudence. *See infra* Part IV.

*B. Preemption Narrowly Construed: Rules, Regulations, and Ethical Codes for Patent Prosecution*

The USPTO regulates patent practice by setting certain standards of attorney competency and conduct.<sup>51</sup> Despite the existence of multiple ethical codes for a patent attorney during prosecution,<sup>52</sup> there is no express federal cause of action for patent attorney malpractice.<sup>53</sup> Rather, the USPTO regulations preempt state law only “to the extent necessary for the [USPTO] to accomplish its [f]ederal objectives.”<sup>54</sup> The USPTO Code is not the only set of rules governing patent practice; rather, it exists concurrently with those rules that a state already has to govern attorney conduct.<sup>55</sup> Recognizing this, the Federal Circuit has interpreted preemption quite narrowly.<sup>56</sup>

II. “ARISING UNDER” AND THE EMBEDDED FEDERAL QUESTION

Undoubtedly, causation poses difficult questions for a court in a substantive malpractice claim. These difficult questions may also influence a federal court’s jurisdiction analysis, if the underlying suit involved a federal claim. In that case, a court must determine whether this federal ingredient gives rise to federal question jurisdiction. Despite a broad jurisdictional grant of authority in the Constitution to hear cases “arising under” federal law,<sup>57</sup> the federal

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51. See generally 37 C.F.R. §§ 10.1-.170 (2008) (defining attorney qualifications and ethical standards for representation of others before the USPTO).

52. See *id.* §§ 10.22-.23, -.38, -.47-.49, -.77, -.89.

53. See *id.* § 10.1 (“Nothing in this part shall be construed to preempt the authority of each [s]tate to regulate the practice of law.”).

54. *Id.*

55. David Hricik, *Trouble Waiting To Happen: Malpractice and Ethical Issues in Patent Prosecution*, 31 AIPLA Q.J. 385, 391-93 (2003). Professor Hricik compiled a comprehensive study of the various ethical codes governing a patent lawyer and the corresponding ethical problems facing patent lawyers today. *Id.* at 388-91. In addition to the USPTO code, a patent lawyer must be familiar with the ABA Model Code of Professional Responsibility, the ABA Model Rules of Professional Conduct, and the state bar disciplinary rules. *Id.* at 388.

56. *Kroll v. Finnerty*, 242 F.3d 1359, 1364 (Fed. Cir. 2001).

57. U.S. CONST. art. III, § 2, cl. 1 (“The Judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties.”). For a comprehensive history of the term “arising under,” see Anthony J. Bellia Jr., *The Origins of Article III “Arising Under” Jurisdiction*, 57 DUKE L.J. 263 (2007) (noting how the Framers borrowed jurisdictional principles from English courts).

courts had to rely on Congress to describe the boundaries of their jurisdiction.<sup>58</sup> Congress later provided that statutory grant of power in the general federal question jurisdiction statute.<sup>59</sup> Tracking the statute's language, the claim must be one that "aris[es] under" federal law.<sup>60</sup> Notwithstanding Congress's decision to use the same broad constitutional grant in Article III, the Supreme Court has consistently given the statutory grant of authority a narrower application.<sup>61</sup> In straightforward cases, federal jurisdiction lies over cases that involve both a right and remedy provided for by Congress.<sup>62</sup> But in cases where one or both of these are absent, the question is anything but straightforward.<sup>63</sup>

For nearly a century, the Court has allowed lower courts to exercise jurisdiction over state law claims if the plaintiff's right or remedy depends on resolution of a substantial question of federal law.<sup>64</sup> But the Court has been notoriously tepid when it comes to usurping state courts' jurisdiction, noting that "the phrase 'arising under' masks a welter of issues regarding the interrelation of federal and state authority and the proper management of the federal judicial system."<sup>65</sup> Thus, the requirement that the federal issue be "substantial"—and therefore what opens the federal courthouse door—is often not clear.

The Court has rejected the notion that the concept of "arising under" can be captured under the rubric of a "single, precise

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58. *Merrell Dow Pharms., Inc. v. Thompson*, 478 U.S. 804, 807 (1986) ("That [constitutional] grant of power, however, is not self-executing.").

59. The first statutory grant of power was included in the Judiciary Act of 1875, § 1, 18 Stat. 470. The modern general jurisdiction statute, 28 U.S.C. § 1331, contains substantially similar language to the first congressional act.

60. 28 U.S.C. § 1331 (2006) ("The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.").

61. *Merrell Dow*, 478 U.S. at 807.

62. For example, in a patent infringement action, Congress specifically authorizes patent owners a federal cause of action for infringement, 35 U.S.C. § 271 (2006), and provides a damages remedy if they prevail. *Id.* § 284.

63. For an interesting case in which Congress provided a remedy but no federal cause of action, see *Shoshone Mining Co. v. Rutter*, 177 U.S. 505, 513-14 (1900).

64. *See, e.g., Smith v. Kan. City Title & Trust Co.*, 255 U.S. 180, 199 (1921) (holding that a stockholder's suit to enjoin a bank from investing in certain farm loan bonds "ar[is]e under" the Constitution and federal law because the stockholder's suit turned on the constitutionality of the authorizing act).

65. *Merrell Dow*, 478 U.S. at 808 (quoting *Franchise Tax Bd. v. Constr. Laborers Vacation Trust*, 463 U.S. 1, 8 (1983)).

definition.”<sup>66</sup> Yet a test has emerged for federal jurisdiction over state law claims turning on federal issues. Jurisdiction in federal court is appropriate if federal law creates the cause of action, or if the plaintiff’s right to relief necessarily depends on resolution of a substantial question of federal law, which the federal court can adjudicate without infringing on any congressionally approved federal-state division of labor.<sup>67</sup> Application of the second part of this test has not produced uniform results.

*A. Recent Supreme Court Decisions Articulating the Meaning of “Arising Under”*

For § 1338(a) jurisdictional inquiries, courts should look to § 1331 jurisprudence to decide the scope of their jurisdiction.<sup>68</sup> But even with an enunciated test for embedded federal question cases, the meaning of the second basis for federal jurisdiction is not so clear. In addition to meeting the test’s literal requirements, courts must consider the federalism considerations interwoven in the jurisprudence. Two Supreme Court decisions shed light on the precise scope and applicability of the doctrine.

In *Merrell Dow*, the respondent brought several claims against the petitioner for injuries sustained following the ingestion of the petitioner’s drug Benedectin.<sup>69</sup> The respondent’s fourth theory of liability was that the petitioner was negligent per se for violating the Federal Food, Drug, and Cosmetic Act’s (FDCA) labeling standards.<sup>70</sup> Petitioner removed the action to federal court.<sup>71</sup> The district court dismissed the case on grounds of forum non conveniens, but the Sixth Circuit reversed, holding removal improper.<sup>72</sup>

The Supreme Court was careful to note the need for “sensitive judgments about congressional intent, judicial power, and the

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66. *Id.* at 808.

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

68. *See infra* Part II.B.

69. *Merrell Dow*, 478 U.S. at 805-06.

70. *Id.* Specifically, the respondents alleged that there should have been warning labels on the bottles and that violation of the federal statutes was the proximate cause of their children’s injuries. *Id.*

71. *Id.* at 806. A party may remove an action to federal court if the action could have been filed originally in federal court. 28 U.S.C. § 1441(b) (2006).

72. *Merrell Dow*, 478 U.S. at 806-07.

federal system” when construing the meaning of “arising under.”<sup>73</sup> Indeed, the Court rejected broad treatment of what “arises under” federal law and demanded that courts construe their jurisdiction “with an eye to[ward] practicality and necessity.”<sup>74</sup> Despite this language emphasizing the need for sensitive judgments, the Court’s holding seemed rigid and uncompromising.<sup>75</sup> Because Congress had not provided a federal remedy for a violation of the FDCA, there was no federal jurisdiction over the respondent’s state law claim.<sup>76</sup> Referring to the test most closely associated with “arising under” jurisprudence, the Court concluded that the federal issue was not “substantial” enough to elicit a federal forum.<sup>77</sup> Indeed, the Court found it similarly troublesome for courts to exercise federal jurisdiction and provide remedies for state law claims “solely because the violation of the federal statute is said to be ... a ‘proximate cause’ under state law.”<sup>78</sup>

The lower courts, however, struggled mightily with the holding of *Merrell Dow*.<sup>79</sup> This led the Court to address the scope of the phrase “arising under” in a state law claim nineteen years later in *Grable*.<sup>80</sup> After ruling on embedded federal questions in a state tort context, the Court turned to a federal question embedded in another classic

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73. *Id.* at 810.

