NOTE

(A)rising Above the Well-Pleaded Complaint: A Proposal to Reconsider the Jurisdictional Analysis of the Federal Circuit After the America Invents Act

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ABSTRACT

At the intersection of civil procedure and patent law lies the unique appellate jurisdiction of the Federal Circuit. Congress granted the Federal Circuit jurisdiction over patent law appeals in 28 U.S.C. § 1295(a)(1) with the passage of the Federal Courts Improvement Act in 1982. Since then, the Supreme Court has interpreted this statute by imposing a variation of the well-pleaded complaint rule onto patent law. Unfortunately, this interpretation has caused a few problems in the Federal Circuit's jurisprudence. First, it allows for jurisdiction to exist in cases where no patent claims exist because they have been rendered moot by settlement, dismissal, or motion. This aspect of the caselaw fails to account for the inherent differences between appellate and original jurisdiction. Second, it creates a complex and inconsistent analysis for litigants and courts to wade through, which wastes valuable resources. Third, under this rule, parties are able to manipulate appellate jurisdiction by modifying the language of their settlement agreements. The America Invents Act amended 28 U.S.C. § 1295 in 2011, but it did not directly address these problems. Nonetheless, this Note argues that the amended version of the statute should be read to support a repudiation of the well-pleaded complaint rule

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in patent law. In its place, this Note asserts that jurisdiction should be assessed based on the procedural posture of the case at the time of appeal rather than the filing of the complaint, and jurisdiction should only lie in the Federal Circuit when there is a live patent case or controversy.

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INTRODUCTION

Jurisdiction is judicial oxygen. It is a prerequisite to the resolution of any controversy, and a necessary component of every case. Even when parties concede jurisdiction, the court has a continuing obligation to ensure its authority to hear and decide the issues before it.[1] Without jurisdiction, a case must necessarily be dismissed or transferred.[2]

The federal courts are courts of limited jurisdiction.[3] Their power to hear cases is derived from federal law: either from Article III of the U.S. Constitution or through congressional grants.[4] The constitutional mandate is broad, but contains the notable requirement that the courts only resolve actual cases or controversies.[5] Congressional mandates are typically narrower, and can be tailored to suit specific laws or grievances of the nation.[6]

The Federal Courts Improvement Act of 1982 ("FCIA")[7] was one such grant of jurisdiction.[8] The Act merged the Court of Claims and

1 *See* FED. R. CIV. P. 12(h); *Ex Parte* McCardle, 74 U.S. (7 Wall.) 506, 514 (1868).

2 *See McCardle*, 74 U.S. at 514.

3 *See* Aldinger v. Howard, 427 U.S. 1, 13 (1976), *superseded by statute*, 28 U.S.C. § 1367 (2012), *as recognized in* Exxon Mobil Corp. v. Allapattah Servs., Inc., 545 U.S. 546 (2005); Spain v. Principi, 18 F. App'x 784, 785 (Fed. Cir. 2001).

4 *See* U.S. CONST. art. III; *see also* Liner v. Jafco, Inc., 375 U.S. 301, 306 (1964).

5 *See* U.S. CONST. art. III; Powell v. McCormack, 395 U.S. 486, 496–97 (1969); California v. San Pablo & T.R. Co., 149 U.S. 308, 314 (1893).

6 *See* Sheldon v. Sill, 49 U.S. (8 How.) 441, 448–49 (1850).

7 Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (codified as amended in scattered sections of 28 U.S.C.).

8 *Id.*

the Court of Customs and Patent Appeals ("CCPA"), which created a single trial court, the Court of Federal Claims ("CFC"), and its appellate counterpart, the Court of Appeals for the Federal Circuit ("Federal Circuit").[9] This judicial reform project was a massive endeavor that has attracted, and continues to attract, a great deal of attention.[10] The Act's primary goal was to achieve uniformity in the patent laws, and by basing appellate jurisdiction on subject matter rather than geography, most commentators agree that the FCIA has succeeded.[11]

Success, of course, does not mean perfection, and the court should continue to strive to achieve a coherent body of caselaw that conforms to the basic jurisdictional goals set forth in the original FCIA.[12] Unfortunately, these principles have not always been easy to implement, and the intersection of civil procedure and patent law has created some uncertainties regarding when the Federal Circuit should assess its appellate jurisdiction.[13] This arises, in part, from the inherent complication in basing jurisdiction strictly on the subject matter of claims because these claims are often transient; they can be withdrawn, amended, settled, severed, or dismissed at many different points in a trial.[14]

The Leahy-Smith America Invents Act of 2011 ("AIA")[15] further complicated this issue by allowing jurisdiction to be based on counterclaims, thereby replacing traditional reliance on the complaint as the exclusive tool in analyzing jurisdiction.[16] Even before the AIA, "a correct application of § 1295(a)(1) [the statute which confers appellate jurisdiction on the Federal Circuit] puts some non-patent appeals in the Federal Circuit, and some patent appeals in the regional circuits."[17] Now that compulsory counterclaims may provide the basis for jurisdiction, the number of nonpatent claims in the Federal Circuit

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9 *See id.*

10 *See generally, e.g.*, Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1 (1989).

11 *See id.* at 6–8.

12 *See infra* note 44 and accompanying text.

13 *See* Paul M. Janicke, *Two Unsettled Aspects of the Federal Circuit's Patent Jurisdiction*, 11 VA. J.L. & TECH. 3, 9 (2006); *see also* Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826, 835 (2002) (Stevens, J., concurring).

14 *See* Janicke, *supra* note 13, at 9; *see also* FED. R. CIV. P. 15(b) (allowing for a constructive amendment to the complaint during trial by consent of the parties).

15 Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19, 125 Stat. 284 (2011) (codified as amended in scattered sections of 35 U.S.C.).

16 *See* 28 U.S.C. § 1295(a)(1) (2012).

17 Douglas Y'Barbo, *On the Patent Jurisdiction of the Federal Circuit: A Few Simple Rules*, 79 J. PAT. & TRADEMARK OFF. SOC'Y 651, 668 (1997).

has the potential to increase.[18] Though a great deal of attention has been focused on the issue of regional circuits adjudicating patent claims, the propriety of the Federal Circuit ruling on nonpatent claims deserves a more thorough examination, because it illustrates how the courts have departed from the principles originally set forth in the FCIA.[19]

The uncertainty over when the court should assess jurisdiction stems from the Supreme Court's interpretation of the well-pleaded complaint rule in the context of patent law. This jurisdictional principle holds that the complaint must "establish[ ] 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."[20] In the Federal Circuit, however, relying on the complaint as the basis for jurisdiction has caused the court to hear cases in which all patent law claims have been dropped or dismissed from the case after the complaint was filed.[21] As a matter of jurisdictional theory, this result is anomalous because it contravenes the constitutional principle of mootness by basing the court's jurisdiction on claims that cannot possibly present a case or controversy under the patent laws of the United States.[22] Furthermore, the logic behind the well-pleaded complaint rule is undermined in the appellate context because the distribution of appeals between circuits does not raise the same sensitive issues of federalism that the well-pleaded complaint rule was developed to address.[23] Nonetheless, despite these logical flaws, the Supreme Court has held fast to a strict interpretation of the well-pleaded complaint rule in patent law.[24]

In the Federal Circuit, the implementation of the well-pleaded complaint rule has caused more practical problems. Primarily, by resting the determination of jurisdiction on a distinction between patent claims dismissed with prejudice (an adjudication on the merits) and those dismissed without prejudice (a constructive amendment to the complaint), the court has created a confusing analysis for litigants

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18 *See* 28 U.S.C. § 1295(a)(1).

19 *See* Y'Barbo, *supra* note 17, at 664–65.

20 Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 808–09 (1988).

21 *See infra* Part I.B.

22 *Christianson*, 486 U.S. at 807; *see* Liner v. Jafco, Inc., 375 U.S. 301, 306 n.3 (1964); Zenith Elecs. Corp. v. Exzec, Inc., 182 F.3d 1340, 1346 (Fed. Cir. 1999) (asserting jurisdiction over a case in which all patent claims were dismissed); *see also* 28 U.S.C. § 1295.

23 *See infra* Part I.

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

and judges to navigate before ever reaching the merits of an appeal.[25] This violates the longstanding notion that jurisdictional rules should, "above all be clear."[26] The Federal Circuit has compounded the confusion by applying an ambiguous test to decipher the with/without prejudice standard.[27] In fact, it appears that divergent standards have emerged, and the one more commonly relied upon creates a tension with a line of Supreme Court precedent.[28] Analyzing appellate jurisdiction in the Federal Circuit at the time of the complaint also defies common sense by requiring that cases reach the court without any live patent claims.[29] Further, the court's interpretation of patent settlements and consent judgments allows for parties to manipulate appellate jurisdiction by creatively altering the language of their agreements to stipulate a dismissal with or without prejudice.[30]

To present these problems more clearly, consider what has been termed a "mixed-claim" case, in which a patent law claim is paired with a nonpatent claim (perhaps copyright, unfair competition, antitrust, or any number of state claims that accompany patent cases).[31] Counterintuitively, if the patent claim is dismissed with prejudice, settled, or otherwise removed from the case, the appeal still lies with Federal Circuit, despite the fact that all patent claims have been resolved.[32] As a result, the court is forced to decide an unfamiliar issue of state or federal law.[33]

Although the Federal Circuit is undoubtedly capable of researching and understanding unfamiliar federal or state law, there are several reasons why it is not the best forum for such cases to be heard. First, its decision will not be binding on the regional circuits, which will hear all similar nonpatent claims, and will subsequently shape the jurisprudence in the area.[34] Second, the regional expertise of the cir-

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25 *See infra* Part II.B.

26 Budinich v. Becton Dickinson & Co., 486 U.S. 196, 202 (1988) (noting that rules "having jurisdictional consequences . . . should above all be clear").

27 *See infra* Part I.B.

