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INSIGHTS

Returning Fire: The Respondent's Brief and Several Supporting Amicus Curiae Briefs in Gunn v. Minton

January 10, 2013

Earlier we reported on both the U.S. Supreme Court's grant of certiorari in the *Gunn v. Minton*[1] case decided by the Supreme Court of Texas[2] and the submission of Petitioner's and several supporting *amicus curiae* briefs.[3] *Gunn* is an attorney malpractice action based on an underlying patent infringement lawsuit. The heart of the matter is whether the state-based malpractice action may properly be heard in state court or whether it must be heard in federal court because it "arises under" federal question jurisdiction.[4] Federal courts hold exclusive jurisdiction to hear cases on matters related to patent law.[5] The underlying patent infringement suit was concluded before Minton filed the malpractice suit against Gunn.[6]

Respondent Minton presents several arguments to the Supreme Court. Respondent is attempting to maintain his victory at the Texas Supreme Court that the proper jurisdiction for his patent malpractice case is in federal court.[7] Minton argues that the embedded federal issue is an essential element of the malpractice claim and that it is "substantial" per the *Grable*[8] jurisdictional test for several reasons. Respondent states that the federal issues to be resolved upon appeal will have a precedential effect on patent law, making them substantial.[9] Respondent also states that unlike the parties in *Grable* and *Empire Healthchoice*,[10] each of which did not have an underlying federal cause of action, his underlying case had an exclusive federal cause of action – patent infringement – which makes his case more "substantial" than even *Grable* for jurisdictional purposes.[11] Respondent also argues that Petitioner's assertion that the "hypothetical" nature of the "case-within-a-case" construct does not have an effect beyond this case is simply not correct.[12] Minton describes the effect that this case has on his ongoing attempt to prosecute a continuation application[13] that claims priority to the invalidated patent that was at issue in the underlying matter.[14] The U.S. Patent and Trademark Office ("PTO") requires Minton to keep them up-to-date with the legal findings made by the various state and federal courts in this case.[15] In fact, on this point Minton argues that state courts can have a large impact through their opinions on the PTO during patent prosecution, which is contrary to the desires expressed in *Grable*.[16] Respondent also argues that the federal/state balance is not disturbed by allowing state-based malpractice actions in federal courts.[17] According to Minton, there are a relatively small number – roughly 1.5 patent legal malpractice cases per federal district per year – that would originate in federal courts by default.[18] States can also administratively regulate the behavior of their licensed attorneys independently of any federal action if they so desire.[19]

Several *amicus curiae* briefs have also been filed in support of the Respondent's position:

The law firm of Wood, Herron & Evans, LLP, ("the Firm")[20] points out to the Court what it perceives are three noteworthy issues from Petitioner's and supporting *amici* briefs. First, the

Firm states that the "hypothetical" patent issues decided in patent malpractice cases do have significant "real world" legal consequences on claims construction, novelty and non-obviousness determinations through *stare decisis* and history of the case; therefore these issues must be "substantial" per the *Grable* jurisdiction analysis.[21] Second, the Firm suggests that the development of fifty separate state bodies of common law regarding patent claims construction, obviousness, patent infringement and malpractice, each without the possibility of review by the Federal Circuit, is not in either the federal interest of uniformity of law or the expressed intent of Congress.[22] Finally, the Firm argues that any concern over the "choice of forum" issue is actually not a real choice. If the Court reverses the Supreme Court of Texas decision then except for federal diversity jurisdiction[23] all patent malpractice cases will originate in state courts.[24]