74. *Id.*

75. *E.g.*, Adam P.M. Tarleton, *In Search of the Welcome Mat: The Scope of Statutory Federal Question Jurisdiction After Grable & Sons Metal Products, Inc. v. Darue Engineering & Manufacturing*, 84 N.C.L. REV. 1394, 1397 (2006).

76. *Merrell Dow*, 478 U.S. at 812 (“[I]t would flout congressional intent to provide a private federal remedy for the violation of the federal statute.”).

77. *Id.* at 814. Drawing on precedent, the Court reiterated that federal jurisdiction was appropriate when “it appear[ed] that some substantial, disputed question of federal law [was] a necessary element of one of the well-pleaded state claims.” *Id.* at 813 (quoting *Franchise Tax Bd. v. Constr. Laborers Vacation Trust*, 463 U.S. 1, 13 (1983)). For the *Merrell Dow* Court, Congress’s decision not to provide a federal remedy for a violation of the FDCA was proof that the statutory violation was not substantial for purposes of federal question jurisdiction. *Id.* at 814.

78. *Id.* at 812.

79. *See, e.g.*, Jason Pozner, Comment, *The More Things Change, The More They Stay the Same: Grable & Sons v. Darue Engineering Does Not Resolve the Split over Merrell Dow v. Thompson*, 2 SETON HALL CIR. REV. 533 (2006) (detailing the post-*Merrell Dow* difficulties that courts had looking for implied or express private rights of action in federal statutes). The author explains how some courts read *Merrell Dow* narrowly and applied the “cause of action” test from *American Well Works*, whereas others chose to ignore *Merrell Dow* as an outlier and continued to employ the *Franchise Tax* test. *Id.* at 556-59.

80. *Id.* at 570.

state law claim—the quiet title action.<sup>81</sup> Grable sued to recover property the Internal Revenue Service (IRS) previously seized to satisfy a tax delinquency.<sup>82</sup> Grable argued that the statute required personal service, rather than the actual notice he received.<sup>83</sup> According to Grable, Darue’s title, acquired from the IRS by quitclaim deed,<sup>84</sup> was deficient.<sup>85</sup>

After Darue removed to federal court,<sup>86</sup> the District Court for the Western District of Michigan upheld jurisdiction despite the lack of federal right of action to enforce Grable’s claim.<sup>87</sup> The Court of Appeals for the Sixth Circuit similarly upheld the finding of jurisdiction.<sup>88</sup> Both courts reached the merits and agreed that the statute did not require personal service, but rather the actual notice constituted substantial compliance with the statute.<sup>89</sup>

Analyzing the embedded federal question jurisprudence, the Court stated the test for “arising under” as follows: “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.”<sup>90</sup> Eschewing the necessity of a federal remedy, the Court found federal jurisdiction because resolution of the state claim would turn solely on construction of the statute and the Government had a significant interest in seeing that the statute was interpreted correctly given the importance of “vindicat[ing] its own administrative action.”<sup>91</sup> And the Court stressed the miniscule effect on the federal-state division of labor given the rarity of state title cases requiring resolution of a “genuine disagreement over federal tax title provisions.”<sup>92</sup>

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81. *Id.* at 571.

82. *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 310 (2005).

83. *Id.* at 311. The statute provided that the IRS give “notice in writing ... to the owner of the property ... [a]s soon as practicable after the seizure.” 26 U.S.C. § 6335(a) (2006).

84. An owner of seized property has 180 days to reclaim the property before the IRS will sell it at auction. 26 U.S.C. § 6337(b)(1) (2006).

85. *Grable*, 545 U.S. at 311.

86. *Id.*

87. *Id.*

88. *Id.*

89. *Id.*

90. *Id.* at 314.

91. *Id.* at 315.

92. *Id.*

Despite the fact that federal law did not provide for federal quiet title actions,<sup>93</sup> the Court cautioned that *Merrell Dow* did not turn a federal cause of action “from a sufficient condition ... into a necessary one” for federal jurisdiction.<sup>94</sup> Rather, the *Merrell Dow* Court saw the lack of a federal action as evidence that the federal question was not substantial and that Congress would disapprove of a federal forum in this situation.<sup>95</sup> To further stress the point, the Court noted *Merrell Dow*’s approval of *Smith v. Kansas City Title & Trust Co.*,<sup>96</sup> in which a federal cause of action was also lacking, yet the Court found federal question jurisdiction.<sup>97</sup> For the *Grable* Court, *Merrell Dow* was simply an example of the Court making “common-sense” jurisdictional judgments that Justice Cardozo had called for during his tenure.<sup>98</sup>

Seemingly, the Court resolved the split caused by *Merrell Dow* and enunciated a test for federal jurisdiction over state claims.<sup>99</sup> Yet scholars have argued over *Grable*’s reach, that is, whether it expanded or contracted the federal courts’ power to hear state claims.<sup>100</sup> This Note argues that, when read together, *Grable* and

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93. *Id.* at 317.

94. *Id.*

95. The Court explained:

*Merrell Dow* should be read in its entirety as treating the absence of a federal private right of action as evidence relevant to, but not dispositive of, the “sensitive judgments about congressional intent” that § 1331 requires.... The Court saw the fact as worth some consideration in the assessment of substantiality. But its primary importance emerged when the Court treated the combination of no federal cause of action and no preemption of state remedies for misbranding as an important clue to Congress’s conception of the scope of jurisdiction to be exercised under § 1331.... For if the federal labeling standard without a federal cause of action could get a state claim into federal court, so could any other federal standard without a federal cause of action. And that would have meant a tremendous number of cases.

*Id.* at 318 (discussing *Merrell Dow Pharms., Inc. v. Thompson*, 478 U.S. 804 (1986)).

96. 255 U.S. 180 (1921).

97. *Id.* at 317-18 (citing *Merrell Dow*, 478 U.S. at 814 n.12).

98. *See id.* at 313.

99. *Cf. Pozner, supra* note 79, at 573-74 (criticizing the lack of clarity in the *Grable* Court’s opinion and detailing the circuits’ treatment of *Grable*).

100. *See, e.g., Lonny S. Hoffman, Intersections of State and Federal Power: State Judges, Federal Law, and the “Reliance Principle,”* 81 TUL. L. REV. 283, 298 (2006) (arguing that the federal jurisdiction over embedded federal questions is a narrow category). *But cf. Lisa M. Norrett, Grable & Sons Reaffirms the Smith Approach to Federal Question Jurisdiction*, PROD. LIAB. LAW & STRATEGY (L.J. NewsLs., New York, N.Y.) Sept. 2005 at 7, available at

*Merrell Dow* stand for the proposition that federal jurisdiction extends only to those cases with a significant federal issue at stake.<sup>101</sup> A substantial question of federal law is not substantial in and of itself. Rather than a simplistic case-by-case approach to jurisdiction, the Court's decisions illustrate that a court must take future effects—that is, the number of similar filings in federal court—into account when deciding jurisdictional effects. Or a ripple may soon turn into a tsunami.

To make matters more complicated, the phrase “arising under” appears in other jurisdiction statutes as well. One such statute is the jurisdictional statute for patent, copyright, and trademark claims.

### *B. Patent Jurisdiction*

In § 1338(a), Congress gave federal courts exclusive jurisdiction over patent cases.<sup>102</sup> But this does not foreclose jurisdictional problems, because the case must still “aris[e] under” the patent laws.<sup>103</sup> In an effort to establish uniformity in patent law, Congress created the Federal Circuit.<sup>104</sup> Unlike its sister courts of appeals, the Federal Circuit's jurisdiction is based on subject matter. If the claim is one in which the district court's jurisdiction was “based, in whole or in part, on [§] 1338,” then the Federal Circuit has exclusive jurisdiction of the appeal.<sup>105</sup>

Despite a separate appellate court and a different jurisdictional statute, many of the § 1338(a) jurisdictional requirements mirror the Court's rulings on § 1331 requirements. As with § 1331 claims, the reference point for the jurisdictional inquiry is the well-pleaded

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[http://www.mckennalong.com/media/site\\_files/349\\_Artic001.pdf](http://www.mckennalong.com/media/site_files/349_Artic001.pdf) (arguing that the post-*Grable* scope of federal question jurisdiction is rather broad).

101. See Tarleton, *supra* note 75, at 1408.

102. 28 U.S.C. § 1338(a) (2006) (“The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive ... in patent, plant variety protection and copyright cases.”).

103. *Id.*

104. Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25.