28 *See* Semtek Int'l Inc. v. Lockheed Martin Corp., 531 U.S. 497, 499, 505 (2001) (discussing the meaning of "with prejudice").

29 *See* discussion *infra* Part II.B.

30 *See id.*

31 *See* Janicke, *supra* note 13, at 10.

32 *See infra* Part II.C.

33 *See infra* Parts I.B, II.B.

34 *See, e.g.*, Superior Fireplace Co. v. Majestic Prods. Co., 270 F.3d 1358, 1372 (Fed. Cir. 2001) ("[D]ecisions of the regional circuits on issues within our exclusive jurisdiction are not binding on this court."); Joan E. Schaffner, *Federal Circuit "Choice of Law": Erie Through the Looking Glass*, 81 IOWA L. REV. 1173, 1221 (1996) (analyzing the Federal Circuit's choice of law

cuits may aid their understanding of the trajectory of the law in the surrounding states, a trend that the Federal Circuit might not realize is occurring. Third, the Federal Circuit may begin to appropriate additional areas of the law (such as antitrust law) that are frequently tied to patent claims, but were not intended to be included in the exclusive purview of the Federal Circuit.[35] Thus, as commentators have suggested, there are still some "gaps, conflicts, and ambiguities" in the Federal Circuit's jurisdictional caselaw that need to be resolved.[36]

To remedy the confusion in the Federal Circuit's jurisdictional caselaw and to answer the questions of future litigants, this Note argues that the Federal Circuit should analyze its appellate jurisdiction based on a case's procedural posture when an appeal is filed, and only assert jurisdiction over cases in which there is a live patent case or controversy. Importantly, the ensuing discussion will show that even though the AIA was not specifically drafted to achieve this result, the language in the 2011 amendment to 28 U.S.C. § 1295(a)(1), which has yet to be implemented, can (and should) be read to support this argument.

To present this proposal, Part I sets forth background information that explains the existing state of the law. It addresses the legislative history of the FCIA and its six key jurisdictional elements, explains how both the Supreme Court and the Federal Circuit have interpreted that Act, and then describes the jurisdictional amendments passed in the AIA. Part II will analyze the problems with the Supreme Court and the Federal Circuit's current approach to the FCIA's jurisdictional mandate. It will show that, instead of the desired goals of uniformity, clarity, and consistency, cases instead reach the Federal Circuit completely devoid of patent issues through a complex analysis that contravenes congressional intent. Part III will advance the solution to these problems and explain why this proposal is a modest, coherent, and reasonable step in the evolution of the Federal Circuit's jurisdiction. It will also show why the AIA can be read to support this proposal. Finally, this Note concludes with a brief summary of the discussion and some suggestions for future research and analysis.

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rules, and arguing that when there is no regional precedent on point, the Federal Circuit should abandon its predictive analysis and instead use the "'best' interpretation").

35 *See* Gentry Crook McLean, Note, Vornado *Hits the Midwest: Federal Circuit Jurisdiction in Patent and Antitrust Cases After* Holmes v. Vornado, 82 TEX. L. REV. 1091, 1109 (2004) (discussing the antitrust effects of the Federal Circuit's pre-*Vornado* jurisprudence).

36 *See* Paul M. Schoenhard, *Gaps, Conflicts and Ambiguities in the Federal Courts' Post-AIA Patent Jurisdiction*, INTELL. PROP. & TECH. L.J., July 2013, at 20, 20.

I. Background: The Fundamental Bases of the Federal Circuit's Patent Law Jurisdiction

When Congress drafted the FCIA and created the Federal Circuit, its primary concern was establishing uniformity in the patent laws.[37] Since its enactment, however, courts have construed the Federal Circuit's jurisdiction within a larger civil jurisprudence that primarily focuses on the well-pleaded complaint rule.[38] In many cases, this has contravened congressional intent. In order for the courts to achieve a more coherent framework, it must return to the key jurisdictional principles set forth in the original statute.[39]

The Federal Circuit's grant of appellate jurisdiction over patent appeals was written in 28 U.S.C. § 1295(a)(1).[40] It cited the district courts' original jurisdiction (28 U.S.C. § 1338), and gave the Federal Circuit "exclusive jurisdiction . . . of an appeal from a final decision of a district court of the United States . . . if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title."[41] In drafting the statute, legislators were aware of the jurisdictional concerns that might arise when nonpatent cases came before the Federal Circuit.[42] These issues were discussed in depth in both House and Senate reports on the bill.[43] At the forefront of Congress's considerations were concerns about (1) uniformity; (2) clarity; (3) preventing forum shopping; (4) preventing jurisdictional manipulation; (5) ensuring the Federal Circuit did not appropriate other areas of the law; and (6) maintaining a lighter docket for the court.[44] The courts were ultimately in charge of interpreting their own jurisdictional grant, but in its mandate, Congress set forth a slate of jurisdictional principles as a guide.[45]

Consistent with these principles, the Senate Report suggests that separate claims in the same case might be appealed to different circuits.[46] In the context of nonpatent claims, the Report states: "If, for

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37 *See* Dreyfuss, *supra* note 10, at 7.

38 *See* S. Rep. No. 97-275, at 7, 19 (1981), *reprinted in* 1982 U.S.C.C.A.N. 11, 17, 28–30; *infra* Part I.A.

39 *See* S. Rep. No. 97-275, at 7, 19.

40 28 U.S.C. § 1295(a)(1) (2012) (amended 2011).

41 28 U.S.C. § 1295(a)(1) (2006). Congress removed this language as part of its amendments to § 1295 under the AIA. *See infra* notes 114–15 and accompanying text.

42 *See* S. Rep. No. 97-275, at 19–22; H.R. Rep. No. 97-312, at 20–23, 41, 45 (1981).

43 *See* S. Rep. No. 97-275, at 19–22; H.R. Rep. No. 97-312, at 20–23, 41, 45.

44 *See* S. Rep. No. 97-275, at 5–6.

45 *See id.* at 5–6, 20 ("The Committee intends for the jurisdictional language to be construed with the objectives of the Act and [its] concerns.").

46 *See id.* at 20.

example, a patent claim is manipulatively joined to an antitrust action but severed or dismissed before final decision of the antitrust claim, jurisdiction over the appeal of the antitrust claim should not be changed by this Act but should rest with the regional court of appeals."[47] This language illustrates that Congress contemplated appeals of different issues lying with different circuits, even when the case originally contained patent claims.[48] Furthermore, the reference to "final" decisions illustrates that Congress was aware of the "temporal" problems of claims reaching final conclusions at different times during extended litigation battles.[49] It suggests that if a patent claim were adjudicated before the other claims in the trial, perhaps the appeal would more properly lie in a regional circuit.[50]

Beginning with the passage of the FCIA in 1982, the courts developed a body of caselaw interpreting these statutes.[51] At the same time, commentators questioned whether these cases remained in line with Congress's original intent because patent claims were reaching regional circuits, while nonpatent appeals were going to the Federal Circuit.[52] In 2011, twenty-nine years after the establishment of the Federal Circuit, Congress corrected the course of the circuit courts' caselaw by amending the Federal Circuit's jurisdictional grant in the AIA to bring it back in line with the principles stated in the FCIA.[53]

A. The Supreme Court's Interpretation of § 1295(a)(1): Imposing the Well-Pleaded Complaint Rule onto Patent Law

Although Congress was charged with designing the FCIA, the courts had the task of implementing it and establishing appropriate "jurisdictional guidelines."[54] The Supreme Court did this by imposing

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47 *Id.*

48 *See id.*

49 *See id.*; Janicke, *supra* note 13, at 14 (discussing how adding and subtracting claims throughout litigation can alter patent claims in ways that make the courts' jurisdictional analyses difficult).

50 *See* S. REP. NO. 97-275, at 20.

51 *See infra* Part I.A–B.

52 *See* Christopher A. Cotropia, *"Arising Under" Jurisdiction and Uniformity in Patent Law*, 9 MICH. TELECOMM. & TECH. L. REV. 253, 256 (2003); Jiwen Chen, Comment, *The Well-Pleaded Complaint Rule and Jurisdiction over Patent Law Counterclaims: An Empirical Assessment of* Holmes Group *and Proposals for Improvement*, 8 Nw. J. TECH. & INTELL. PROP. 94, 95 (2009); Ravi V. Sitwala, Note, *In Defense of* Holmes v. Vornado*: Addressing the Unwarranted Criticism*, 79 N.Y.U. L. REV. 452, 455 (2004).

53 Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (relevant sections codified as amended in 35 U.S.C. § 141 (2012)); S. REP. NO. 97-275, at 7; H.R. REP. No. 97-312, at 20–23, 41, 45 (1981).

54 *See* H.R. REP. No. 97-312, at 41.

the well-pleaded complaint rule onto patent law.[55] As it applies to the Federal Circuit, the well-pleaded complaint rule stands for the principle that jurisdiction only exists when the complaint establishes that federal patent law creates the cause of action, or when "the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law."[56] This approach had the benefit of drawing on a wealth of caselaw regarding the interpretation of the words "arising under,"[57] but courts still grappled with the fact that the patent framework of § 1295 was different from "federal question" jurisdiction because § 1295 only referred to appellate jurisdiction rather than original jurisdiction, which does not contain the same controversial issues of judicial federalism.[58]

Thus, in *Christianson v. Colt Industries Operating Corp.*,[59] the Supreme Court rejected the argument that a patent law defense created a case that "arose under" the patent laws, and refused to find appellate jurisdiction in the Federal Circuit.[60] However, because *Christianson* dealt with appellate rather than original jurisdiction, it raised novel issues. In his concurrence, Justice Stevens foreshadowed some of the potential temporal problems with § 1295 by noting that "the answer to the question whether a claim arises under the patent laws may depend on the time when the question is asked."[61]

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55 *See* Am. Well Works Co. v. Layne & Bowler Co., 241 U.S. 257, 260 (1916) (no federal question jurisdiction exists when an action arises under state libel law rather than federal patent law); *see also* Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826, 830 (2002) (applying the well-pleaded complaint rule to patent law).

