

Patent Cases and Jurisdiction Controversies

Amelia Smith Rinehart

In addition to substantial benefits from a functioning and effective patent system, namely technological innovation and commercialization, the public has a strong interest in competition and the finality of judgments in patent litigation, including judgments of invalidity and unenforceability. Despite this strong public interest in such judgments, constitutional and statutory requirements confine the reach of federal jurisdiction in patent declaratory cases. Following an admonition from the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.* to consider “all the circumstances” in patent declaratory cases, the Federal Circuit has attempted to set more appropriate boundaries for federal jurisdiction without returning to its previous narrow test requiring a reasonable apprehension of an infringement suit. What has not been clear, however, is the distinction between constitutional jurisdiction, on the one hand, deriving from Article III as an outer limit, and federal question jurisdiction, on the other hand, deriving from 28 U.S.C. § 1338, granting exclusive federal jurisdiction in cases “arising under the patent laws of the United States.” In other words, declaratory patent cases necessarily must have constitutional jurisdiction, but constitutional jurisdiction is not sufficient to establish federal question jurisdiction when the dispute, as presented by a well plead complaint, does not arise under the patent laws. In declaratory cases, this may be a critical distinction when infringement does not or cannot exist. Relying on Article III justiciability, courts applying *MedImmune* appear to be more permissive of jurisdiction for parties seeking declaratory relief in patent disputes. For example, a patent owner who has granted to a potential infringer a broad license may find himself in court facing claims requesting declaratory judgments of invalidity and unenforceability, perhaps the very outcome he sought to avoid in the first place by granting the license. Overly permissive jurisdiction in some of these patent disputes may tilt a balance in favor of parties challenging patents in ways that could have unintended circumstances in future cases.

In this Article, I observe that the Federal Circuit, attempting to build a post-*MedImmune* framework for jurisdiction, struggles to identify actual cases or controversies in those patent disputes that lack the classic benchmark of infringement, actual or imminent. As a result, a murky doctrine of justiciability has emerged with wide-reaching implications in patent disputes, far beyond the narrow factual circumstances of *MedImmune*. Because a declaration of patent invalidity has *res judicata* effect, a declaratory judgment of invalidity renders the patent unenforceable to all, not just vis-à-vis the challenging party. By broadly considering “all the circumstances,” reducing the significance of imminent infringement to such an inquiry and minimizing the breadth of a court’s discretion to refuse to hear declaratory cases, courts have confusingly left the door open to patent challenges by parties with vague interests in the relief requested while leaving the door closed to patent challenges by members of the public. As a

result, the *MedImmune* standard may be both over-inclusive of plaintiffs without a legal patent controversy and under-inclusive of important public challenges to patent validity and enforceability. Under-inclusivity is a function of our legal system's focus on private adjudication and can be addressed legislatively by expanding the availability of challenges to patents by parties representing the public's interest in patents. To address over-inclusivity, the Article proposes that courts contour jurisdiction to better fit the policies supporting declaratory relief in patent cases: 1) courts should assess Article III justiciability in light of a narrower concept of standing than that found in public law cases, requiring more than a factual interest in a dispute; 2) courts should consider the well-pleaded complaint rule in patent declaratory cases in order to eliminate from federal jurisdiction those cases where a hypothetical infringement action is not apparent from the declaratory plaintiff's complaint; and 3) courts should exercise their discretion to decline to hear those cases where Article III justiciability and "arising under" jurisdiction have been established, but the facts of the case indicate that the dispute does not fall into the category of cases that the Declaratory Judgment Act intended to allow an additional equitable remedy. By trimming jurisdiction through principled analysis of factual and policy considerations, courts can and should provide crisp, if narrow, limitations to declaratory jurisdiction that can be implemented objectively in patent cases. By returning to these first principles, courts may avoid making bad law with hard cases.