105. 28 U.S.C. § 1295(a)(1) (2006).



complaint.<sup>106</sup> Under *Pratt v. Paris Gas Light & Coke Co.*,<sup>107</sup> the patentee plaintiff must plead a patent case in her complaint or declaration.<sup>108</sup> A patent case sets up a right under the patent laws as ground for recovery, whereas a patent question—which can be heard in state court—raises the issue incidentally or in the answer.<sup>109</sup>

Notwithstanding *Pratt*, the reach of federal courts' jurisdiction to patent cases was still unclear. In *Christianson v. Colt Industries Operating Corp.*,<sup>110</sup> the Supreme Court had to decide which of two federal appellate courts would hear an antitrust action that required application of the patent laws.<sup>111</sup> The Court applied § 1331 jurisprudence to § 1338(a) cases because both statutes relied on the phrase “arising under.”<sup>112</sup> “Linguistic consistency,” the Court said, required similar interpretation.<sup>113</sup> In short, for a patent claim to come into federal court, the plaintiff's well-pleaded complaint must arise under the patent laws within the meaning of the Court's § 1331 “aris[ing] under” jurisprudence.<sup>114</sup>

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106. See *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 809 (1996). The well-pleaded complaint rule requires that the federal issue appear on the face of the complaint and not as a counterclaim or defense, whether anticipated or crucial. *Louisville & Nashville R.R. Co. v. Mottley*, 211 U.S. 149, 153-54 (1908). Because patent-based malpractice suits necessarily raise the patent question in causation and damages deliberations, well-pleaded complaint problems are largely absent. The patent issue is necessarily raised in the complaint as proper pleading of causation.

107. 168 U.S. 255 (1897). In *Pratt*, the plaintiff brought a contract action and the defendant raised issues of patent enforceability and infringement as defenses for rescinding the contract. *Id.* at 257-58.

108. *Id.* at 259.

109. *Id.*

110. 486 U.S. 800 (1988).

111. *Id.* at 800-01.

112. See *id.* at 808-09.

113. *Id.* In fact, the Court said:

[Section] 1338(a) jurisdiction ... extend[s] 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.* The second part of this test was taken from the Court's then recent decision in *Franchise Tax Board v. Construction Laborers Vacation Trust*, 463 U.S. 1, 27-28 (1983) (addressing the question of whether a federal statute preempted a state's power to levy on funds held in trust).

114. The Court reaffirmed this proposition in *Holmes Group, Inc. v. Vornado Air Circulation Systems Inc.*, 535 U.S. 826, 830 (2002). *But see* John Donofrio & Edward C.

So with *Christianson* and *Grable* in mind, a test is clear for exclusive jurisdiction under § 1338(a). Jurisdiction extends to those cases in which: (1) federal patent law creates the cause of action, or (2) the plaintiff sets up some right in her well-pleaded complaint whose resolution necessarily depends on a disputed, substantial federal question, over which the courts can take jurisdiction without disrupting any congressionally approved federal-state division of labor. Applying this second test is difficult. As stated earlier, there are underlying considerations and implicit requirements for federal jurisdiction over embedded claims that inform the application of the *Grable* test—namely, a concern for future effects and the nature of the federal interest at stake.<sup>115</sup>

The dichotomy between exercising jurisdiction over important federal issues and relying on states to apply federal law presents especially difficult questions in the context of a patent-based malpractice claim requiring adjudication of the patentee's substantive rights—such as infringement, validity, or enforcement. If the attorney's alleged negligence cost the plaintiff her patent infringement suit, then the plaintiff cannot recover without showing that she should have prevailed in that underlying action “but for” the attorney's negligence. Without a doubt, a substantive patent suit for infringement is properly within the exclusive jurisdiction of the federal courts. But malpractice is based on entirely different substantive questions and considerations. Malpractice claims represent an undoubtedly traditional exercise of state disciplinary authority.<sup>116</sup> State law provides both the right and remedy.<sup>117</sup> But the court will have to grapple with patent law and apply it to hypothetical facts. These competing considerations raise difficult questions for a court facing the jurisdiction question. Is there a distinction for jurisdictional purposes between a substantive patent

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Donovan, *Christianson v. Colt Industries Operating Corp.: The Application of Federal Question Precedent to Federal Circuit Jurisdiction Decisions*, 45 AM. U. L. REV. 1835, 1858-59 (1996) (arguing that Congress did not intend for § 1331 jurisprudence to apply in § 1338 decisions and calling for a more flexible approach).

115. See *supra* Part II.A.

116. *Custer v. Sweeney*, 89 F.3d 1156, 1167 (4th Cir. 1996) (discussing ERISA preemption of attorney malpractice suits); see also *Singh v. Duane Morris LLP*, 538 F.3d 334, 339 (5th Cir. 2008) (discussing the rare interference by federal law with the state regulation of the practice of law).

117. 4 MALLEN & SMITH, *supra* note 16, § 24:24, at 6.

infringement claim and a patent infringement claim heard as a part of the suit within a suit in a malpractice action? The Federal Circuit answered this question in the negative.

### III. COURT DECISIONS APPLYING *GRABLE* TO PATENT-BASED MALPRACTICE CLAIMS WHEN CAUSATION RAISES INFRINGEMENT

The patent malpractice plaintiff has to rely on the second basis for jurisdiction because there is no federal cause of action for this claim. Rather, it is a state law claim with a federal ingredient. Note that the plaintiff must satisfy *both* prongs of the *Grable* standard before exclusive federal jurisdiction is proper.<sup>118</sup> A substantial, disputed patent question is insufficient if entertaining the action in federal court would upset the balance Congress struck when it delineated the jurisdiction of the federal and state courts over these claims.<sup>119</sup>

Confronting this question in *Air Measurement Technologies, Inc. v. Akin Gump Straus Hauer & Feld, LLP*,<sup>120</sup> the Federal Circuit decided that patent-based malpractice claims that required causation analysis on infringement, enforceability, and validity issues were properly in federal court under § 1338(a).<sup>121</sup> The court explained:

[W]e would consider it illogical for the Western District of Texas to have jurisdiction under § 1338 to hear the underlying infringement suit and for us then to determine that the same court does not have jurisdiction under § 1338 to hear the same substantial patent question in the “case within a case” context of a state malpractice claim.<sup>122</sup>

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118. See Hoffman, *supra* note 100, at 300.

119. Even before *Grable*, courts routinely ruled that patent-based malpractice claims only raising patent law collaterally should be in state court. See, e.g., *Commonwealth Film Processing, Inc. v. Moss & Rocovich, PC*, 778 F. Supp. 283, 286 (W.D. Va. 1991). In most instances, the patentee had no protected patent right. Issues of infringement, validity, and enforcement, therefore, were absent. But in a situation in which these substantive patent rights are before the court because of the suit within a suit, it is a question of whether patent-based malpractice “arises under” § 1338(a).

120. 504 F.3d 1262 (Fed. Cir. 2007).

121. *Id.* at 1273.

122. *Id.* at 1269.

The Federal Circuit saw this case as exactly the kind of “common-sense” judgment that the *Grable* Court endorsed.<sup>123</sup> But realistically, the Federal Circuit’s ruling advocates a much different approach than the one the Court has articulated for jurisdiction over embedded federal issues. Although the Federal Circuit applied the language of *Grable*, it ignored the federalism concerns at the heart of the opinion. Indeed, the Federal Circuit was more concerned with the case-at-bar whereas the lesson of *Grable* and *Merrell Dow* is largely that courts should instead focus on the future effects of finding jurisdiction over a particular type of claim.<sup>124</sup>

But consider *Air Measurement* in more detail. The plaintiff alleged that the defendant attorneys’ errors<sup>125</sup> allowed the patent infringers to raise defenses of invalidity and unenforceability.<sup>126</sup> The plaintiff filed in Texas state court and the defendant attorneys later removed to federal district court based on § 1338(a).<sup>127</sup> The district court subsequently denied a motion to remand<sup>128</sup> and certified the issue of whether the claim was properly in federal court for interlocutory appeal to the Federal Circuit.<sup>129</sup>

Finding in favor of jurisdiction, the Federal Circuit explained that because Texas state law required the plaintiff to prove the merits of the underlying action—the suit within a suit—the claim necessarily raised a substantial question of patent law, specifically, patent

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123. *Id.* (quoting *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 312 (2005)).

124. Hoffman, *supra* note 100, at 300 (“It would seem, then, that resolution of the federal question at issue has to be such that it will impact a wide range of persons and behavior. By contrast, an issue relevant only in a single circumstance is far less likely to qualify as substantial.”).