56 Hunter-Douglas, Inc. v. Harmonic Design, Inc., 153 F.3d 1318, 1330–31 (Fed. Cir. 1998) (internal quotation marks omitted) (discussing what constitutes a "substantial issue of patent law" and holding that (1) infringement, (2) inventorship issues, (3) attorney's fees, and (4) the revival of an allegedly unintentionally abandoned patent application all constituted substantial issues), *overruled on other grounds by* Midwest Indus., Inc. v. Karavan Trailers, Inc., 175 F.3d 1356 (Fed. Cir. 1999); *see also* Madstad Eng'g, Inc. v. U.S. Patent & Trademark Office, 756 F.3d 1366, 1371 (Fed. Cir. 2014) (discussing the issues of federalism that underlie the assertion of original jurisdiction in federal courts).

57 *See, e.g.*, Powell v. McCormack, 395 U.S. 486, 515 (1969) (noting "the grant of jurisdiction in § 1331(a), while made in the language used in Art. III, is not in all respects co-extensive with the potential for federal jurisdiction found in Art. III").

58 *See* Franchise Tax Bd. of Cal. v. Constr. Laborers Vacation Trust for S. Cal., 463 U.S. 1, 8–9 (1983) ("[T]he 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."); *see also* Merrell Dow Pharm. Inc. v. Thompson, 478 U.S. 804, 810 (1986) ("[D]eterminations about federal jurisdiction require sensitive judgments about congressional intent, judicial power, and the federal system.").

59 Christianson v. Colt Indus. Operating Corp., 486 U.S. 800 (1988).

60 *See id.* at 813.

61 *Id.* at 820 (Stevens, J., concurring).

A similar issue came before the Supreme Court in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*[62] In this case, the original complaint did not contain any patent issues, but Vornado asserted a compulsory counterclaim under the patent laws, and argued that this was a legitimate basis for jurisdiction.[63] The Supreme Court, however, rejected the argument, and found that only the *complaint* could create an issue that "arose under" the patent laws for the purposes of the Federal Circuit's jurisdiction.[64]

Writing for the majority, Justice Scalia explained, "[o]ur task here is not to determine what would further Congress's goal of ensuring patent-law uniformity, but to determine what the words of the statute must fairly be understood to mean."[65] Accordingly, the Court noted that the words "arising under," which appear in § 1338, are repeated verbatim in § 1295, which confers appellate jurisdiction upon the Federal Circuit.[66] In a colorful passage, Justice Scalia suggested that "[i]t would be an unprecedented feat of interpretive necromancy to say that § 1338(a)'s 'arising under' language means one thing (the well-pleaded-complaint rule) in its own right, but something quite different (respondent's complaint-or-counterclaim rule) when referred to by § 1295(a)(1)."[67]

The concurring opinions, however, took a different view. Justice Stevens, for his part, refuted the "assertion that only the power of black magic could give 'arising under' a different meaning with respect to appellate jurisdiction."[68] He also echoed the sentiment of his *Christianson* concurrence in stating that the ruling should not be construed to "enable an unscrupulous plaintiff to manipulate appellate court jurisdiction by the timing of the amendments to its complaint."[69] Nonetheless, Justice Stevens concurred in the result for three reasons: (1) the plaintiff's choice in trial forum should extend to the appellate forum; (2) the number of potential counterclaims might significantly increase the Federal Circuit's caseload; and (3) assessing a party's motive for asserting a counterclaim would decrease the simplicity and

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

63 *See id.* at 830.

64 *See id.* at 829–30.

65 *Id.* at 832–34.

66 *See id.*

67 *Id.* at 833–34.

68 *Id.* at 836 n.1 (Stevens, J., concurring).

69 *Id.* at 835 (internal quotation marks omitted) (quoting Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 824 (1988) (Stevens, J., concurring)).

clarity of the well-pleaded complaint rule.[70] These three concerns are reasonable and astute, and any proposed change in the court's jurisdiction should therefore pay due attention to this concurrence. Justice Stevens's opinion is also important because it illuminates the legitimate problems of parties manipulating jurisdiction and the confusion over when it is proper to assess jurisdiction.[71]

Although the Justices agreed on the outcome of *Holmes Group*, they differed in their reasoning.[72] Legal scholars, however, criticized the *Holmes Group* decision frequently,[73] and Justice Scalia's majority opinion was repudiated by legislative fiat in the AIA.[74] With the new statutory framework in effect, the three concerns in Justice Stevens's concurrence should therefore be reexamined to determine what remains of the *Holmes Group* rule, and to suggest how courts should interpret the jurisdiction of the Federal Circuit moving forward under the current law. Specifically, these concerns highlight the wisdom of a functional bright-line test as compared to a rote application of the well-pleaded complaint rule.[75]

B. The Federal Circuit's Jurisdictional Caselaw: Adopting the With/Without Prejudice Distinction for Dismissals as the Foundation for the Court's Jurisdictional Analysis

With the Supreme Court's guidance, the Federal Circuit has developed a body of caselaw interpreting its jurisdictional statute. This jurisprudence has resulted in a version of the well-pleaded complaint rule in which patent claims dismissed with prejudice provide a jurisdictional basis for the Federal Circuit, while claims dismissed without prejudice do not.[76] The reasoning for this rule is that a with-prejudice dismissal is seen to act as an adjudication on the merits, whereas a without-prejudice dismissal is not.[77] The result of this caselaw, however, is that appeals often reach the Federal Circuit without any live patent claims or independent bases for jurisdiction. Further, it re-

70 *See id.* at 836–38.

71 *See id.*

72 *Compare id.* at 827–34 (Scalia, J., majority opinion), *with id.* at 834–39 (Stevens, J., concurring).

73 *See, e.g.*, Cotropia, *supra* note 52, at 256.

74 *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (relevant sections codified as amended in 35 U.S.C. § 141); Holmes Group*, the Federal Circuit, and the State of Patent Appeals: Hearing Before the Subcomm. on Courts, the Internet, & Intellectual Prop. of the H. Comm. on the Judiciary*, 109th Cong. 2, 7 (2005) [hereinafter *Holmes Group Hearing*].

75 *Holmes Grp.*, 535 U.S. at 840 (Stevens, J., concurring).

76 *See* ROBERT A. MATTHEWS, JR., 5 ANNOTATED PATENT DIGEST § 36:52 (2008).

77 *See id.*; Semtek Int'l Inc. v. Lockheed Martin Corp., 531 U.S. 497, 505–06 (2001).

quires that litigants spend valuable resources arguing over jurisdiction before reaching the merits of their case.[78] The following cases explain the evolution of this framework.

The Federal Circuit first meaningfully confronted the issue of an appeal unrelated to patent claims in *Atari, Inc. v. JS & A Group, Inc.*,[79] where it denied a motion to transfer a group of nonpatent claims to the regional circuit even though those claims had been separated from the patent claims under Federal Rule of Civil Procedure 42(b) and were sufficiently separate from the patent claims that were not on appeal.[80] In making this holding, however, the court explicitly did not rule on cases where patent claims had been dismissed by settlement, withdrawn with prejudice, or were otherwise removed before an appeal was filed.[81]

Those issues came to the forefront in *Gronholz v. Sears, Roebuck & Co.*,[82] where the court held that the voluntary dismissal of a patent claim acted as a Rule 15 amendment to the complaint, which deprived the court of jurisdiction under the well-pleaded complaint rule.[83] *Gronholz* therefore adopted the legal fiction that dismissals *without prejudice* are considered amendments to the complaint.[84] Similarly, in *Nilssen v. Motorola, Inc.*,[85] the court found that once the patent claims had been dismissed without prejudice (albeit involuntarily), the district court's jurisdiction over the remaining state law claims rested on the supplemental jurisdiction of § 1367 rather than the original jurisdiction of § 1338, and thus the Federal Circuit had no jurisdiction over the appeal.[86]

These holdings, however, are complicated by consent judgments, which can create uncertainty regarding the with/without prejudice distinction because that determination turns on the intent of the parties.[87] For example, in *Zenith Electronics Corp. v. Exzec, Inc.*,[88] the Federal Circuit maintained jurisdiction over a case in which the patent claims had "fallen by the wayside as a result of the district court enter-

78 *See* Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 818–19 (1988).

79 Atari, Inc. v. JS & A Grp., Inc., 747 F.2d 1422 (Fed. Cir. 1984), *overruled on other grounds by* Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059 (Fed. Cir. 1998).

80 *See Atari, Inc.*, 747 F.2d at 1430–31, 1440.

81 *See id.* at 1428.

82 Gronholz v. Sears, Roebuck & Co., 836 F.2d 515 (Fed. Cir. 1987).

83 *See id.* at 518; FED. R. CIV. P. 15.

84 *Gronholz*, 836 F.2d at 518.

85 Nilssen v. Motorola, Inc., 203 F.3d 782 (Fed. Cir. 2000).

86 *See id.* at 784.

87 *See infra* Part II.C.

