Gunn v. Minton

Thomas G. Field, Jr.

Gunn has unfortunate implications for pending federal patent malpractice cases.

In Gunn v. Minton, 133 S.Ct. 1059, 1062 (2013) (Gunn), Chief Justice Roberts begins by framing the issue before the court as whether a suit "alleging legal malpractice in the handling of a patent case must be brought in federal court." It might have been framed as when may a tort suit necessarily based on state law, absent diversity, be brought in federal court.

In an earlier suit, Minton's patent was found invalid as not timely filed under 35 U.S.C. § 102(b) then in effect. The experimental use exception acknowledged in Pfaff v. Wells Electronics, Inc., 525 U.S. 55, 64 (1998), was raised but only belatedly. For that reason the courts refused to consider the argument. *Gunn* at 1063.

Thus Minton lost his patent. He then filed a Texas malpractice action arguing that, had experimental use been asserted in timely fashion, the patent would have been found valid. The trial court disagreed. Finding "less than a scintilla of proof" to support Minton's argument, it awarded summary judgment to the defendants, his original attorneys.

On appeal, Minton shifted gears. He argued that, in light of federal exclusivity under 28 U.S.C. § 1338, state courts are without jurisdiction. *Id*. A divided Texas Court of Appeals disagreed. Relying on two Federal Circuit opinions, the state Supreme Court reversed. Minton v. Gunn, 355 S.W.3d 634 (S.C.Tx 2011) (Minton). As noted in *Gunn*, at 1064, Justice Guzman dissented, however. His *Minton* opinion maintains that federal jurisdiction was unwarranted in light of Grable & Sons Metal Products, Inc. v. Darue Engineering & Mfg., 545 U.S. 308, 314 (2005) (a legal issue must be both disputed and substantial to divest state courts of jurisdiction).

Gunn unanimously vindicates Justice Guzman, saying, “There is no doubt that resolution of a patent issue in the context of a state legal malpractice action can be vitally important to the particular parties in that case. But something more, demonstrating that the question is significant to the federal system as a whole, is needed. That is missing here.” *Gunn* at 1068.

The Court then concludes with the observation, “although the state courts must answer a question of patent law to resolve Minton’s legal malpractice claim, their answer will have no broader effects. It will not stand as binding precedent for any future patent claim; it will not even affect the validity of Minton’s patent. Accordingly, there is no ‘serious federal interest in claiming the advantages thought to be inherent in a federal forum.’” *Id*. (citing and quoting *Grable*; internal quotation marks omitted).

Given the Court’s disposition of *Gunn*, it had no need to address a second point made by Justice Guzman, who also protested because, as he saw it, “the [*Minton* majority] allows a defeated litigant to undeservedly hit the ‘reset’ button on his failed legal malpractice case. The defendants, having won on the merits in state court, must now repeat a no doubt costly and time-consuming defense all over again in federal court, a result not required by the mainstream of federal question jurisprudence.” 355 S.W.3d at 647.

This raises an entirely different issue. “Jurisdiction is power to declare the law, and when it ceases to exist, the only function remaining to the court is that of announcing the fact and dismissing the cause.” Steel Co. v. Citizens for a Better Environment, 523 U.S. 83, 93 (1998) (citation and internal quotation marks omitted). Unsuccessful plaintiffs whose federal patent malpractice actions have concluded are apt to be blocked by statutes of limitations.

The effect on *successful* plaintiffs whose actions have concluded is most open to question. Is the win nullified? That may be true in some instances. *See* Christianson v. Colt Industries Operating Corp., 486 U.S. 800, 818 (1988) ("The age-old rule that a court may not in any case, even in the interest of justice, extend its jurisdiction where none exists has always worked injustice in particular cases. Parties often spend years litigating claims only to learn that their efforts and expense were wasted in a court that lacked jurisdiction.")

What of ongoing federal patent malpractice actions? 28 U.S.C. § 1631 permits transfer and allows a case to "proceed as if it had been filed… on the date upon which it was actually filed" in the transferring court. That would enable a plaintiff to avoid a bar but only if the transfer "is in the interest of justice."

Judicial estoppel may have a role in some cases. It was recently brought to bear in the Ninth Circuit after Marilyn Monroe's estate had long successfully urged for tax purposes that her domicile was New York. The court therefore refuses to consider whether the domicile-dependent California right of publicity was available. *See* Milton H. Greene Archives, Inc. v. Marilyn Monroe LLC, 692 F.3d 983, 1000 (9th Cir. 2012), recently noted briefly in Albert, Diana and Marilyn. That seems to have been Justice Guzman's point, and, had *Gunn* gone the other way, judicial estoppel might have played a role.

But it is hard to see the applicability of judicial estoppel when both parties are in federal court on the honest belief, founded on Federal Circuit precedent, that it is the proper forum. Yet, as mentioned above, *Christianson* compels the conclusion that at least some defendants who did not choose, and may have opposed, the forum are apt to forfeit successful defenses.

Cases not far along will cause least prejudice to either party. Artful application of the law of the case doctrine may be helpful to minimize expenses in a few cases. How it would

be applied in these circumstances, however, is far from clear. *See Christianson*, 486 U.S. at 815-18 (1988). That possibility and settlements aside, as the Court was no doubt aware, *Gunn* is likely to multiply expenses in many, if not most, pending federal malpractice cases.

In light of that, perhaps the Federal Circuit will be more circumspect in asserting exclusive jurisdiction over state claims. *See, e.g.*, Pre-Litigation Hardball After Dominant Semiconductors. *But see* Static Control Components, Inc. v. Lexmark Intern., Inc., 697 F.3d 387, 413 (6th Cir. 2012) (finding Static Control to have standing to pursue false claims of patent infringement under state law). It will be interesting to see whether such claims are subject to § 1338 jurisdiction after *Gunn*.