125. Specifically, the plaintiff alleged that the attorney failed to file the initial patent application within the one year “on sale” bar prescribed by 35 U.S.C. § 102(b). *Air Measurement*, 504 F.3d at 1266. And the attorney failed to disclose two prior patents to the USPTO, which allowed the infringers to argue inequitable conduct by the plaintiff’s attorneys. *Id.*

126. *Id.*

127. *Id.*

128. As an interesting aside, the parties switched positions on the jurisdiction question during the litigation. Initially, the defendant attorneys removed to federal court and the plaintiffs opposed, but later the defendants filed the motion for remand. *Id.* at 1266-67. Although this is a minor point, lower federal courts should account for the implications of such litigation strategies when discussing the *Grable* analysis and the impact on both federal and state courts’ dockets.

129. *Id.* at 1267.

infringement.<sup>130</sup> And because the parties disagreed over whether the attorneys' errors affected the infringement action, the claim was disputed.<sup>131</sup> Later, when explaining that *Grable* and *Empire* did not alter § 1338(a) jurisprudence,<sup>132</sup> the court noted that with § 1338(a) Congress struck the balance of federal-state division of labor for patent infringement claims in favor of federal jurisdiction.<sup>133</sup>

The Federal Circuit confronted a similar question in *Immunocept, LLC v. Fulbright & Jaworski, LLP*.<sup>134</sup> In *Immunocept*, the court held that a patent-based malpractice claim arose under § 1338(a).<sup>135</sup> Because the claimed error involved claim drafting and would require adjudication of the patent's scope, the court reasoned that its ruling would essentially determine whether competitors could copy the plaintiff's method without infringing the patent.<sup>136</sup> Like *Air Measurement*, the court was convinced that jurisdiction was proper given that claim scope determination was a substantial question of federal law.<sup>137</sup> Again the parties disputed the question of whether the patent's scope was in fact too narrow, such that copiers could avoid an infringement suit.<sup>138</sup> Oddly enough, the court argued that the second prong of *Grable* was satisfied by Congress's decision to create the Federal Circuit to establish uniformity in patent law.<sup>139</sup>

Compare *Air Measurement* and *Immunocept* with a recent decision by the Nebraska Supreme Court. In *New Tek Manufacturing, Inc. v. Beehner*,<sup>140</sup> the plaintiff client sued his attorney after the attorney failed to pay a maintenance fee on a farming method patent ('365 patent) dooming his reissue patent application ('080

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130. *Id.* at 1269.

131. *Id.*

132. *Id.* at 1271 ("However, the concern about federalism in *Grable* is not new, nor does *Grable* change § 1338 caselaw.").

133. *Id.* at 1271-72.

134. 504 F.3d 1281 (Fed. Cir. 2007). Note that *Immunocept* and *Air Measurement* were decided on the same day. See *Air Measurement*, 504 F.3d at 1262.

135. *Immunocept*, 504 F.3d at 1283.

136. *Id.* at 1284-85.

137. *Id.* at 1285 ("Because patent claim scope defines the scope of patent protection, ... we surely consider claim scope to be a substantial question of patent law.").

138. *Id.*

139. *Id.*

140. 702 N.W.2d 336 (Neb. 2005), *aff'd*, 751 N.W.2d 135 (Neb. 2008).

patent), which included expanded claim protection.<sup>141</sup> The plaintiff paid the delinquent fee and revived his '365 patent; however, revival did not protect the plaintiff from infringing uses while the '365 patent was not in force.<sup>142</sup> The court had to decide whether the client could have won an infringement suit against another similar farming device.<sup>143</sup> The plaintiff claimed that he would have won an infringement action with the '080 patent and its expanded protection.<sup>144</sup>

Nebraska, like Texas, required the plaintiff to meet the suit within a suit requirement in a malpractice action. Despite this, the Nebraska Supreme Court held that jurisdiction in state court was proper.<sup>145</sup> Reasoning that patent infringement of the new patent was “relevant only insofar as it helps [the court] to determine who would have prevailed in that hypothetical [infringement] action,” the court argued that patent law was raised only collaterally in a traditional state tort action.<sup>146</sup> And the court added that the federal interest in the prosecution of a patent infringement over an expired patent was nonexistent.<sup>147</sup>

Although not a patent case, *Singh v. Duane Morris LLP*,<sup>148</sup> dealt with § 1338(a) for a trademark-based malpractice action.<sup>149</sup> Confronting the same suit within a suit requirement, the malpractice claim was based on trademark infringement and whether the

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141. *Id.* at 343. A fuller treatment of the facts is necessary here. The plaintiff instructed the attorney to prosecute a reissue application with expanded protection after seeing a potentially infringing product. *Id.* The old patent's maintenance fee was still outstanding during this time, but the new patent was eventually granted. *Id.* Over two years later, the plaintiff, with new counsel, tried to pay the maintenance fee for the new patent, but the USPTO told him that the new patent had expired due to the outstanding fee on the old patent. *Id.* at 343-44. So for those two years, the plaintiff had no protection against infringing devices.

142. *Id.* at 344.

143. *Id.*

144. *Id.*

145. *Id.* at 346.

146. *Id.*

147. *Id.* The Nebraska Supreme Court remanded the action to the district court on the issue of damages. *Id.* at 355. During that determination, the court ordered briefing on the issue of subject matter jurisdiction in light of the decisions in *Air Measurement and Immunocept. New Tek Mfg., Inc. v. Beehner*, 751 N.W.2d 135, 144 (Neb. 2008). Notwithstanding the Federal Circuit decisions, the court decided that jurisdiction was proper in state court. *Id.*

148. 538 F.3d 334 (5th Cir. 2008).

149. *Id.* at 336.

attorney had failed to adduce secondary meaning adequately.<sup>150</sup> The Fifth Circuit disagreed that federal jurisdiction was proper and remanded the action to state court.<sup>151</sup> Though trademark infringement was “significant to [plaintiff’s] claim,” the court reasoned that the issue was not substantial enough to evoke a federal forum.<sup>152</sup> Relying on *Merrell Dow*, the court reasoned that federal trademark law did not provide a cause of action for trademark malpractice and had purposes wholly apart from “regulating attorney malpractice.”<sup>153</sup> The court then explained that allowing these claims into federal court would be entirely “disruptive.”<sup>154</sup> The court reasoned:

Because all Texas malpractice plaintiffs must prove that they would have prevailed in their prior suits, federal jurisdiction could extend to every instance in which a lawyer commits alleged malpractice during the litigation of a federal claim. That would constitute a substantial usurpation of state authority in an area in which states have traditionally been dominant.<sup>155</sup>

The court also noted a distinction between the trademark malpractice suit and the patent-based suit.<sup>156</sup> The exclusive jurisdiction conferred by § 1338(a) does not extend to trademark suits.<sup>157</sup> But as this Note argues in the next Part, this distinction does not warrant extending federal courts’ exclusive jurisdiction to patent-based malpractice claims.

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150. *Id.* at 337.

151. *Id.* at 341.

152. *Id.* at 339.

153. *Id.* On this point the court was a bit off the mark. The *Merrell Dow* Court was convinced that the federal issue was not “substantial” because Congress provided for no private right of action for violating the FDCA, the underlying statute. *Merrell Dow Pharms., Inc. v. Thompson*, 478 U.S. 804, 812 (1986). In the trademark case, the plaintiff would argue that the private right of action is the trademark infringement suit, which he has to prove as a part of the malpractice claim. But even meeting this test does not satisfy the standard for jurisdiction when the court considers the nature of the underlying action and the remedies afforded the plaintiff for violating that standard. *See infra* notes 175-81 and accompanying text.

154. *Singh*, 538 F.3d at 339.

155. *Id.* at 340.

156. *Id.*

157. *Id.*

#### IV. UNDERSTANDING *GRABLE*, BALANCING FEDERAL INTERESTS, AND RELYING ON STATE COURTS

A court considering federal jurisdiction over a § 1338(a) claim must pay close attention not only to *Grable*'s literal requirements but also to the underlying, intricate concerns at the heart of the opinion. Indeed, the plaintiff bears a significant burden to show a federal issue of wider importance than just the case-at-bar.<sup>158</sup> The controverted federal issue must be essential not only to the plaintiff's claim but also resolution of the claim must impact future parties and claims.<sup>159</sup> The *Merrell Dow* Court labeled this as a significant federal interest at stake in the resolution of the claim.<sup>160</sup> In fact, a court should factor many considerations into a jurisdictional inquiry after *Grable*. Notwithstanding the presence of substantive patent rights, the federal courts should not exercise exclusive jurisdiction over patent-based malpractice claims because these considerations are absent.