88 Zenith Elecs. Corp. v. Exzec, Inc., 182 F.3d 1340 (Fed. Cir. 1999).

ing a joint stipulation and proposed order by the parties dismissing the patent claims 'with prejudice.'"[89] In doing so, it distinguished *Gronholz* on the fact that the dismissal there was without prejudice, while the dismissal in *Zenith* was with prejudice.[90] Relying on the *Gronholz* legal fiction that dismissals without prejudice are amendments to the complaint, the court reasoned that a dismissal with prejudice acted as a disposition on the merits, and therefore the patent claim was not removed from the complaint as it was in *Gronholz*.[91] This holding created a situation in which the case, which was completely devoid of patent issues, remained within the exclusive appellate jurisdiction of the Federal Circuit until its final resolution.[92]

The Federal Circuit examined the impact of consent judgments again in *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*,[93] where it analyzed the functional impact of the dismissal of all the patent claims from a case.[94] In *Chamberlain*, the Federal Circuit assessed its jurisdiction over a copyright claim when three patent claims, which were initially in the suit, were dismissed before the appeal.[95] The court ultimately found that it had jurisdiction, but only after a detailed functional analysis of the language with which the trial court dismissed the patent claims.[96] One of the claims was dismissed "without prejudice to Plaintiff's reasserting its '703 patent claims if the Federal Circuit reverses Judge Conlon's decision" in a separate proceeding.[97] The parties eventually settled that claim.[98] Shortly after, the district court dismissed the remaining patent claims "without prejudice solely for the purpose of permitting the maintenance of the patent claims in the ITC investigation and nowhere else as per agreement of the parties."[99]

If the Federal Circuit took the district court at its word and found that the patent claims in *Chamberlain* were actually dismissed "without prejudice," then under *Gronholz* it would have to deny jurisdiction.[100] Instead, the court held that "[d]ismissals divest this court of

89 *Id.* at 1346.
90 *See id.*
91 *See id.*
92 *See* Dreyfuss, *supra* note 10, at 30–32.
93 Chamberlain Grp., Inc. v. Skylink Techs., Inc., 381 F.3d 1178 (Fed. Cir. 2004).
94 *See id.* at 1181–82.
95 *See id.* at 1188.
96 *See id.* at 1188–90.
97 *Id.* at 1188.
98 *See id.*
99 *Id.* at 1189 (internal quotation marks omitted).
100 *See supra* notes 82–86 and accompanying text.

jurisdiction only if 'the parties were left in the same legal position with respect to all patent claims as if they had never been filed.'"[101] The court stated that the with/without prejudice "distinction is functional, rather than semantic," and found that the dismissal of the claim should effectively be styled as a dismissal "with prejudice" because "there is no longer any set of circumstances under which this court could reverse Judge Conlon's decision."[102] Therefore, it found jurisdiction over the case, which, on the merits, dealt solely with a copyright claim.[103]

In discussing this functional analysis, the *Chamberlain* opinion also cited *Semtek International Inc. v. Lockheed Martin Corp.*[104] for the proposition that a "'dismissal without prejudice' . . . is dismissal without barring the plaintiff from returning later, to the same court, with the same underlying claim."[105] Thus, there appear to be two standards that emerged from the *Chamberlain* decision: the "alteration of legal rights" standard, and the *Semtek* "barring relitigation in the same court" standard.[106]

Since the *Chamberlain* decision, the court has stayed true to the functional "alteration of legal rights" test to determine whether a claim was dismissed with or without prejudice for jurisdictional purposes.[107] Consequently, the cases discussed above remain as the foundation for the existing state of the law. The result of this jurisprudence, however, is that Federal Circuit asserts jurisdiction over a swath of cases in which no patent claims are actually on appeal, and litigants must spend valuable resources debating which appellate venue has jurisdiction over their appeal.[108] Although the text of the AIA supports a different approach to analyzing cases where patent claims have been dismissed, this large body of caselaw suggests that, unless a reasonable alternative is presented, the Federal Circuit will continue to apply the same well-pleaded complaint rule, which will yield the same results.

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101 *Chamberlain*, 381 F.3d at 1190 (alterations omitted) (quoting Nilssen v. Motorola, Inc., 203 F.3d 782, 785 (Fed. Cir. 2000)).

102 *Id.* at 1188–90 (internal quotation marks omitted).

103 *See id.*

104 Semtek Int'l Inc. v. Lockheed Martin Corp., 531 U.S. 497 (2001).

105 *Chamberlain*, 381 F.3d at 1190 (internal quotation marks omitted) (quoting *Semtek*, 531 U.S. at 505).

106 *See id.*

107 *See, e.g.*, Crater Corp. v. Lucent Techs., Inc., 423 F.3d 1260, 1265 (Fed. Cir. 2005) (finding appellate jurisdiction where all patent claims had been adjudicated and only state law claims were on appeal).

108 *See supra* Part II.B.

C. *The Leahy-Smith America Invents Act: Overruling* Holmes Group *and Altering the Appellate Jurisdiction of the Federal Circuit*

In the AIA, Congress expressed its displeasure with the Supreme Court's decision in *Holmes Group* by amending the appellate jurisdiction of the Federal Circuit to include compulsory counterclaims as a basis for jurisdiction.[109] These amendments did not apply retroactively to cases that began before the AIA was passed, so as of this writing, no relevant cases have reached the Federal Circuit under the new law.[110] Nevertheless, the changes in the statute's language are important because they constitute a departure from the well-pleaded complaint rule and lend textual support to the practical argument for a new jurisdictional analysis.

After much congressional debate, the language of 28 U.S.C. § 1295(a)(1) was amended to give the Federal Circuit exclusive appellate jurisdiction over: "an appeal from a final decision of a district court of the United States . . . in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents."[111] This amendment has a few substantive results. First, by allowing for counterclaims to establish a basis of jurisdiction, Congress abandoned a strict adherence to the well-pleaded complaint rule because jurisdiction is no longer fixed at the time of the complaint, but rather when the answer is filed and/or amended.[112] The new statute therefore negates the idea that the plaintiff is "master of the complaint," because the defendant may now affect the judicial forum by asserting a compulsory counterclaim.[113]

Second, the AIA amendment removes any mention of the district court's jurisdiction from § 1295, making jurisdiction solely dependent on the "arising under" language and the understanding of a "civil action."[114] This appears to have been done primarily to direct all patent

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109 *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (relevant sections codified as amended in 35 U.S.C. § 141 (2012)); *see also Holmes Group Hearing, supra* note 74.

110 *See, e.g.*, Wawrzynski v. H.J. Heinz Co., 728 F.3d 1374, 1379 (Fed. Cir. 2013) (holding that the lawsuit was "commenced" prior to the effective date of the AIA); *see also* U.S. Water Servs., Inc. v. ChemTreat, Inc., 570 F. App'x 924, 925 n.2 (Fed. Cir. 2014).

111 28 U.S.C. § 1295(a)(1) (2012).

112 *See Holmes Group Hearing*, *supra* note 74, at 2.

113 *See id.*; Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826, 831 (2002) (discussing the plaintiff as the "master of the complaint" (internal quotation marks omitted)).

114 *See generally* Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 FED. CIR. B.J. 539, 540 (2012); Schoenhard, *supra* note 36, at 22.

claims and counterclaims to the Federal Circuit.[115] However, it also presents the question posed by Justice Stevens in his *Holmes Group* concurrence—namely, when should courts assess appellate jurisdiction?[116] Should it be after all pleading is completed? After the case is appealed? What happens when complaints are amended by dismissal, consent, or motion?[117] What happens when a counterclaim is filed and later dismissed? These questions were unaddressed by the FCIA, and they remain unanswered by the AIA,[118] but if the Federal Circuit's jurisdiction is no longer tied to that of the district court, then it follows that the Federal Circuit should conduct a jurisdictional analysis entirely separate from that of the trial court.[119]

In summary, the AIA overruled *Holmes Group*, but did not clearly indicate which parts of the preexisting jurisdictional analysis were to remain intact. Although the primary intent of these amendments was admittedly to fix the *Holmes Group* problem, these substantive statutory changes are amenable to different interpretations by the courts, especially when considered in light of the FCIA's six jurisdictional principles.[120] Thus, the concurring opinions in *Holmes Group* obtain a new significance as litigants move forward and try to assess when and how the court will determine jurisdiction in accordance with the new language of the statute. The issue of when to assess jurisdiction was unclear before the AIA was passed, and it remains unclear after the amendment to 28 U.S.C. § 1295(a)(1).[121] However, a discussion of the problems created by this ambiguity illustrates that, in light of Congress's repudiation of the well-pleaded complaint rule, the Federal Circuit should settle the jurisdictional ambiguities by assessing jurisdiction at the time of appeal.

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115 *See supra* note 112.

116 *See Holmes Grp., Inc.*, 535 U.S. at 835 (Stevens, J., concurring).

117 *See id.*

118 *See* Schoenhard, *supra* note 36, at 21.

119 *See* 28 U.S.C. § 1295(a)(1) (2012).

120 *See generally Holmes Group Hearing*, *supra* note 74; *see also supra* note 44 and accompanying text.

121 *See* Schoenhard, *supra* note 36, at 20, 22; *see also Holmes Grp., Inc.*, 535 U.S. at 835 (Stevens, J., concurring).

II. Discussion: The Jurisprudence of the Supreme Court and the Federal Circuit Mistakenly Dictates a Jurisdictional Analysis That Contradicts Congressional Intent in Passing the FCIA and the AIA

Although the recent AIA amendments did not specifically address procedural situations in which cases come before the Federal Circuit without any live patent controversies, it reinforced the jurisdictional principles that it had previously set forth in its creation of the Federal Circuit.[122] These principles dictate a change in the jurisdictional analysis of the Federal Circuit to answer the question of when to assess jurisdiction, and to correct some of the theoretical and practical problems that currently challenge the Federal Circuit.

In particular, two inconsistencies in the logic of the Supreme Court's decisions should be examined more closely. First, the principle of mootness is distorted when cases devoid of patent issues are appealed to the Federal Circuit.[123] Second, Justice Scalia's strict textual interpretation of § 1295 and the "interpretive necromancy" language in *Holmes Group* does not adequately consider the practical policy differences between original and appellate jurisdiction and the flexibility of the words "arising under."[124]

The guidance of the Supreme Court has caused more nuanced jurisdictional problems for the Federal Circuit. The court has adopted what at first glance appears to be a simple analysis of whether a claim was dismissed with or without prejudice. However, the test for making this determination is unclear, and further examination shows that it is in tension with Supreme Court precedent.[125] Furthermore, the with/without prejudice distinction is especially confusing in the context of flexible consent judgments and settlements where parties can alter the language of their settlements to affect appellate jurisdiction.[126] These practical results run contrary to the jurisdictional principles set forth in the FCIA and reinforced by the AIA, and therefore they should be remedied.[127]

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122 *See supra* Part I.C.