Several national laboratories and the Reagents of the University of California (collectively "the Laboratories")[25] put forth to the Court in their *amicus* brief that the Federal Circuit has properly analyzed and applied the *Grable* jurisdictional test in exercising federal jurisdiction over state-law based claims that contain patent-related issues. The Laboratories not only argue this for patent-related malpractice matters but other disputes involving torts and contracts with patent-related issues.[26] The Laboratories argue that a state-based issue is "disputed and substantial" under the *Grable* test when "the construction *and effect*" of federal law is involved in the state-based claim.[27] The Laboratories argue that because states are not bound by the Federal Circuit that they would in turn frustrate reliance upon the perceived uniformity of federal patent law.[28] The Laboratories point out that state breach of contract claims that contain a patent-related issue are similar to state malpractice and federal patent infringement claims in that they usually require a patent-related determination, including claims construction, infringement and validity. The Laboratories argue that this should be done in federal courts to maintain uniformity and regulation of all aspects of the patent system.[29] The Laboratories point out other cases where state-based patent claims and state-based claims not involving patents but evoking other "strong" federal interests (for example, the Bayh-Dole Act [30]) have provoked federal court intervention.[31]

The Intellectual Property Law Association of Chicago ("IPLAC"), a local IP bar association, advocates in its *amicus* brief[32] for the Court to uphold the decision of the Texas Supreme Court, which in turn will preserve the Federal Circuit decisions of *Air Measurement* [33] and *Immunocept*. [34] IPLAC states that the Texas Supreme Court properly analyzed "arising under" jurisdiction in the context of the federal exclusivity of patent law.[35] IPLAC describes the federal administrative, regulatory, legal and adjudicative structures for the prosecution of patents, the litigation of patent rights and the management of the people that conduct these activities as evidence that Congress deems almost all issues involving patent law "substantial" per *Grable*.[36] IPLAC appears to argue that these structures in addition to recent legislative actions on jurisdiction also indicate that Congress has and continues to purposefully exclude any state authority, especially by expanding jurisdictional and administrative authority of the federal courts and the PTO to hear cases and conduct "litigation-like" administrative hearings.[37] IPLAC also argues that the expected increase in intellectual property malpractice cases originating in federal court will be minimal compared to the overall total federal civil caseload.[38]

These briefs, as well as the previously reported Respondent's briefs, are available without charge at the American Bar Association's "Preview of the United States Supreme Court Cases" website.[39] We intend to report on the oral arguments before the Court, which is scheduled for

January 16, 2013.[40]

If your company has questions about, or cases involving, "arising under" jurisdiction, please contact any of the Bracewell & Giuliani attorneys listed for more information regarding this topic.

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[1] Minton v. Gunn, 355 S.W.3d 634 (Tex. 2011), *cert. granted* (U.S. Oct. 5, 2012) (No. 11-1118).

[2] Mike Sellers et al., *Gunning for the Supreme Court: A "Substantial" Case "Arising" from Texas That Means More Than You Think!* (Oct. 9, 2012), *available* ***here***.

[3] Mike Sellers et al., Opening Shots in Gunn v. Minton: The Petitioner's Brief and Several Amici Curiae Briefs in Support (Dec. 27, 2012), *available* ***here*** .

[4] 28 U.S.C. § 1331.

[5] 28 U.S.C. § 1338(a).

[6] *Compare* Minton v. NASD, Inc., 336 F.3d 1373 (Fed. Cir. 2003) *with* Minton v. Gunn, No. 048-207288-04 (48th Dist. Ct., Tarrant Co., Tex. Sep. 19, 2006) (Order).

[7] Respondent's Brief on the Merits, Gunn v. Minton (U.S., filed Dec. 19, 2012) (No. 11-1118) [hereinafter *Respondent's Brief*].

[8] Grable & Sons Metal Products, Inc. v. Darue Eng'g & Mfg., 545 U.S. 308, 316 (2005).

[9] *Respondent's Brief* at 25-27.

[10] Empire Healthchoice Assurance v. McVeigh, 547 U.S. 677 (2006).

[11] *Respondent's Brief* at 32-34.

[12] *Respondent's Brief* at 32-36.

[13] U.S. Patent App. Serial No. 10/899,233 (filed Jul. 24, 2004).