##### *A. Patent-Based Malpractice Claims Raising Substantive Issues Will Rarely Meet the First Prong of Grable*

After *Grable*, a court should evaluate three important aspects of the plaintiff's claim to decide whether a claim meets the first prong of *Grable* under § 1338(a). First, the federal issue should principally be a question of law, not fact. Building on that distinction, a claim meets the dispute requirement when a court must construe the meaning or scope of a federal provision. And finally, courts should question whether granting relief in favor of the client-patentee furthers the federal provision's purposes. Patent-based malpractice claims fail to meet these benchmarks and should be remanded to state court.

Although some scholars have rejected the question of law requirement for federal jurisdiction over embedded claims,<sup>161</sup> this is

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158. Hoffman, *supra* note 100, at 300.

159. *Id.*

160. *Merrell Dow Pharms., Inc. v. Thompson*, 478 U.S. 804, 814 n.12 (1986).

161. REDISH, *supra* note 2, at 64.



a distinction the Court's recent decisions seem to endorse.<sup>162</sup> Thus, a plaintiff whose claim is largely "fact-bound and situation-specific" would fail to meet the threshold for jurisdiction.<sup>163</sup> Most patent-based malpractice claims raise disputes over the application of the law to the facts, not pure law. Consider *Air Measurement* as an illustration. The attorney missed several deadlines allowing infringers to raise certain affirmative defenses.<sup>164</sup> So the court must apply patent law to a set of hypothetical facts—whether the plaintiff would have prevailed against the infringers if the attorney acted prudently.<sup>165</sup> "But for" causation may raise questions of law, but ultimately, the issue of proximate cause—whether the attorney's negligence caused the injury—will be one of fact.<sup>166</sup>

In both the *Air Measurement* and *Immunocept* opinions, the court justified the federal question as disputed because the parties disagreed with regard to the potential infringement and claim scope, respectively. But this essentially eliminated the *Grable* "dispute" requirement by switching the focus from the federal provision to the parties and their fact disagreements.<sup>167</sup> Resolution of the plaintiff's claim in *Grable*, however, required choosing between opposite constructions of the federal statute.<sup>168</sup> So resolution of the dispute would resolve the case not only between the parties but also future parties.<sup>169</sup> Put differently, in a future quiet title action raising a

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162. Compare *Empire HealthChoice Assurance, Inc. v. McVeigh*, 547 U.S. 677, 700-01 (2006) ("In contrast [to *Grable*], Empire's reimbursement claim ... is fact-bound and situation-specific."), with *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 308, 315 (2005) ("The meaning of the federal tax provision is an important issue of federal law that sensibly belongs in federal court." (emphasis added)). And the distinction is one that older case law endorses as well. See *Shulthis v. McDougal*, 225 U.S. 561, 569 (1912) (holding that federal question jurisdiction lies over state law claims only when it "really and substantially involv[ed] a dispute or controversy respecting the validity, construction, or effect of [federal] law").

163. *Empire*, 547 U.S. at 700-01.

164. *Air Measurement Tech., Inc. v. Akin Gump Strauss Hauer & Feld*, 504 F.3d 1262, 1266-67 (Fed. Cir. 2007).

165. *Id.* at 1268-69.

166. 4 MALLEEN & SMITH, *supra* note 16, § 34:15, at 1253-54.

167. Compare *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1285 (Fed. Cir. 2007) ("The parties, however, dispute whether there was a drafting mistake."), with *Air Measurement*, 504 F.3d at 1272 ("For example, patent infringement is disputed, for there is no concession by Akin Gump that the prior SCBA litigants infringed AMT's patents.").

168. *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.* 545 U.S. 308, 314-15 (2005).

169. *Id.* at 315 n.3.

similar notice issue, the federal element simply would not be substantial and disputed because a federal court had already settled the issue. Patent-based malpractice claims will rarely meet this standard. Resolution of the patent issue in a malpractice claim will not have the same far-reaching effects as deciding the same issue in a substantive patent suit because the claims are largely “fact-bound and situation-specific.”<sup>170</sup> The patent issue will have no effect in a future case, which will almost undoubtedly hinge on distinguishable facts.<sup>171</sup> To the extent these malpractice cases are decided in state court, the federal courts will not be obliged to follow the state court resolution of the patent issue in a federal substantive patent suit, which is squarely within the federal court’s exclusive jurisdiction.

The disputed issue must also be a substantial one. The Federal Circuit has clearly established that infringement, validity, and enforceability are “substantial question[s] of federal patent law,” appropriately under § 1338(a) jurisdiction.<sup>172</sup> A substantial issue, remember, will “indicat[e] a serious federal interest in claiming the advantages thought to be inherent in a federal forum.”<sup>173</sup> Undoubtedly, there is a strong federal interest and advantage to bringing patent infringement suits in federal court—namely, uniformity across the patent system. But patent-based malpractice presents a different situation partly because of the parties involved and the nature of the remedy, especially for malpractice claims involving infringement.<sup>174</sup>

Note first that in a patent-based malpractice claim the infringement defendants are not parties to the action. The claim is between the patentee and her attorney. Should the client prevail over her former attorney, the likely remedy is money damages representing that which the patentee should have recovered in the infringement

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170. *Empire HealthChoice Assurance, Inc. v. McVeigh*, 547 U.S. 677, 700-01 (2006).

171. If a hypothetical patent infringement suit is decided as part of a malpractice claim, its precedential weight is extremely low. Just as no two patent infringement suits present the same facts, no two malpractice actions will present exactly the same facts.

172. *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318, 1330 (Fed. Cir. 1998) (enforcement and validity), *overruled on other grounds by* *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1359 (Fed. Cir. 1999); *Additive Controls & Measurement Sys., Inc. v. Flowdata, Inc.*, 986 F.2d 476, 478-79 (Fed. Cir. 1993) (infringement).

173. *Grable*, 545 U.S. at 313.

174. *See supra* Part I.A.

action absent the negligent behavior.<sup>175</sup> But this judgment does not affect the infringing defendant's rights. She may continue to sell or license her product, because there was no judgment against her in the *underlying* action. In this sense, when a patent infringement suit is part of a malpractice suit within a suit, patent law is less substantial because the judgment does not advance patent law's primary goals, reaching uniform decisions<sup>176</sup> and providing patent actors with proper incentives.<sup>177</sup> Patent-based malpractice grounded in defective claim scope is no more defensible,<sup>178</sup> because it is a ruling on whether a hypothetical patent with greater scope would provide patent protection when the actual, narrower patent does not. Indeed the court will have to ascertain whether the attorney's error cost the client greater patent protection, but the patentee does not have rights with respect to that greater scope. Like malpractice claims predicated on hypothetical infringement, malpractice claims based on hypothetical claim scope present a less substantial federal issue.<sup>179</sup>

Some may argue that *Merrell Dow's* holding presents a strong counterargument because there is a private right of action for patent infringement, supporting federal jurisdiction in this scenario.<sup>180</sup> But again, the parties and remedy involved distinguish a patent-based malpractice claim from the situation in *Merrell Dow*. In *Merrell Dow*, the presence of a private right of action for violations of the federal labeling statute would have allowed

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175. 4 MALLEEN & SMITH, *supra* note 16, § 21:1, at 2.

176. Tal Kedem, Note, *Secondary Liability for Actively Inducing Patent Infringement: Which Intentions Pave the Road?*, 48 WM. & MARY L. REV. 1465, 1477 (2007).

177. Douglas Lichtman, *Irreparable Benefits*, 116 YALE L.J. 1284, 1297 (2007).

178. *See* *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1285 (Fed. Cir. 2007).

179. This argument would not extend to cases in which the patentee's *actual* rights are at stake. For example, if the court determines the patent's present validity or enforcement capabilities in the malpractice action, this would seemingly be a distinguishable set of facts. But when the malpractice action is based on a prior judgment of validity or enforceability or when the patentee's rights are extinct, the argument applies. Although the Federal Circuit previously approved of the adjudication of patent issues in state court, *see* *Christianson v. Colt Indus. Operating Corp.*, 822 F.2d 1544, 1552 (Fed. Cir. 1987), *vacated and remanded*, 486 U.S. 800, 819 (1988), that attitude may be waning in the wake of *Hunter, Air Measurement*, and *Immunocept*.