123 *See infra* Part II.A.

124 *See Holmes Grp., Inc.*, 535 U.S. at 833–34.

125 *See infra* Part II.C.

126 *See* Janicke, *supra* note 13, at 16–17.

127 *See, e.g.*, S. Rep. No. 97-275, at 18–24 (1981), *reprinted in* 1982 U.S.C.C.A.N. 11, 28–38.

A. *Supreme Court Precedent: Federalism, the Well-Pleaded Complaint Rule, and Appellate Jurisdiction Based on Moot Issues*

Since the holding of the *Holmes Group* decision has been abrogated by legislative amendment, the majority's logic regarding strict implementation of the well-pleaded complaint rule should also be reexamined. In particular, two theoretical problems need to be addressed.

The first problem illuminated by the *Holmes Group* opinion is that appeals may be based on issues that effectively have become moot. This contradicts the constitutional principle that the courts have no power to resolve issues that do not constitute a "case or controversy."[128] In cases such as *Zenith* and *Chamberlain*,[129] for example, the patent claims at issue in the cases were settled, dismissed, and were not appealed. However, under the *Holmes Group* logic, their appeals still rested in the Federal Circuit because the original complaint contained a patent claim. This result defies common sense as well as the constitutional principle of mootness.

Because the Federal Circuit's jurisdiction over patent appeals is exclusive, the phenomenon of moot issues providing the foundation for appellate jurisdiction is unique to patent law.[130] When dealing with federal question jurisdiction under 28 U.S.C. § 1331, state law claims are allowed in federal court pursuant to 28 U.S.C. § 1367 when they are part of the same case or controversy as a federal claim.[131] Therefore, in nonpatent cases where the federal issue has been mooted, the basis for supplemental jurisdiction is *independently* vested in the state claim by statute.[132] The same cannot be said for the Federal Circuit's jurisdiction. There is no supplemental jurisdiction statutory counterpart to § 1367 for patent appeals. Nonetheless, the Federal Circuit has retained jurisdiction over nonpatent claims based solely on the presence of a patent claim in the complaint.[133]

The second problem with Justice Scalia's *Holmes Group* opinion is that it ignores the established flexibility of the words "arising under," which mean one thing when interpreted as a constitutional

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128 Liner v. Jafco, Inc., 375 U.S. 301, 306 n.3 (1964) ("Our lack of jurisdiction to review moot cases derives from the requirement of Article III of the Constitution under which the exercise of judicial power depends upon the existence of a case or controversy.").

129 *See supra* Part I.B.

130 *See* 28 U.S.C. § 1295 (2012).

131 *See* 28 U.S.C. § 1367.

132 *See id.*

133 *See supra* Part I.A.

text (requiring federal law to be an "ingredient" of the case), but compel a different interpretation when read in the statutory context of § 1331 (requiring that a substantive issue of federal law be raised on the face of the complaint).[134] In this sense, the "necromancy" described by Scalia is a feat that was performed by the Supreme Court as early as 1875 when Congress established statutory federal question jurisdiction.[135]

Thus, the "arising under" language itself is not determinative and the horizontal divide between federal appeals courts simply does not require the same rigorous protection as the vertical divide between states and the federal government because it does not implicate the same delicate issues of judicial federalism.[136] Furthermore, though courts have recognized that under the well-pleaded complaint rule it is generally the plaintiff's prerogative to choose where she initially brings her case,[137] the AIA effectively rescinded that prerogative by allowing for jurisdiction to be based on counterclaims.[138] Now, the appellate jurisdiction over a case may be altered after the initiation of a case through the assertion of a patent law counterclaim.[139] This directly refutes Justice Stevens's statement that the plaintiff's choice in trial forum should extend to the appellate court.[140]

Moreover, the right of the plaintiff to choose the trial forum has never intentionally extended to the appellate forum. Rather, appellate jurisdiction is conferred by the Constitution or by statute and may not be decided by the parties.[141] The distribution of appellate jurisdiction between federal courts is important, but it does not raise the same delicate issues of federalism that underscore congressional grants of original jurisdiction.[142] In granting the Federal Circuit appellate jurisdiction over all patent cases, Congress decided to affect this horizontal

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134 *Compare* Osborn v. Bank of the U.S., 22 U.S. (9 Wheat.) 738, 823 (1824) (interpreting the Constitutional phrase "arising under"), *with* Am. Well Works Co. v. Layne & Bowler Co., 241 U.S. 257, 260 (1916) (interpreting statutory phrase "arising under" for statutory federal question jurisdiction).

135 *See* Jurisdiction and Removal Act of 1875, 18 Stat. 470 (codified as amended in 28 U.S.C. § 1331).

136 *See* U.S. CONST. amend. X.

137 *See* Caterpillar Inc. v. Williams, 482 U.S. 386, 392 (1987) (stating that the plaintiff is "master of the claim" and may choose the forum that decides the case).

138 *See* 28 U.S.C. § 1295 (2012).

139 *See id.*

140 *See* Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826, 837 (2002) (Stevens, J., concurring).

141 *See* Gould v. Control Laser Corp., 866 F.2d 1391, 1393 (Fed. Cir. 1989).

142 *See, e.g.*, Merrell Dow Pharm. Inc. v. Thompson, 478 U.S. 804, 810 (1986).

distribution based on subject matter rather than geography.[143] The Federal Circuit is not a specialist institution, but its exclusive jurisdiction over patent law serves the objectives of Congress by creating a single court to unify the evolving body of patent law.[144]

Hence, while "arising under" may mean the same thing in two congressional grants of original federal jurisdiction, the exclusive *appellate* jurisdiction of the Federal Circuit calls for a modified interpretation of that phrase. Contrary to the argument of the *Holmes Group* majority, this is no more an act of necromancy than it was for the Supreme Court to construe the words "arising under" differently in a statutory and a constitutional context.[145]

B. The Federal Circuit Has Interpreted the Well-Pleaded Complaint Rule in a Confusing and Inconsistent Manner That Has Led Away from the Uniformity and Clarity Desired by Congress

Just as the well-pleaded complaint rule and the *Holmes Group* decision present the theoretical problem of mootness, the practical problems surrounding the imposition of the well-pleaded complaint rule on patent law are revealed clearly in Federal Circuit caselaw. Specifically, the goal of clarity is complicated by consent judgments where the Federal Circuit's with/without prejudice distinction creates confusion for courts and litigants. This confusion results in scenarios where courts apply a jurisdictional test that appears to be in tension with Supreme Court precedent.[146]

Though Congress apparently meant for the Federal Circuit to hear all patent law appeals, it does not appear that it also intended the odd result of taking cases away from the regional circuits simply because the case once contained an issue of patent law.[147] In fact, as the Seventh Circuit has stated, "[t]he regional circuits are better situated than the Federal Circuit to mull over questions of local law; 'uniformity' interests cut in favor of distributing state law issues to courts with geographic jurisdiction, even as they support central handling of patent questions."[148] Thus, even though uniformity is an especially potent concern in patent law, it is not a concern unique to patent law.[149]

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143 *See* Dreyfuss, *supra* note 10, at 5, 61.

144 *See id.* at 4, 6, 8–9, 66.

145 *See Holmes Grp., Inc.*, 535 U.S. at 833–34.

146 *See* Chamberlain Grp., Inc. v. Skylink Techs., Inc., 381 F.3d 1178, 1190 (Fed. Cir. 2004).

147 *See Holmes Group Hearing*, *supra* note 74, at 81–83 (FCBA Legislative Proposal).

148 Kennedy v. Wright, 851 F.2d 963, 966 (7th Cir. 1988).

149 *See* Dreyfuss, *supra* note 10, at 69–73.

There are numerous cases that illustrate these problems. However, *Chamberlain* explains the contradictory with/without prejudice tests, and therefore serves as the best template to highlight the shortcomings in the Federal Circuit's jurisdictional analysis.[150] One issue with *Chamberlain* is that it recites conflicting standards for determining whether a claim is dismissed with or without prejudice. Only one of these standards is consistent with Supreme Court precedent.[151] In explaining the first test, the court cites *Nilssen* for the proposition that the "alter[ation of] legal status" provides the basis for determining if a claim is dismissed with prejudice.[152] This sets a very low bar for the "with prejudice" distinction because when the parties dismiss a claim pursuant to an agreement, it will usually contain various terms and conditions that affect the litigants' rights.[153] In *Chamberlain*, the dismissal was conditioned on the result of a separate litigation battle, however the dismissal could have just as easily related to claim construction, patent validity, or even a two-month prohibition on re-filing the claim.[154] In all of these situations, the "legal rights" of the litigants would technically be altered, but the case could theoretically be brought again in exactly the same court at a later date.[155]

This runs contrary to the Supreme Court's decision in *Semtek*,[156] which stated, "[t]he primary meaning of 'dismissal without prejudice,' we think, is dismissal without barring the defendant from returning later, to the same court, with the same underlying claim."[157] The *Chamberlain* court quotes this very language in its opinion, however, it does not apply that test.[158] The proper inquiry under *Semtek* is not whether legal rights have been altered, but rather whether the case may be brought again in the same court.[159] Thus, the divergent *Chamberlain* and *Semtek* standards are sure to cause confusion. Moreover, under either standard, the with/without prejudice distinction creates

150 *See Chamberlain Grp., Inc.*, 381 F.3d at 1188–90.

151 *See* Semtek Int'l Inc. v. Lockheed Martin Corp., 531 U.S. 497, 505–06 (2001).

152 *Chamberlain Grp., Inc.*, 381 F.3d at 1189–90.

153 In some respects, this approach seems to resemble the res judicata doctrine of issue preclusion as the determinative factor for a "with prejudice" dismissal. *See generally* Cromwell v. Cnty. of Sac, 94 U.S. 351 (1877) (holding that only the specific issues addressed in the previous lawsuit were barred from litigation).

154 *See id.*

155 *See Semtek*, 531 U.S. at 505–06.

