SUPREME COURT OF THE UNITED STATES

No. 01–408

THE HOLMES GROUP, INC., PETITIONER *v.* VORNADO AIR CIRCULATION SYSTEMS, INC.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

[June 3, 2002]

JUSTICE STEVENS, concurring in part and concurring in the judgment.

The Court correctly holds that the exclusive jurisdiction of the Court of Appeals for the Federal Circuit in patent cases is "fixed with reference to that of the district court," *ante*, at 3. It is important to note the general rule, however, that the jurisdiction of the court of appeals is not "fixed" until the notice of appeal is filed. See *Griggs* v. *Provident Consumer Discount Co.*, 459 U. S. 56, 58–59 (1982) *(per curiam)* ("The 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").

Thus, if a case began as an antitrust case, but an amendment to the complaint added a patent claim that was pending or was decided when the appeal is taken, the jurisdiction of the district court would have been based "in part" on 28 U. S. C. §1338(a), and therefore §1295(a)(1) would grant the Federal Circuit jurisdiction over the appeal. Conversely, if the only patent count in a multi-count complaint was voluntarily dismissed in advance of trial, it would seem equally clear that the appeal should be taken to the appropriate regional court of appeals rather

than to the Federal Circuit. See *Christianson* v. *Colt Industries Operating Corp.,* 486 U. S. 800, 823–824 (1988) (STEVENS, J., concurring). Any other approach "would enable an unscrupulous plaintiff to manipulate appellate court jurisdiction by the timing of the amendments to its complaint." *Id.*, at 824. To the extent that the Court's opinion might be read as endorsing a contrary result by reason of its reliance on cases involving the removal jurisdiction of the district court, I do not agree with it.

I also do not agree with the Court's statement that an interpretation of the "in whole or in part" language of §1295(a)(1) to encompass patent claims alleged in a compulsory counterclaim providing an independent basis for the district court's jurisdiction would be a "neologism" that would involve "an unprecedented feat of interpretive necromancy," *ante*, at 7. For there is well-reasoned precedent supporting precisely that conclusion. See *Aerojet-General Corp.* v. *Machine Tool Works, Oerlikon-Buehrle Ltd.,* 895 F. 2d 736, 742–743 (CA Fed. 1990) (en banc) (opinion of Markey, C. J., for a unanimous court) (citing, *e.g.*, *Rengo Co.* v. *Molins Machine Co.*, 657 F. 2d 535, 539 (CA3 1981); *Dale Electronics, Inc.* v. *R. C. L. Electronics, Inc.*, 488 F. 2d 382, 390 (CA1 1973); *Pioche Mines Consol., Inc.* v. *Fidelity-Philadelphia Trust Co.*, 206 F. 2d 336, 336–337 (CA9 1953); *Lion Mfg. Corp.* v. *Chicago Flexible Shaft Co.*, 106 F. 2d 930, 933 (CA7 1939)).[1] I am nevertheless

[1] The Court dismisses the cases cited in *Aerojet*, a unanimous opinion for an en banc Federal Circuit, as having "no bearing" on this case because they do not parse the term "arising under" or interpret 28 U. S. C. §1295(a)(1). *Ante*, at 7, n. 4. But surely it is not a "quibbl[e]" to acknowledge them as supporting the *Aerojet* court's conclusion that the jurisdiction of the district court can be based on a patent counterclaim, thereby satisfying the "in whole or in part" requirement of §1295(a)(1).

In any event, the assertion that only the power of black magic could give "arising under" a different meaning with respect to appellate jurisdiction is belied by case law involving the Temporary Emergency

persuaded that a correct interpretation of §1295(a)(1) limits the Federal Circuit's exclusive jurisdiction to those cases in which the patent claim is alleged in either the original complaint or an amended pleading filed by the plaintiff. In my judgment, each of the three policies that the Court has identified as supporting the "well-pleaded-complaint" rule governing district court jurisdiction, *ante*, at 5–6, points in the same direction with respect to appellate jurisdiction.

First, the interest in preserving the plaintiff's choice of forum includes not only the court that will conduct the trial but the appellate court as well. A plaintiff who has a legitimate interest in litigating in a circuit whose precedents support its theory of the case might omit a patent claim in order to avoid review in the Federal Circuit. In some cases that interest would be defeated by a rule that allowed a patent counterclaim to determine the appellate forum.