180. Remember a private right of action is not necessary for federal question jurisdiction, but presence of such a private right would bear on the issue of substantiality. *See* *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 305, 318 (2005).

the plaintiffs to sue the violators of the statute—Merrell Dow Pharmaceuticals. But this simply is not the case with a patent-based malpractice claim in which all the parties to the underlying private right of action are not involved in the malpractice claim. The remedy is substantially different than that in a substantive patent infringement suit.<sup>181</sup>

In addition to the three considerations presented above, a federal court can also look to congressional intent to weigh a claim's substantiality.<sup>182</sup> By exercising jurisdiction over malpractice claims incorporating a patent infringement issue, a federal court would contravene congressional intent. As noted before, malpractice is a state law right and remedy. If patent-based malpractice claims are properly in federal court, insofar as they raise a substantive patent issue in the causation analysis, the courts will essentially provide a federal remedy *for malpractice* where Congress has not spoken.<sup>183</sup> And where Congress is silent on the issue of a private federal action, the courts should consider the disruptive effect of finding jurisdiction—that is, the increased number of filings—over that particular claim.<sup>184</sup> As discussed below, federal jurisdiction over patent-based malpractice claims is severely disruptive when the court bases jurisdiction on substantive patent issues raised only as a part of a causation analysis because it opens the federal courthouse door to myriad factual scenarios.<sup>185</sup>

With this discussion in mind, the patent-based malpractice claim raises the concerns voiced by the *Merrell Dow* Court:

We think it would ... undermine ... congressional intent to conclude that the federal courts might nevertheless exercise ...

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181. *But cf.* Hunter Douglas, Inc. v. Harmonic Design, Inc., 153 F.3d 1318, 1330 (Fed. Cir. 1998), *overruled on other grounds by* Midwest Indus., Inc. v. Karavan Trailers, Inc., 175 F.3d 1356, 1359 (Fed. Cir. 1999).

182. See Tarleton, *supra* note 75, at 1400 (“The *Merrell Dow* Court viewed the question of Congress’s jurisdictional intent as inseparable from the question of the significance of the federal issue in dispute.”).

183. Distinguish this from a case in which a federal court appropriately exercises jurisdiction over a state law claim. Exercising jurisdiction will have limited impact because the court’s ruling will control in other similar cases such that a federal forum will no longer be necessary to resolve the issue. So providing a federal remedy in that case will occur in only one case, as opposed to patent-based malpractice.

184. *Grable*, 545 U.S. at 319.

185. See *infra* Part IV.B.

jurisdiction and *provide remedies* for violations of that federal statute solely because the violation of the federal statute is said to be a ... “proximate cause” under state law, rather than a federal action under federal law.<sup>186</sup>

In dictum, the Court went on to say that a more appropriate argument would be that federal law preempts the state law cause of action.<sup>187</sup> In the patent context, this argument would be unavailing. The states should continue to adjudicate these claims because the USPTO preempts state law only in rare cases,<sup>188</sup> and patent issues are at best relevant “only insofar as it helps [a court] to determine who would have prevailed in that hypothetical action.”<sup>189</sup>

*B. Exercising Federal Jurisdiction over These Claims Would Contravene the Congressionally Approved Division of Labor for Malpractice Claims*

Because “the phrase ‘arising under’ masks a welter of issues regarding the interrelation of federal and state authority and the proper management of the federal judicial system,”<sup>190</sup> a court must conduct “sensitive judgments” concerning the effects of finding jurisdiction over a particular claim.<sup>191</sup> The *Grable* Court approached this problem by requiring that courts make sure that exercising jurisdiction will not tread on Congress’s intent with respect to the federal-state division of labor.<sup>192</sup> That analysis can be confusing, however, because the proper home for this analysis would seem to be the jurisdictional statute—here, § 1338(a)—but the Court in *Grable* and *Merrell Dow* looked to the embedded statute for this statement of intent.<sup>193</sup> For a patent-based malpractice claim, it makes little difference which statute the courts choose because on

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186. *Merrell Dow Pharms., Inc. v. Thompson*, 478 U.S. 804, 812 (1986) (emphasis added).

187. *Id.* at 816.

188. 37 C.F.R. § 10.1 (2008) (“Nothing in this part shall be construed to preempt the authority of each State to regulate the practice of law, except to the extent necessary for the [USPTO] to accomplish its Federal objectives.”); *see also* Hricik, *supra* note 55, at 392.

189. *New Tek Mfg., Inc. v. Beehner*, 702 N.W.2d 336, 346 (Neb. 2005).

190. *Franchise Tax Bd. v. Constr. Labs. Vacation Trust*, 463 U.S. 1, 8 (1983).

191. *Merrell Dow*, 478 U.S. at 810.

192. *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 319-20 (2005).

193. Tarleton, *supra* note 75, at 1404.

both fronts that statement of congressional intent is lacking. The potential burden on the federal docket should tip the scales in favor of remand because malpractice is a state claim and Congress was arguably not thinking about usurping those claims when it wrote the jurisdictional and patent statutes.

Despite the use of “exclusive” in the patent jurisdiction statute, this grant is not automatic, for only patent *cases* arise under patent law.<sup>194</sup> The statute should not be read so broadly as to make federal courts the sole arbiter of patent questions. At times, patent issues—even substantial questions of patent law—must be determined in state court.<sup>195</sup> It is tenuous to suggest Congress believed that a malpractice claim for failing to succeed in—or bring—a patent prosecution also arose under patent laws simply by enacting § 1338(a).<sup>196</sup> Moreover, at the time it created the Federal Circuit, Congress indicated its desire that the Federal Circuit construe its jurisdiction strictly and that patent cases should arise under patent law the way they arise under federal law for § 1331 purposes.<sup>197</sup> By expressing a desire for jurisdictional boundaries, Congress implicitly acknowledged that some cases involving patents would not fall within the exclusive jurisdiction of § 1338(a). Given that states traditionally regulate attorney conduct,<sup>198</sup> exercising jurisdiction over a patent-based malpractice claim would contravene Congress’s endorsement of strict jurisdiction for § 1338(a).

The embedded statute for patent-based malpractice claims is an even less likely home for any statement of congressional intent.

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194. *Pratt v. Paris Gas Light & Coke Co.*, 168 U.S. 255, 261-62 (1897).

195. *See id.* (distinguishing between patent cases properly in federal court and patent questions, which should be in state court); *see also* *New Tek Mfg., Inc. v. Beehner*, 702 N.W.2d 336, 345 (Neb. 2005) (“[N]ot every dispute involving a patent arises under the patent laws within the meaning of § 1338(a).”).

196. *See* Tarleton, *supra* note 75, at 1402 (“[T]here is no doubt that the Congress adopting the first federal question statute did not consider the specific possibility of whether federal question jurisdiction should lie over state law claims implicating provisions of substantive federal laws that did not yet exist.” (citations omitted)). Notwithstanding the fact that Tarleton is discussing § 1331, the reader should be aware of the multitude of examples throughout this Note detailing the similarities between § 1331 and § 1338(a). For that reason, this statement applies equally to § 1338(a) and its use of the phrase “arising under.”

197. *See* S. REP. NO. 97-275, at 19 (1981) (characterizing the “arising under” language in § 1338(a) as a “substantial requirement” to quell arguments that the Federal Circuit’s jurisdiction was too broad).

198. *Custer v. Sweeney*, 89 F.3d 1156, 1167 (4th Cir. 1996) (“[T]he law governing legal malpractice represents a traditional exercise of state authority.”).

Notwithstanding this private right of action for patent infringement, Congress did not approve the division of labor for patent cases to extend to malpractice claims. Recall that the two claims differ in an important context: parties and remedy.<sup>199</sup> Congress endorsed a grant of exclusive federal jurisdiction over patent cases to further the goals of patent law, but a case in which the defendant infringer is not a party would not further those goals.<sup>200</sup> The congressionally approved division of labor for substantive patent suits, therefore, does not extend to a malpractice action.

In *Immunocept*, the court argued that Congress's creation of the Federal Circuit was evidence that *Grable* was satisfied.<sup>201</sup> But that is simply not the case. The Federal Circuit was created to alleviate the nonuniformity problems throughout the federal circuits.<sup>202</sup> Congress did not indicate any statement of intent with regard to federal-state division of labor by setting up this court. Rather, the creation of the Federal Circuit indicates Congress's focus on ensuring uniform decisions of substantive patent rights throughout the federal court system.

Most importantly, exercising *exclusive* federal jurisdiction over patent-based malpractice claims would significantly upset the congressionally approved division of labor between federal and state courts for patent issues. The *Merrell Dow* and *Grable* Courts were both primarily concerned that exercising jurisdiction in a given case might invite "a horde of original filings and removal cases raising other state claims with embedded federal issues."<sup>203</sup> Indeed, the

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199. See *supra* notes 174-75 and accompanying text.