156 See *id.*

157 *Id.*

158 *See* Chamberlain Grp., Inc. v. Skylink Techs., Inc., 381 F.3d 1178, 1190 (Fed. Cir. 2004) (quoting *Semtek*, 531 U.S. at 505–06).

159 *See id.*

complications because settlements can make jurisdiction depend on events outside the purview of the court's proceedings.

To illustrate this point, consider what would happen if in *Chamberlain*, the first patent claim (dismissed "without prejudice" by settlement subject to the result of another case) was still pending in a separate appeal and "Judge Conlon's decision" could theoretically still be reversed. The legal rights of the parties would not yet have been altered because the matter was still undecided. Therefore the "without prejudice" distinction could remain. If, however, Judge Conlon's decision were overturned before the conclusion of the case, the matter would have to be transferred because the case could be brought again and the legal rights would not have been altered. If it came down the day after the decision, however, the jurisdictional foundation would have been sound. The absurd consequence of this hypothetical variation is that the appellate jurisdiction of the Federal Circuit would depend on the timing and result of the decision in an unrelated case. This injects an undesirable lack of clarity into the jurisprudence of the Federal Circuit and can be easily addressed by focusing only on the issues that are actually appealed in a case.

As illustrated by *Chamberlain* and its hypothetical variation, even if the Federal Circuit established the correct "prejudice" test to apply, the with/without prejudice distinction remains confusing because of problems that result when parties dismiss claims based on their individual interests or future conditions, as was the case in *Chamberlain*.[160]

C. *Federal Circuit Caselaw Allows Parties to Affect Their Own Jurisdiction Through Consent Judgments and Calculated Dismissals*

Because "[t]he Constitution of the United States, not private litigants, confers jurisdiction on [courts] to hear cases,"[161] parties have no power to affect a court's subject matter jurisdiction.[162] As such, courts have repeatedly held that "[w]ant of jurisdiction . . . may not be cured by consent of the parties."[163] Yet, under the current law of the Federal Circuit, parties can decide whether their appeal goes to the Federal

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160 *See id.* at 1188–89.

161 Gould v. Control Laser Corp., 866 F.2d 1391, 1393 (Fed. Cir. 1989) (internal quotation marks omitted).

162 California v. San Pablo & T.R. Co., 149 U.S. 308, 314 (1893) ("[T]he court is not empowered to decide moot questions or abstract propositions . . . . No stipulation of parties or counsel . . . can enlarge the power, or affect the duty, of the court in this regard.").

163 Indus. Addition Ass'n v. Comm'r of Internal Revenue, 323 U.S. 310, 313 (1945).

Circuit or the appropriate regional circuit based solely on the language of a settlement agreement.[164]

Ordinarily, issues not actually litigated in a case are not binding on the parties in future litigation.[165] However, courts have found an exception for consent judgments and settlements, which may be binding if the parties entered in an agreement that has "manifested an intention" to be bound.[166] Not surprisingly, the intent of the parties can sometimes be difficult to decipher. For example, in *Baseload Energy, Inc. v. Roberts*,[167] the Federal Circuit found that the strong language in an agreement precluding litigation of "any and all losses, liabilities, claims, expenses, demands and causes of action of every kind and nature . . . that the . . . [p]arties ever had, now have, or hereafter may have" nonetheless did not preclude litigation on the issues of patent validity.[168] Thus, clauses that release claims in consent judgments must be "clear and unambiguous" in order to preclude future litigation.[169] This is consistent with the federal policy that the validity of patents be subjected to judicial scrutiny, a policy that in some cases can even vitiate the intent of the parties.[170]

This is undoubtedly a legitimate policy, but under the current framework, it complicates the jurisdictional analysis and allows litigants to manipulate jurisdiction.[171] The frequency of this jurisdictional manipulation is hard to determine, as it rarely gets litigated.[172] Nonetheless, most circuits have developed approaches to the problem of

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164 *Compare* Zenith Elecs. Corp. v. Exzec, Inc., 182 F.3d 1340, 1346 (Fed. Cir. 1999) (maintaining Federal Circuit retains appellate jurisdiction after patent claims dismissed with prejudice), *with* Gronholz v. Sears, Roebuck & Co., 836 F.2d 515, 518–19 (Fed. Cir. 1987) (transferring appeal from Federal Circuit to regional circuit after the patent claims were dismissed without prejudice).

165 *See* RESTATEMENT (SECOND) OF JUDGMENTS § 27 cmt. e (1982).

166 *See id.*

167 Baseload Energy, Inc. v. Roberts, 619 F.3d 1357 (Fed. Cir. 2010).

168 *Id.* at 1359, 1362–64; *see also* ROBERT A. MATTHEWS, JR., 6 ANNOTATED PATENT DIGEST § 38:49 (2008) (citing cases where settlement agreements were found not to be binding).

169 *See Baseload Energy*, 619 F.3d at 1362.

170 *See* Lear, Inc. v. Adkins, 395 U.S. 653, 673 (1969); Foster v. Hallco Mfg. Co., 947 F.2d 469, 483 (Fed. Cir. 1991); *see generally* Gregory Gerald Kenyon, *Patent Law: The Res Judicata Effect of Consent Decrees in Patent Litigation*—Lear, Inc. v. Adkins *Takes a Back Seat*—Foster v. Hallco Mfg. Co.*, 947 F.2d 469 (Fed. Cir. 1991)*, 18 U. DAYTON L. REV. 139 (1992) (exploring the tension between the holdings in *Lear* and *Foster*).

171 *See* Janicke, *supra* note 13, at 17–18.

172 *See* Indep. Ink, Inc. v. Ill. Tool Works, Inc., 396 F.3d 1342, 1345–46 (Fed. Cir. 2005) (not discussing jurisdiction in depth, but asserting jurisdiction over exclusively nonpatent claims because the complaint originally contained issues of invalidity and infringement), *vacated on other grounds and remanded*, 547 U.S. 28 (2006).

manufactured appellate jurisdiction by consent of the parties.[173] In fact, it appears the circuits are split regarding whether without-prejudice dismissals can affect appellate jurisdiction.[174] The issue has even attracted the attention of the Federal Advisory Committee on Appellate Rules and Civil Rules.[175] Although many circuits do not allow parties to use dismissals without prejudice to affect finality, the Federal Circuit has explicitly endorsed that litigation technique, further complicating the jurisdictional analysis.[176]

To illustrate this point further, consider the ways in which a party might dismiss a patent claim to alter the appellate forum: (1) a dismissal with prejudice subject to an agreement between the parties to ensure the case is heard by the Federal Circuit;[177] (2) a voluntary dismissal without prejudice (by one or both of the parties) to ensure the case goes to the regional circuit without giving up any legal rights;[178] (3) a dismissal without prejudice subject to conditions subsequent, where jurisdiction would depend on the uncertainty of future events, as in *Chamberlain*; (4) a consent judgment dismissing the claims without prejudice to re-file, but with prejudice as to the validity of the patent, where the jurisdiction will depend on the court's interpretation of the parties' intent and on whether it applies the *Chamberlain* standard or the *Semtek* standard.[179]

These situations all provide parties with the ability to manipulate jurisdiction, and in many cases they will also call for a complicated functional analysis for the court to wade through before it ever reaches the merits of the case. Because Congress explicitly set forth principles that denounced the possibility of jurisdictional manipulation by litigants, the jurisprudence of the Federal Circuit should be altered to prevent this anomaly.[180]

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173 *See, e.g.*, James v. Price Stern Sloan, Inc., 283 F.3d 1064, 1069–70 (9th Cir. 2002) (surveying the circuits' approaches to manufactured finality); *see also* Rebecca A. Cochran, *Gaining Appellate Review by "Manufacturing" a Final Judgment Through Voluntary Dismissal of Peripheral Claims*, 48 MERCER L. REV. 979, 982 (1997).

174 *See* Cochran, *supra* note 173, at 982 n.10 (surveying the approaches of the circuit courts).

175 1 BENNETT EVAN COOPER ET AL., 1 FEDERAL APPELLATE PRACTICE GUIDE: NINTH CIRCUIT § 3:11.50, at 92 (2d ed. Supp. 2013).

176 *See* Nystrom v. TREX Co., 339 F.3d 1347, 1351 (Fed. Cir. 2003) (noting that "the district court could have dismissed the counterclaim without prejudice" to ensure that the decision was final and appeal was appropriate); *see also* Doe v. United States, 513 F.3d 1348, 1353 (Fed. Cir. 2008) (same).

177 *See, e.g.*, Zenith Elecs. Corp. v. Exzec, Inc., 182 F.3d 1340 (Fed. Cir. 1999).

178 *See id.*

179 *See supra* notes 155–59 and accompanying text.

180 *See supra* note 45.

III. Solution: The Federal Circuit Should Abandon the Well-Pleaded Complaint Rule and Assess Its Appellate Jurisdiction at the Time of Appeal

To address the problems discussed above, the Federal Circuit should change its jurisdictional analysis so that appellate jurisdiction is assessed based on the case's procedural posture at the time of appeal, and require that jurisdiction only vest when a live patent controversy exists in the case. After all, as the Supreme Court has held, "[t]he filing of a notice of appeal is an event of jurisdictional significance—it confers jurisdiction on the court of appeals and divests the district court of its control over those aspects of the case involved in the appeal."[181] If the notice of appeal confers jurisdiction, then it follows logically that the jurisdictional assessment should likewise occur at the time of appeal.

The AIA is critical to this proposal because it eliminated the *Holmes Group* ruling, and has therefore provided an opportunity for the courts to reexamine the well-pleaded complaint rule and its application in the context of patent law.[182] Though the text of the amendment supports a revised judicial interpretation of the well-pleaded complaint rule, the body of caselaw explored in Part I makes it unlikely that the court will undertake such an endeavor. This Note, however, explains the inconsistencies in that caselaw, and argues that answering the persistent question of when to assess the appellate jurisdiction of the Federal Circuit requires that the courts abandon its existing precedent. The AIA provides the vehicle for doing so in a manner sanctioned by legislative intent.

