



# The Implications of Federal Circuit Jurisdiction for the Development of Antitrust Law

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# The Breadth of Federal Circuit Jurisdiction

- “Arising under” jurisdiction
  - Patent law must create the claim; or
  - The right to relief must depend on the resolution of a substantial question of patent law
- If jurisdiction attaches, it applies to all issues in a case -- not issue specific

# The Breadth of Federal Circuit Jurisdiction

- The Federal Circuit may consider antitrust issues in a variety of scenarios
  - Antitrust counterclaim in patent case
  - Antitrust claim joined or consolidated with patent claims
  - Antitrust claim requiring the resolution of a question of patent law

# The Breadth of Federal Circuit Jurisdiction

- *Holmes Group, Inc. v. Vornado Air Circulation Sys. Inc.* (2002)
  - Antitrust issues can no longer be appealed to the Federal Circuit if the sole basis for jurisdiction is found in a counterclaim

# The Breadth of Federal Circuit Jurisdiction

- Under Federal Circuit law, the court *may* consider antitrust issues even if no patent issues are appealed or remain in the case
  - Stipulated dismissal with prejudice may not divest court of jurisdiction
  - Separating patent claims for trial may not divest court of jurisdiction

# The Breadth of Federal Circuit Jurisdiction

- Federal Circuit jurisdiction under *Christianson's* second prong
  - Claims based on the breach of a license agreement *may* trigger jurisdiction
  - State tort claims based on false statements regarding patent rights *may* trigger jurisdiction

# The Implications of Federal Circuit Jurisdiction

- Horizon issue: litigation over appeals under *Christianson's* second prong
  - Large number of private actions
    - alleging unlawful patent settlements, sham litigation, fraud on the PTO and unlawful patent listings with the FDA
  - Do claims require proof of patent's scope, validity and/or infringement?

# Federal Circuit Jurisdiction and Congressional Intent

- The Federal Circuit was created to achieve uniformity in patent law
- The balancing act:
  - Congress anticipated that the court would consider antitrust issues
  - Congress expected the court to guard against unwarranted expansion of its jurisdictional reach

# Federal Circuit Jurisdiction and Congressional Intent

- The “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 ... ”  
(Senate Report at 19-20)
  - Trial courts encouraged to separate final decisions on “trivial” patent claims from “substantial” antitrust issues

# Federal Circuit Jurisdiction and Congressional Intent

- Remaining areas of possible tension, post-*Vornado*
  - Jurisdiction triggered by joinder or consolidation of patent claims with antitrust claims
  - The effect of a stipulated dismissal of patent claims with prejudice

# The Implications of Federal Circuit Jurisdiction

- The court has considered a relatively large number of appeals involving antitrust issues
  - Rulings cover issues at the heart of the patent-antitrust interface
  - Likely to continue even after *Vornado*
    - Patent counterclaims have triggered jurisdiction in very few antitrust cases (*CSU* and *Telcomm* [7/2/2002])

# The Implications of Federal Circuit Jurisdiction

- Effect on the antitrust/patent balance?
  - The record of antitrust claimants in the Federal Circuit is poor
  - Good argument that holdings are in the mainstream of antitrust law
  - *Nobelpharma, C.R. Bard* upheld verdicts for antitrust claimants

# The Implications of Federal Circuit Jurisdiction

- Much of the debate has been driven by dicta, not actual results
  - *CSU v. Xerox*
  - *Intergraph v. Intel*
- Federal Circuit dicta has an impact
  - *Townshend v. Rockwell Int'l Corp.*
  - *Pabst Licensing, GMBH Patent Litig.*

# The Implications of Federal Circuit Jurisdiction

- Uniformity v. diminished opportunity for “percolation”
  - Impact of *Vornado*
    - Chaos/forum shopping?
    - Multiple views on how patent laws fit into wider mosaic?
- Institutional question: who should decide the “balance” question?

# The Implications of Federal Circuit Jurisdiction

- What is the impact on the Agencies?
  - Could Federal Circuit be the appellate forum for enforcement actions?
    - Cases filed in district court v. administrative actions
  - Regardless of the appellate forum, Federal Circuit precedents are likely to carry weight with some courts