200. *Contra* Additive Controls & Measurement Sys., Inc. v. Flowdata, Inc., 986 F.2d 476, 478-79 (Fed. Cir. 1993). Here, the plaintiff had to prove that the *defendant* had infringed his patent in order to prevail on his business disparagement claim. *Id.* at 478. Because the infringing party was a party to a lawsuit and the remedy sought was an injunction, jurisdiction over this claim seems more defensible than a malpractice claim. In *Additive Controls*, the presence of the two foregoing factors, absent in a malpractice action, furthers the *purposes* of patent law and would seem to be endorsed by Congress, because it provided a remedy to plaintiffs whose patent is infringed by another patentee. However, the remedy in a malpractice action is not directly for the infringement but the attorney's negligent behavior. *Id.*

201. *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1285-86 (Fed. Cir. 2007).

202. H.R. REP. NO. 97-312, at 21-23 (1980); see also ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT § 19.1(b), at 1173 (8th ed. 2007).

203. *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 308, 318 (2005) (discussing *Merrell Dow* and the Court's concern in the increase in federal litigation if it

*Grable* Court noted specifically that finding federal jurisdiction in that case was not disruptive for two reasons: (1) once the disputed and substantial issue was resolved by the Court, the holding could be applied to other cases involving similar facts in state court;<sup>204</sup> and (2) given the rarity of quiet title actions raising contested issues of federal law, exercising jurisdiction over the claim did not affect the “normal currents of litigation.”<sup>205</sup>

Under *Air Measurement*, a plaintiff that is denied altogether or loses an infringement action because of the attorney’s alleged negligence *must* file her action in federal court. Unlike *Grable*, in which resolution of the statute’s meaning determined the disposition of that case and future cases involving the notice statute, the Federal Circuit did not temper the effect of its holding. The number of filings in the short time since *Air Measurement* no doubt emphasizes this fact.<sup>206</sup> In addition, the Supreme Court previously rejected federal jurisdiction for state law claims that raise federal issues as a theory of proximate causation because disruption was inevitable.<sup>207</sup> Discussing *Merrell Dow*, the Court said, “[f]or if the federal labeling standard without a federal cause of action could get a state claim into federal court, so could any other federal standard without a federal cause of action. And that would have meant a tremendous number of cases.”<sup>208</sup>

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exercised jurisdiction in a particular case).

204. *See supra* Part IV.A.

205. *Grable*, 545 U.S. at 319.

206. *Tomar Elecs., Inc. v. Watkins*, No. 2:09-CV-00170-PHX-ROS, 2009 WL 2222707 (D. Ariz. July 23, 2009); *Weather Cent., Inc. v. Reinhart Boerner VanDeuren, SC*, No. 08-CV-582-bbc, 2009 WL 367694 (W.D. Wis. Feb. 10, 2009); *Parus Holdings, Inc. v. Banner & Witcoff, Ltd.*, 585 F. Supp. 2d 995 (N.D. Ill. 2008); *LaBelle v. McGonagle*, No. 07-12097-GAO, 2008 WL 3842998 (D. Mass. Aug. 15, 2008); *Byrne v. Wood, Herron & Evans, LLP*, No. 2: 08-102-DCR, 2008 WL 3833699 (E.D. Ky. Aug. 13, 2008); *Chopra v. Townsend, Townsend & Crew LLP*, No. 07-cv-02447-MSK-MEH, 2008 WL 413944 (D. Colo. Feb. 13, 2008). *But see James H. Anderson, Inc. v. Johnson*, No. 08-CV-6202, 2009 WL 2244622 (N.D. Ill. July 27, 2009) (examining *Singh*, *Air Measurement*, and *Immunocept* and concluding that federal jurisdiction was not proper over a copyright-based malpractice claim). These are just the filings that have appeared in federal court within the last year citing *Air Measurement* with approval on the question of jurisdiction. Note that the Federal Circuit has recently reaffirmed its holdings in *Air Measurement* and *Immunocept*. *Touchcom, Inc. v. Bereskin & Parr*, 574 F.3d 1403 (Fed. Cir. 2009).

207. *Merrell Dow Pharms., Inc. v. Thompson*, 478 U.S. 804, 812 (1986).

208. *Grable*, 545 U.S. at 318.



Simply stated, plaintiffs are more willing to bring patent malpractice claims<sup>209</sup> and adding state law claims based on *hypothetical* federal issues to the federal courts' already burgeoning docket is unwise.<sup>210</sup> In addition to substantive patent suits, the federal courts will have to adjudicate patent-based malpractice if it involves a substantive patent issue. And even if the "disruptive portent" only occurs for § 1338(a) claims, that portent can still reach beyond patent cases because there are other federal issues in which the federal courts have exclusive jurisdiction.<sup>211</sup> At its core, the malpractice claim is about the relationship between a client and a lawyer.<sup>212</sup> States have traditionally handled the regulation of attorney conduct and should be allowed to do so in the future. Allowing patent-based malpractice claims into federal court as a general rule is an unwarranted usurpation of state authority.<sup>213</sup>

*C. An Alternative Approach: Weighing the Potential for Disruption Against the Federal Interest at Stake*

The *Merrell Dow* Court noted that "arising under" jurisprudence could be described in terms of the "*nature* of the federal interest at stake."<sup>214</sup> The Court suggested by way of comparison that federal jurisdiction extends only to those cases in which the federal interest at stake was great enough to alter fundamentally the nature of the plaintiff's claim from state tort to wholly federal.<sup>215</sup> Because the test in *Grable* is difficult to apply, one scholar has argued that a better approach simply balances the nature of federal interest at stake

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209. Oddi, *supra* note 18, at 3-6.

210. See ADMIN. OFFICE OF THE U.S. COURTS, JUDICIAL BUSINESS OF THE UNITED STATES COURTS: 2007 ANNUAL REPORT OF THE DIRECTOR 52 tbl.S-7 (2007), available at <http://www.uscourts.gov/library/statisticalreports.html>; see also 1 MALLEN & SMITH, *supra* note 16, § 1:6, at 23-30 (detailing the rise in legal malpractice litigation over the last decade).

211. See AM. LAW INST., EMPLOYMENT LAW ABA CLE, CURRENT DEVELOPMENTS IN EMPLOYMENT LAW 168-69 (2008) (discussing the ruling in *Air Measurement* and stating that plaintiffs should be able to bring malpractice actions against their attorneys for *employment* decisions concerning antidiscrimination or labor standards over which the federal courts also have exclusive jurisdiction).

212. See *supra* notes 47-50 and accompanying text.

213. See *Singh v. Duane Morris LLP*, 538 F.3d 334, 339-40 (5th Cir. 2008).

214. *Merrell Dow Pharms., Inc. v. Thompson*, 478 U.S. 804, 814 n.12 (1986).

215. *Id.*

with the potential for disruption.<sup>216</sup> When the potential exists that exercising jurisdiction over a claim will invite numerous state filings to the federal docket, the federal courts should rely on state courts to apply federal law.<sup>217</sup> *Grable* should be read as cautioning courts to consider the future effects that their jurisdictional ruling will have rather than focusing on the case at bar. For patent-based malpractice claims between private parties regulating attorney conduct and not patent rights disputes, the federal interest at stake appears weak. And the potential for disruption is high because there is no limiting principle in the Federal Circuit's rulings. A federal court could hear any malpractice claim if patent infringement, claim scope, validity, or enforceability are necessarily raised during the causation determination.

Read together, *Merrell Dow* and *Grable* require a significant federal interest at stake for proper federal jurisdiction.<sup>218</sup> In *Merrell Dow*, the federal interest was relatively weak because the statute affected private parties whose rights were delineated by the federal statute. But the federal interest in *Grable* was much stronger. There, the embedded federal statute's meaning was controverted and the government had a direct interest in vindicating its own administrative action.<sup>219</sup>

The federal interest at stake in most patent-based malpractice claims is weak. The patent-based malpractice suit regulates negligent behavior by lawyers and does not further the purposes of patent law because the patent-infringing defendant is not a party to the litigation.<sup>220</sup> Like *Merrell Dow*, the suit is about the conduct of private parties and imposing money judgments against parties that act negligently. In contrast, the resolution of the federal issue raised in *Grable* had a direct bearing on the federal government's methods

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216. Tarleton, *supra* note 75, at 1408. This test captures the essence of the *Grable* test without the rigidity of the Court's language requiring the courts to find a disputed and substantial federal question before proceeding to analysis of Congress's intent on jurisdiction.

217. Hoffman, *supra* note 100, at 298.

218. Tarleton, *supra* note 75, at 1408.

219. *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 304, 314-15 (2005).