This proposal would conform the law of the Federal Circuit to the affirmed intention of Congress in passing the FCIA. It would similarly answer the question of when to analyze the Federal Circuit's jurisdiction. Furthermore, it avoids the problem of resting jurisdiction on moot issues[183] and ensures clarity regarding the important jurisdictional questions posed by the Federal Circuit's complicated jurisprudence.[184] Finally, it would curb the potential for litigants to manipulate appellate jurisdiction, while balancing the potential influx of cases under the counterclaim rule of the AIA.[185]

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181 Griggs v. Provident Consumer Disc. Co., 459 U.S. 56, 58–59 (1982) (per curiam), *superseded on other grounds by* Fed. R. App. P. 4(a)(4).

182 *See* 28 U.S.C. § 1295(a)(1) (2012).

183 *See supra* Part II.A.

184 *See supra* Part II.B.

185 *See supra* Part II.C.

A. Appellate Jurisdiction Should Be Based on Whether Any Actual or Potential Patent Controversies Exist at the Time of Appeal

In light of the "gaps, conflicts, and ambiguities" in the Federal Circuit's caselaw, the court should cease to rely solely on the complaint in assessing its appellate jurisdiction.[186] Instead, the Federal Circuit should only assert jurisdiction in cases where (1) there is a live patent controversy in the case, and (2) any final patent claim ripe for appeal is actually appealed. By rejecting a strict interpretation of the well-pleaded complaint rule in patent law with the AIA, Congress has formally rescinded the adage that "the plaintiff is master of the complaint," but has left an empty space where that principle once held strong.[187] This Note's proposed rule fills that void with a revised judicial interpretation in which the appellant or cross-appellant is master of the appeal. It also answers the question of when jurisdiction should be assessed.

The first element of this proposed construction is simple, and does not depart significantly from the current application of the well-pleaded complaint rule, which will be used to determine the existence of claims that necessarily raise substantial issues of patent law.[188] Once an appeal and cross-appeal have been filed, the court will make its jurisdictional assessment. In doing so, the court will first examine the patent claims contained in the complaint and answer (as amended) and decide whether it is possible for each of those claims to reach the court on appeal.

The second element of the solution constitutes the departure from established law. If no patent issues are actually appealed and there are no patent claims waiting to be adjudicated, the court must transfer the appeal to the regional circuit. The claim must be actually appealed, or have the potential to be actually litigated and appealed in order for the Federal Circuit to hear it. Under this proposal, the mere existence of a patent claim in the complaint is not enough to confer jurisdiction.

Examples of cases where patent claims had been litigated, but were not appealed, include *Chamberlain* and *Zenith*. Conversely, a case where patent issues have not been tried but remain live contro-

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186 *See* Schoenhard, *supra* note 36, at 20.

187 *See* Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826, 831 (2002) (internal quotation marks omitted).

188 *See* Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 808–09 (1988); *see also supra* note 56 and accompanying text.

versies is *Atari*.[189] Under this rule, *Atari* is still a valid holding because live patent controversies remained in the case when it went on appeal.[190] *Chamberlain* and *Zenith*, however, would be effectively overruled. This is because, by deciding not to appeal their with-prejudice dismissals when they were ripe for review, the parties in *Zenith* and *Chamberlain* forfeited any future right to litigate those claims under the law-of-the-case doctrine, which is a principle grounded in the concept of judicial economy that requires all matters ripe for review be raised when an appeal is filed.[191] Thus, when the parties waived their right to appeal these dismissals, the patent claims in *Chamberlain* and *Zenith* were effectively rendered moot because under no circumstances could the patent issues be raised in a subsequent appeal. Consequently, the Federal Circuit exercised jurisdiction over a case that had no implications whatsoever for the patent laws. That problem is successfully avoided by examining only those issues that are actually appealed and requiring that jurisdiction only vest in the Federal Circuit when there is a real patent controversy.

B. This Solution Solves the Problems in the Federal Circuit's Jurisdictional Jurisprudence While Reinforcing the Principles Set Forth in the FCIA and Affirmed by the AIA

The problem of moot issues providing the basis for jurisdiction in the Federal Circuit is more theoretical than practical. However, as discussed above, it gives rise to the actual problems of the Federal Circuit deciding cases devoid of any patent issues, convoluting the court's jurisdictional analysis, and permitting parties to affect their own jurisdiction. The proposed rule will cure both the practical and the theoretical defaults.

Additionally, this solution answers the questions raised by Justice Stevens in his *Holmes Group* concurrence about the transient nature of some patent claims.[192] Instead of querying whether jurisdiction should be assessed at the end of pleadings or reassessed with every actual or constructive amendment to the complaint, the court need only ask which issues are on appeal.

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189 Atari, Inc. v. JS & A Grp., Inc., 747 F.2d 1422, 1429–31 (Fed. Cir. 1984), *overruled on other grounds by* Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059 (Fed. Cir. 1998).

190 *See id.*; *cf.* Kennedy v. Wright, 851 F.2d 963, 966 (7th Cir. 1988).

191 18B CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 4478.6, at 357 (2d ed. Supp. 2014) ("An issue ripe for review at the time of the first appellate proceeding is waived if it is not made." (citing Johnson v. Holder, 564 F.3d 95, 99–100 (2d Cir. 2009))).

192 *See Holmes Grp., Inc.*, 535 U.S. at 835 (Stevens, J., concurring).

1. *By Basing Jurisdiction Only on Live Controversies, the Proposed Rule Would Ensure Clarity*

Contrary to the complex with/without prejudice analysis of the Federal Circuit, this rule requires only that the court ask one question: is it possible for a live patent controversy to reach the court on appeal in this case? If the answer is yes, the court accepts jurisdiction. If not, the appeal is transferred to the regional circuit. This way, moot issues will be precluded from forming the jurisdictional basis of a case.

This jurisdictional analysis bypasses the complicated issues of whether a claim was dismissed with or without prejudice.[193] If a patent claim is dismissed without prejudice, then it cannot be appealed and the result is the same as it would be under the status quo. If the dismissal is with prejudice, the court need only examine the issue on appeal to determine jurisdiction. If the with prejudice dismissal is actually appealed, the case goes to the Federal Circuit; if not, it goes to the regional circuit. In the context of a settlement, determining whether or not there is an appeal is much simpler than seeking to interpret the intent of the parties in order to rule on whether the case was dismissed with or without prejudice.[194]

Litigants already must spend significant resources parsing through the intricacies of substantive patent law; they should not have to waste time and money worrying about which forum will hear their appeal.[195] Thus, the clarity of this rule is far more appealing than the existing analysis.

2. *The Proposed Rule Adequately Address Concerns About "Jurisdictional Ping-Pong"*

Astute critics may raise concerns that this proposal would create instances of bifurcated appeals, or as Judge Easterbrook famously labeled the problem, "jurisdictional ping-pong."[196] However, applying

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193 *See* Chamberlain Grp., Inc. v. Skylink Techs., Inc., 381 F.3d 1178, 1188 (Fed. Cir. 2004) ("Though we have jurisdiction to hear this appeal under 28 U.S.C. § 1295(a)(1), that finding rests upon a detailed jurisdictional inquiry.").

194 *See supra* Part II.C.

195 *See* Y'Barbo, *supra* note 17, at 670 ("[C]omplicated jurisdictional rules impose a cost to litigants that complicated substantive rules do not . . . ."); *see also* Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 803–04 (1988). In *Christianson*, it took two years for a court to hear the merits of the case. Both the Federal Circuit and the Seventh Circuit heard the case two separate times. *Id.* at 806–07.

196 Kennedy v. Wright, 851 F.2d 963, 968 (7th Cir. 1988).

existing precedent regarding substantial issues of patent law and the law-of-the-case doctrine largely negates these concerns.[197]

The potential for bifurcated appeals is one of the more pertinent concerns surrounding this proposal, and it should be addressed properly. In *Kennedy v. Wright*,[198] Judge Easterbrook, writing on the tails of the *Christianson* decision, found that appellate jurisdiction was inexorably linked to the jurisdiction of the district court, regardless of the basis for the decision.[199] In his decision, he presents a hypothetical in which a case is decided based on a nonpatent issue, then gets appealed to the Seventh Circuit, which reverses and remands to the district court.[200] If on remand the district court ruled on the patent issue, the appeal would then lie with the Federal Circuit, causing two separate appellate courts to hear the same case.[201] This, Easterbrook argues, would undermine principles of judicial efficiency by requiring two different courts to familiarize themselves with the same set of facts.[202] It would also cause unnecessary delays for the litigants who simply want to resolve their controversy.[203]

This hypothetical, however, exaggerates the frequency of such a case arising. Though it is possible for courts to have multiple grounds for decisions, they usually will decide the issues before them. Furthermore, the Federal Circuit's jurisprudence regarding what "necessarily depends on resolution of a substantial question of federal patent law" will significantly, if not completely, eliminate the possibility of the jurisdictional ping-pong.[204] Specifically, under the first prong of this Note's proposal, if a claim necessarily raises a substantial issue of patent law, the appeal would lie with the Federal Circuit, regardless of the basis for the decision. In Judge Easterbrook's hypothetical, therefore, the first appeal would lie with the Federal Circuit because the case still had the potential to raise a substantial issue of patent law. Though this question is not always an easy one, this proposal does nothing to alter the jurisprudence surrounding what constitutes a "substantial question of federal patent law," and therefore the

197 *See* Atari, Inc. v. JS & A Grp., Inc., 747 F.2d 1422, 1427 (Fed. Cir. 1984), *overruled on other grounds by* Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059 (Fed. Cir. 1998).

198 Kennedy v. Wright, 851 F.2d 963, 966 (7th Cir. 1988) (transferring the appeal to the Federal Circuit even though the district court decided the case strictly on the basis of property law, not patent law).

199 *See id.* at 969.

200 *See id.* at 967–68.