Second, although I doubt that a rule that enabled the

Court of Appeals (TECA), which had exclusive jurisdiction over appeals in cases "arising under" the Economic Stabilization Act of 1970 (ESA), §211(b)(2), 85 Stat. 749. Most courts departed from the traditional understanding of "arising under" and interpreted the statute to grant TECA appellate jurisdiction over ESA issues, including those raised as a defense. Courts nevertheless interpreted the statute's identical language respecting the district courts to grant traditional "arising under" jurisdiction. See *Coastal States Marketing, Inc.* v. *New England Petroleum Corp.*, 604 F. 2d 179, 185–186 (CA2 1979) ("It must be candidly recognized that according TECA some form of 'issue' jurisdiction places on the phrase, 'cases and controversies arising under' . . . a construction that differs from the meaning associated with these words in other jurisdictional statutes, and differs even from the grant of jurisdiction to the district courts in [the ESA]"). Thus, although I am in agreement with the Court's ultimate decision not to determine appellate jurisdiction by reference to the defendant's patent counterclaim, I find it unnecessary and inappropriate to slight the contrary reasoning of the Court of Appeals.

counterclaimant to be the occasional master of the appellate forum "would radically expand" the number of cases heard by the Federal Circuit, *ante*, at 5, we must recognize that the exclusive jurisdiction of the Federal Circuit defined in §1295(a)(1) does not comprise claims arising under the trademark and copyright laws, which are included in the district court's grant of jurisdiction under §1338(a).[2] As the instant litigation demonstrates, claims sounding in these other areas of intellectual property law are not infrequently bound up with patent counterclaims. The potential number of cases in which a counterclaim might direct to the Federal Circuit appeals that Congress specifically chose not to place within its exclusive jurisdiction is therefore significant.

Third, the interest in maintaining clarity and simplicity in rules governing appellate jurisdiction will be served by limiting the number of pleadings that will mandate review in the Federal Circuit. In his opinion in *Aerojet*, Chief Judge Markey merely held that a counterclaim for patent infringement that was "compulsory" and not "frivolous" or "insubstantial" sufficed to establish jurisdiction; he made a point of noting that there was no assertion in the case that the patent counterclaim at issue had been filed "to manipulate the jurisdiction of [the Federal Circuit]." 895 F. 2d, at 738. The text of the statute, however, would not seem to distinguish between that counterclaim and those that are permissive, insubstantial, or manipulative, and there is very good reason not to make the choice of appel-

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[2] The statute grants the Federal Circuit "exclusive jurisdiction . . . if the jurisdiction of [the district] court was based, in whole or in part, on [28 U. S. C.] section 1338 . . . , except that a case involving a claim arising under any Act of Congress relating to copyrights, exclusive rights in mask works, or trademarks and no other claims under section 1338(a) shall be governed" by provisions relating to appeals to the regional courts of appeals. 28 U. S. C. §1295(a)(1).

late forum turn on such distinctions. Requiring assessment of a defendant's motive in raising a patent counterclaim or the counterclaim's relative strength wastes judicial resources by inviting "unhappy interactions between jurisdiction and the merits." *Kennedy* v. *Wright*, 851 F. 2d 963, 968 (CA7 1988).

There is, of course, a countervailing interest in directing appeals in patent cases to the specialized court that was created, in part, to promote uniformity in the development of this area of the law. But we have already decided that the Federal Circuit does not have exclusive jurisdiction over all cases raising patent issues.[3] *Christianson*, 486 U. S., at 811–812. Necessarily, therefore, other circuits will

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[3] In explicit contrast with the TECA, see n. 1, *supra*, the Federal Circuit was granted appellate jurisdiction over cases involving patent law claims, not issues. See *Christianson* v. *Colt Industries Operating Corp.*, 486 U. S. 800, 820–821, n. 1 (1988) (STEVENS, J., concurring) (quoting H. R. Rep. No. 97–312, p. 41 (1981)) ("Cases will be within the jurisdiction of the Court of Appeals for the Federal Circuit in the same sense that cases are said to 'arise under' federal law for purposes of federal question jurisdiction. *Contrast*, *Coastal States Marketing, Inc.* v. *New England Petroleum Corp.*, 604 F. 2d 179 (2d Cir., 1979) [Temporary Emergency Court of Appeals properly has jurisdiction over *issues*, not *claims*, arising under the Economic Stabilization Act]" (internal quotation marks omitted)).

Considerations of convenience to the parties and the courts support Congress' decision to determine the Federal Circuit's appellate jurisdiction based on the claims alleged in the well-pleaded complaint rather than the issues resolved by the district court's judgment. If, for example, the district court's judgment rests on multiple grounds, directing the appeal is a relatively straightforward matter by reference to the complaint. As Judge Easterbrook explains in *Kennedy* v. *Wright*, 851 F. 2d 963 (CA7 1988), fixing appellate jurisdiction with respect to the complaint also ensures that a case that has been appealed and remanded will return to the same appellate court if there is a subsequent appeal. *Id.*, at 968 (describing the risk of "a game of jurisdictional ping-pong" if subsequent appeals are directed based on the grounds for decision rather than the pleadings).

have some role to play in the development of this area of the law. An occasional conflict in decisions may be useful in identifying questions that merit this Court's attention. Moreover, occasional decisions by courts with broader jurisdiction will provide an antidote to the risk that the specialized court may develop an institutional bias.[4]

In sum, I concur in the Court's judgment and join Parts I and II–A of its opinion.

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[4] See Dreyfuss, The Federal Circuit: A Case Study in Specialized Courts, 64 N. Y. U. L. Rev. 1, 25–30, 54 (1989) (evaluating criticism that the Federal Circuit demonstrates a greater pro-patent bias than regional circuits).