220. *Id.* at 319 ("Given the ... clear interest *the Government, its buyers, and its delinquents* have in the availability of a federal forum, there is no good reason to shirk from federal jurisdiction over the dispositive and contested federal issue at the heart of the state-law title claim." (emphasis added)). Note that in *Grable* all the parties to the suit were involved in the embedded federal issue—that is, the federal tax delinquency, seizure, and subsequent sale. In a patent-based malpractice claim, this is not the case.

for collecting taxes and raising revenue—a much stronger federal concern.<sup>221</sup>

Whether a federal court can conclusively decide an issue also gauges the strength of the federal interest.<sup>222</sup> Finding federal jurisdiction in *Smith* and *Grable* meant settling the issue finally. There, the federal interests were strong. The federal interest in *Merrell Dow* and *Empire* were much weaker because they rested on fact-bound inquiries, opening the door to recurrent litigation, much like patent-based malpractice claims. The Federal Circuit and those who favor more expansive patent jurisdiction cite the need for uniformity in patent law as justification and evidence of the significant federal interest in adjudicating more patent cases.<sup>223</sup> But the uniformity argument can be overblown.<sup>224</sup> Indeed, the *Merrell Dow* Court expressly rejected a similar uniformity argument by the parties.<sup>225</sup> And it is difficult to imagine how granting jurisdiction over a hypothetical patent infringement suit, necessary only to determine causation and damages, advances patent law's purposes.<sup>226</sup> For example, in *Air Measurement*, the plaintiff had already settled with the infringing defendants.<sup>227</sup> What interest in patent law uniformity does a hypothetical action over a nonexistent patent right advance when the plaintiff has already settled with the infringement defendants in the prior litigation?

Similarly, critics of § 1338(a) jurisdictional constraints argue that the need for competent patent adjudication creates a substantial

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221. Tarleton, *supra* note 75, at 1406. As Tarleton points out, *Smith* is another example of the requirement that a significant federal interest be at stake. *Id.* at 1411-12. In that case, the Court had to decide the constitutionality of the Federal Farm Loan Act. *Smith v. Kan. City Title & Trust Co.*, 255 U.S. 180 (1921).

222. Tarleton, *supra* note 75, at 1412.

223. Mark J. Henry, *State Courts Hearing Patent Cases: A Cry for Help to the Federal Circuit*, 101 DICK. L. REV. 41 (1996); Seymore, *supra* note 29, at 475-81.

224. *But cf.* Timothy E. Grimsrud, *Holmes and the Erosion of Exclusive Federal Jurisdiction over Patent Claims*, 87 MINN. L. REV. 2133 (2003) (arguing that compulsory patent counterclaims should be heard in the Federal Circuit in the interests of patent uniformity); Emmette F. Hale, III, *The 'Arising Under' Jurisdiction of the Federal Circuit: An Opportunity for Uniformity in Patent Law*, 14 FLA. ST. U. L. REV. 229 (1986) (arguing that the appellate jurisdiction of the Federal Circuit should not be bound by the traditional principles of "arising under" jurisdiction).

225. *Merrell Dow Pharms., Inc. v. Thompson*, 478 U.S. 804, 816 (1986).

226. *New Tek Mfg., Inc. v. Beehner*, 702 N.W.2d 336, 346 (Neb. 2005).

227. *Air Measurement Tech., Inc. v. Akin Gump Strauss Hauer & Feld*, 504 F.3d 1262, 1266 (Fed. Cir. 2007).

federal interest for federal jurisdiction over patent malpractice claims.<sup>228</sup> The need for competent judgments of substantive patent suits indicates a substantial federal interest in a federal forum.<sup>229</sup> But the argument that this extends to malpractice mischaracterizes the claim as a patent claim and perhaps overestimates the federal courts' expertise in patent cases.<sup>230</sup> Malpractice claims are about the relationship between a lawyer and her client, not the underlying litigation. Although state courts do not hear nearly as many patent cases as federal judges and may be less familiar with the issues, the claim is centrally about the attorney's obligation to his client. And state courts are extremely well versed in adjudicating attorney conduct.

Balanced against this weak interest, the high potential for disruption of the federal-state division of labor<sup>231</sup> compels the conclusion that federal jurisdiction over these claims is improper. Just as the Court's conclusion that it was settling the issues in *Smith* and *Grable* was evidence that the federal interest was great, those facts also weighed against any disruptive potential. But as discussed, the spectre of disruption is ever present for fact-bound patent-based malpractice claims. Indeed, more aggrieved clients are filing their patent malpractice claims in federal, rather than state court.<sup>232</sup> As the *Singh* court observed in the context of trademark malpractice,

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228. Seymore, *supra* note 29, at 475-76.

229. See generally HENRY J. FRIENDLY, FEDERAL JURISDICTION: A GENERAL VIEW 157 (1973) ("I am unable to perceive why we should not insist on the same level of scientific understanding on the patent bench that clients demand of the patent bar."). Judge Friendly's argument endorses the arguments that patent scholars make today. Namely, patent cases are increasingly complex and, therefore, the federal courts should adjudicate them because they hear them more often. But some evidence suggests that federal district courts frequently make mistakes in patent cases and do not seem to be learning from them. See *infra* note 231 and accompanying text. And the Court has never allowed this competency/uniformity argument to determine the scope of the federal courts' jurisdiction. For example, if not raised in the well-pleaded complaint, patent issues will be heard in state court if the rest of the claims are state claims. Because any federal issue would likely benefit from uniform federal court judgments, overreliance on the uniformity argument leads to ludicrous jurisdictional results. Tarleton, *supra* note 75, at 1406.

230. See David L. Schwartz, *Practice Makes Perfect? An Empirical Study of Claim Construction Reversal Rates in Patent Cases*, 107 MICH. L. REV. 223 (2008) (concluding that while the reversal rates for claim construction rulings have been constant, federal district judges do not seem to improve with experience adjudicating patent matters).

231. See *supra* Part IV.B.

232. See *supra* notes 209-13 and accompanying text.

this claim “for federal [question] jurisdiction reaches so broadly that it would sweep innumerable state law malpractice claims into federal court.”<sup>233</sup> Balancing the weak federal interest at stake and the many filings post-*Air Measurement*, the conclusion is clear: patent-based malpractice claims do not belong in a federal forum. Federal courts faced with this question should heed the federalism concerns ingrained in federal question jurisprudence and remand these claims to state court for adjudication.

### CONCLUSION

At the outset of the *Grable* opinion the Court tempered any attempt to expand unnecessarily federal jurisdiction because exercising federal jurisdiction over a state claim “calls for a ‘common-sense accommodation of judgment to the kaleidoscopic situations’ that present a federal issue, in ‘a selective process which picks the substantial causes out of the web and lays the other ones aside.’”<sup>234</sup> In other words, not every case requiring resolution of a federal issue will be litigated in federal court. There are simply too many cases and too many issues. When the federal interest is weak, the federal government must rely on the states to apply federal law in state law claims.<sup>235</sup>

Admittedly, patent law and § 1338(a) present several unique considerations. But the Court has not altered its jurisdictional requirements or inquiries simply because federal courts have exclusive jurisdiction over patent claims. Like other federal issues, patents will come up in a variety of causes of action other than a substantive patent suit. Surely, this is where common sense judgments must come into play. While being mindful of the future effects, the federal courts should be reticent to rely on exclusive jurisdiction and the need to adjudicate a hypothetical infringement

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233. *Singh v. Duane Morris LLP*, 538 F.3d 334, 340 (5th Cir. 2008). Although patent- and trademark-based malpractice are somewhat distinguishable, *see* 28 U.S.C. § 1338(a) (2006), the point is still relevant to the issue of the number of patent-based filings post-*Air Measurement* and *Immunocept*.

234. *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 304, 313 (2005) (quoting *Gully v. First Nat'l Bank in Meridian*, 299 U.S. 109, 117-18 (1936)).

235. *See Hoffman*, *supra* note 100, at 298; *Tarleton*, *supra* note 75, at 1408.

action as dispositive of the jurisdictional question for patent-based malpractice claims.

Malpractice is about the client and attorney relationship, not the infringed patent. Patent rights are simply the vehicle for analysis. Ultimately, § 1338(a) gives the federal courts exclusive jurisdiction over substantive patent suits and perhaps even more leeway to decide which substantive patent questions in state law claims “arise under” the patent law. But a hypothetical case determining a patent’s hypothetical validity or infringement is *not* a substantive patent suit, nor does it further the goals of patent law. When only these hypothetical rights are at issue, federal courts should view these claims with more skepticism.

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