201 *See id.*

202 *See id.*

203 *See id.*

204 *See* Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 808–09 (1988).

problems that concerned Judge Easterbrook should not concern us here.[205]

Nonetheless, there are still other instances in which interlocutory appeals or separated trials might create a subdued game of "jurisdictional ping-pong." The problem is illuminated with a mixed-claim similar to the one at issue in *Atari*.[206] In *Atari*, an antitrust claim and a patent claim were separated for trial, but only the antitrust claim was on appeal.[207] Consider instead that the patent claim was the only issue on appeal. Assume further that the claim was resolved at the appellate level, and the case was remanded for consideration of the antitrust claim. The question then would be: which court has jurisdiction over an appeal of the antitrust claim? Under the traditional well-pleaded complaint rule, the Federal Circuit would maintain jurisdiction based on the fact that the original complaint raised an issue of patent law.[208] However, under this proposal, the second appeal would go to the regional circuit, causing the "jurisdictional ping-pong" feared by Judge Easterbrook.[209]

It is true that abandoning the well-pleaded complaint rule might lead to a case being appealed in two different circuits; however, different panels hear issues in the same case all the time, and the potentially negative impact on judicial economy is significantly limited by the law-of-the-case doctrine.[210] The law-of-the-case doctrine stands for the principle that courts must maintain consistency and may not revisit issues once they have been decided in a case.[211] This rule applies with equal force to appellate courts and trial courts alike, and it also applies to decisions made by different panels on the same court.[212] For example, if a case comes to the Federal Circuit on appeal, gets remanded to the district court, and then comes back on appeal, it will be assigned to a different panel for the second appeal, but that panel will be bound by all the decisions made by the previous panel.[213] Even

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205 *See id.*

206 Atari, Inc. v. JS & A Grp., Inc., 747 F.2d 1422, 1427 (Fed. Cir. 1984).

207 *See id.* at 1424–25; Madstad Eng'g, Inc. v. U.S. Patent & Trademark Office, 756 F.3d 1366, 1371 (Fed. Cir. 2014) (discussing the issues of federalism that underlie the establishment of original jurisdiction in the federal courts (citing Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg., 545 U.S. 308, 314 (2005))).

208 *See* Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826, 830 (2002).

209 *See* Kennedy v. Wright, 851 F.2d 963, 968 (7th Cir. 1988).

210 *See* Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 819 (1988).

211 *See generally* Banks v. United States, 741 F.3d 1268, 1276 (Fed. Cir. 2014).

212 *See id.*; *Christianson*, 486 U.S. at 817.

213 *See* Hughes Aircraft Co. v. United States, 86 F.3d 1566, 1577 (Fed. Cir. 1996) ("As a matter of course, different judges looking at the same case may not view it in the same way. But

though the new judges must familiarize themselves with the case for the first time, the judicial opinions remain consistent with the circuit court's previous decisions, and there is no reason to think that a geographical transfer would lead to an anomalous application of the law-of-the-case doctrine.[214]

In fact, the Supreme Court has explicitly held that the law-of-the-case doctrine applies equally to appeals heard by different circuits.[215] As a result, if the Federal Circuit has definitively ruled on the merits of a patent claim, then even if the case later goes to a regional circuit, that court may not disturb the prior ruling, except in circumstances of manifest injustice or new facts.[216] The patent claim will have reached its ultimate adjudication in the court that has been charged with unifying the nation's patent laws, while the ancillary claim will go to the regional court that is likely much more familiar with the particular claims at issue, and may already have a body of caselaw on the subject.[217] Therefore, in those cases, sending the appeals to two different circuits should be seen as an effective division of labor rather than a drain on judicial economy.[218]

3. *The Proposed Solution Would Reduce the Caseload of the Federal Circuit*

In passing the FCIA, Congress was concerned that the complicated nature of the Federal Circuit's subject matter would overload the nascent court, and therefore it highlighted that the Act's jurisdictional rules would ideally create a relatively diminished caseload.[219] The Supreme Court affirmed this ideal in *Holmes Group*, cautioning that allowing counterclaims to establish a basis for jurisdiction "would radically expand the class of removable cases."[220] Under the AIA, however, Congress explicitly allowed for this class of cases to come before the Federal Circuit.[221] Whether the number of cases before the court will "radically expand" remains to be seen, however there is no

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under the law of the case, we must give respect and force to legal decisions rendered by earlier panels, absent a clear showing of error or injustice."), *vacated on other grounds*, 520 U.S. 1183 (1997) (mem.).

214 *See Christianson*, 486 U.S. at 817.

215 *See id.*

216 *Id.* at 817.

217 *See* Kennedy v. Wright, 851 F.2d 963, 966 (7th Cir. 1988).

218 *See* Janicke, *supra* note 13, at 23.

219 *See supra* note 44 and accompanying text.

220 Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826, 832 (2002).

221 *See supra* notes 15–16 and accompanying text.

doubt that the legislative override of the *Holmes Group* ruling will do its part to inflate the crowded docket of the Federal Circuit.[222]

To counteract the increase in patent cases, this proposal offers a modest yet notable reduction of the caseload by removing cases from the docket of the Federal Circuit when they do not raise live issues of patent law. It also reinforces the idea that courts may sever nonpatent claims from a case and send them to the regional circuit, much as the original FCIA Senate Report suggested.[223] This should only be done in cases where the facts of the two claims are significantly separate, but if done properly, it could provide the Federal Circuit with some relief in large litigation battles that encompass a variety of unrelated claims.

4. The Proposed Solution Would Prevent Jurisdictional Manipulation

This proposal will also limit the ability of litigants to manipulate jurisdiction. The actual quantity of litigants that manipulate jurisdiction through crafty consent judgments or manufactured finality is nearly impossible to ascertain because the issue is rarely litigated.[224] In the cases that do come before the Federal Circuit, however, it is clear that the language of the litigants' agreements can either establish jurisdiction or divest the court of jurisdiction, which runs contrary to the established principle that parties may not affect their own jurisdiction.[225] This proposal eliminates that possibility by looking at the actual issues on appeal rather than the parties' intent, thereby returning jurisdictional authority back into the hands of the lawmakers and the courts.

In drafting the FCIA, Congress sought to discourage the joinder of frivolous patent claims to manufacture jurisdiction, and also acknowledged that the "mere joinder of a patent claim in a case whose gravamen is antitrust should not be permitted to avail a plaintiff of the jurisdiction of the Federal Circuit."[226] However, what determines the "gravamen" of the case, and who determines if a patent claim is frivolous and intended to affect jurisdiction?[227] These difficult questions

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222 *See supra* note 15; *Holmes Grp., Inc.*, 535 U.S. at 832.

223 *See* S. REP. NO. 97-275, at 20 (1981), *reprinted in* 1982 U.S.C.C.A.N. 11, 30.

224 *See* Indep. Ink, Inc. v. Ill. Tool Works, Inc., 396 F.3d 1342, 1345–46 (Fed. Cir. 2005) (not discussing jurisdiction in depth, but asserting jurisdiction over exclusively nonpatent claims because the complaint originally contained issues of invalidity and infringement).

225 *See supra* note 161.

226 S. REP. NO. 97-275, at 20.

227 *See id.*

are avoided by assessing jurisdiction at the time of appeal. Settlements and frivolous claims will not likely be appealed because of the resources involved in long litigation battles, which will therefore root out issues that were not intended to form the basis of the Federal Circuit's jurisdiction.[228]

Furthermore, the proposed rule would provide additional clarity by eliminating the with/without prejudice distinction, and removing the difficult analysis of the parties' intent in drafting their settlement agreements. In fact, this rule affords no significance to the intent of the parties except their decision to appeal a claim. This allows courts the freedom to adopt consent judgments as they see fit, taking account of the federal policy of subjecting patents to validity examinations.[229]

Overall, the benefits of this proposed rule are numerous, while its drawbacks are minimal. Though it breaks with precedent, it conforms to the jurisdictional principles set forth in the FCIA and affirmed in the AIA. It also brings the Federal Circuit's jurisdictional analysis in line with common sense by removing cases devoid of patent issues from the purview of the Federal Circuit and placing them back in the regional circuits where they belong.

Conclusion

Uncertainties and ambiguities in the appellate jurisdiction of the Federal Circuit existed before the AIA,[230] and they will continue to exist after its implementation[231] unless the court changes its adherence to the well-pleaded complaint rule. The confusion in this analysis revolves around the question of when the court should assess its jurisdiction.[232] After all, despite the well-pleaded *complaint* rule, jurisdiction cannot be actually assessed at the time of the complaint because that would exclude amendments and counterclaims from the jurisdictional calculus. The most reasonable answer to this question, therefore, is to assess jurisdiction at the time jurisdiction is conferred: when the notice of appeal is filed.[233]

This is a significant departure from existing caselaw. However, it is logical because it remains consistent with all the congressional goals

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228 *See id.*

229 *See, e.g.*, Kenyon, *supra* note 170, at 168–71.

230 *See* Janicke, *supra* note 13, at 9.

231 *See generally* Schoenhard, *supra* note 36.

232 *See supra* notes 83–84 and accompanying text.

233 *See* Griggs v. Provident Consumer Disc. Co., 459 U.S. 56, 58–59 (1982) (per curiam), *superseded on other grounds by* Fed. R. App. P. 4(a)(4).

set forth in the FCIA and affirmed in the AIA. Furthermore, even though the legislature did not specifically seek to address the issues addressed above when it amended § 1295, by decoupling appellate jurisdiction from original jurisdiction and abandoning a traditional understanding of the well-pleaded complaint rule, the language of the new amendment supports a modified interpretation of the statute. Consequently, this Note's proposal should be considered and implemented as the Federal Circuit moves forward in interpreting its revised jurisdictional mandate.

The confluence of civil procedure and patent law is not an easy intersection to navigate. However, as illustrated by this Note, confusion can be averted and clarity achieved by the Federal Circuit simply assessing its exclusive appellate jurisdictional based on the procedural posture of the case when the notice of appeal is filed.