[14] U.S. Patent No. 6,014,643 (issued Jan. 11, 2000), *invalidated*, Minton v. NASD, Inc., 226 F. Supp. 2d 845 (E.D. Tex. 2002), *aff'd*, Minton v. NASD, Inc., 336 F.3d 1373 (Fed. Cir. 2003). Minton claims priority to this patent through several continuation applications that are not listed for the sake of brevity.

[15] *See* U.S. Patent and Trademark Office, Manual of Patent Examining Procedure § 2001.06(c) (8th ed., rev. 9) (2012) ("Information From Related Litigation "). Prosecution of the application currently appears suspended.

[16] *Respondent's Brief* at 35-36.

[17] *Respondent's Brief* at 43-48.

[18] *Respondent's Brief* at 43-46.

[19] *Respondent's Brief* at 46.

[20] Brief of *Amicus Curiae* Wood, Herron & Evans, LLP in Support of Respondent, Gunn v. Minton (U.S., filed Dec. 21, 2012) (No. 11-1118) [hereinafter *Wood Herron Brief*]. *Amicus* is currently a respondent to a petition for certiorari requesting Court review regarding jurisdiction for hearing a patent prosecution malpractice matter. *See* Byrne v. Wood, Herron & Evans, LLP, et al., 450 Fed. Appx. 956 (Fed. Cir. 2011), *denial of rehearing en banc*, 676 F.3d 1024 (Fed. Cir. 2012) (*per curiam*),*petition for cert. filed* (U.S. filed June 8, 2012) (No. 11-1497).

[21] *Wood Herron Brief* at 4-5, 6-11.

[22] *Wood Herron Brief* at 4-5, 11-17.

[23] 28 U.S.C. § 1332.

[24] *Wood Herron Brief* at 5, 16-19.

[25] Brief of *Amici Curiae* Los Alamos National Security, LLC, et al. in Support of Respondent, Gunn v. Minton (U.S., filed Dec. 26, 2012) (No. 11-1118) [hereinafter *Los Alamos Brief*]. Two of the *amici*, The Reagents of the University of California and Los Alamos National Security, LLC, are currently requesting Court review regarding exclusive federal jurisdiction for a state contract and tort case against a licensor. *See* Regents of the University of California v. Caldera Pharmaceuticals, Inc., 140 Cal. Rptr. 3d 543 (Cal. Ct. App. 2012), *petition for cert. filed* (U.S., filed Nov. 5, 2012) (No. 12-570).

[26] *Los Alamos Brief* at 7-8.

[27] *Los Alamos Brief* at 9-10 (*quoting Grable* at 316) (emphasis in original).

[28] *Los Alamos Brief* at 10-11.

[29] *Los Alamos Brief* at 17-22.

[30] 35 U.S.C. § 200-212. The Bayh-Dole Act enables small businesses and non-profit organizations, including universities, to retain title to inventions made under federally-funded research programs.

[31] *Los Alamos Brief* at 22-24.

[32] Brief of the Intellectual Property Law Association of Chicago as *Amicus Curiae* Supporting Respondent, Gunn v. Minton (U.S., filed Dec. 26, 2012) (No. 11-1118) [hereinafter *IPLAC Brief*].

[33] Air Measurement Tech., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P., 504 F.3d 1262 (Fed. Cir. 2007).

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

[35] *IPLAC Brief* at 5-6, 7-8, 10-12, 16-20.

[36] *IPLAC Brief* at 6, 8-12, 20-27.

[37] *IPLAC Brief* at 6, 24-29.

[38] *IPLAC Brief* at 6, 29-31.

[39] *See* American Bar Association's Preview of the United States Supreme Court Cases, Jerry W. Gunn et al. v. Vernon F. Minton, *available* ***here*** (last viewed Jan. 9, 2013).

[40] *See* Gunn v. Minton (U.S. Oct. 5, 2012) (No. 11-1118) (docket), *available* ***here*** (last viewed Jan. 9, 2013).