U.S. Supreme Court

Christianson v. Colt Indus., 486 U.S. 800 (1988)

Christianson v. Colt Industries Operating Corp.

No. 87-499

Argued April 18, 1988

Decided June 17, 1988

486 U.S. 800

Syllabus

The principal statutes involved in this case, which arises from a jurisdictional dispute between Courts of Appeals, are 28 U.S.C. § 1295(a)(1) -- granting the Federal Circuit exclusive jurisdiction over an appeal from a final decision of a federal district court "if the jurisdiction of that court was based, in whole or in part, on" 28 U.S.C. § 1338 -- and § 1338(a), which grants the district courts original jurisdiction of any civil action "arising under" any federal statute relating to patents. Respondent (Colt), which is the leading manufacturer, seller, and marketer of "M16" rifles and their parts and accessories, held and developed patents relating to the rifle, and has maintained the secrecy as to specifications essential to the mass production of interchangeable M16 parts. Petitioner Christianson, a former Colt employee, established a corporation (also a petitioner), and began selling M16 parts. Colt joined petitioners with other defendants in a patent infringement lawsuit, but ultimately voluntarily dismissed its claims against petitioners. In the meantime, Colt notified several of petitioners' current and potential customers that petitioners were illegally misappropriating Colt's trade secrets, and urged them to refrain from doing business with petitioners. Petitioners then brought this antitrust action against Colt in Federal District Court for violations of §§ 1 and 2 of the Sherman Act. The complaint alleged, *inter alia,* that Colt's letters, litigation tactics, and other conduct drove petitioners out of business. Petitioners later amended the complaint to assert a second cause of action under state law for tortious interference with their business relationships. Colt asserted a defense that its conduct was justified by a need to protect its trade secrets, and countersued on a variety of claims arising out of petitioners' alleged misappropriation of M16 patent specifications. Petitioners filed a motion for summary judgment raising a patent law issue -- related to the validity of Colt's patents -- to which the complaint only obliquely hinted. The District Court awarded petitioners summary judgment as to liability on both the antitrust and the tortious interference claims. On Colt's appeal, the Court of Appeals for the Federal Circuit held that it lacked jurisdiction, and transferred the appeal to the Court of Appeals for the Seventh Circuit. The Seventh Circuit, however, raising the jurisdictional issue *sua sponte,*

concluded that the Federal Circuit was "clearly wrong," and transferred the case back. The Federal Circuit, although concluding that the Seventh Circuit's jurisdictional decision was "clearly wrong," addressed the merits in the "interest of justice," and reversed the District Court.

Held:

1. The Court of Appeals for the Federal Circuit would not have jurisdiction of the appeal of a final judgment in this case under 28 U.S.C. § 1295(a)(1), since the action is not one "arising under" the patent statutes for purposes of § 1338(a). Pp.486 U. S. 807-813.

(a) In order to demonstrate that a case is one "arising under" federal patent law, the plaintiff must set up some right, title, or interest under the patent laws, or at least make it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction, of those laws. Section 1338 jurisdiction extends only to those cases in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims. A case raising a federal patent law defense does not, for that reason alone, "arise under" patent law, even if the defense is anticipated in the complaint, and even if both parties admit that the defense is the only question truly at issue in the case. Nor is it necessarily sufficient that a well-pleaded claim alleges a single theory under which resolution of a patent law question is essential. If, on the face of a well-pleaded complaint, there are reasons completely unrelated to the provisions and purposes of the patent laws why the plaintiff may or may not be entitled to the relief it seeks, then the claim does not "arise under" those laws.

(b) Petitioners' antitrust count can readily be understood to encompass both a monopolization claim under § 2 of the Sherman Act and a group boycott claim under § 1. The patent law issue, while arguably necessary to at least one theory under each claim, is not necessary to the overall success of either claim. Even assuming, without deciding, that the validity of Colt's patents is an essential element of petitioners' monopolization theory, rather than merely an argument in anticipation of a defense, the well-pleaded complaint rule focuses on claims, not theories, and just because an element that is essential to a particular theory might be governed by federal patent law does not mean that the entire monopolization claim "arises under" patent law. Examination of the complaint reveals that the monopolization theory (on which petitioners ultimately prevailed in the District Court) is only one of several involved, and the only one for which the patent law issue is even arguably essential. Since there are reasons completely unrelated to the provisions

and purposes of federal patent law why petitioners may or may not be entitled to the relief sought under their monopolization claim, the claim does not "arise under" federal

patent law. The same analysis obtains as to petitioners' group boycott claim under § 1 of the Sherman Act. Pp. 486 U. S. 810-813.

2. Nor does reference to congressional policy compel a finding of Federal Circuit jurisdiction. One of Congress' objectives in creating the Federal Circuit was to reduce the lack of uniformity and uncertainty of legal doctrine in the administration of patent law. Although arguably Congress' goals might be better served if the Federal Circuit's jurisdiction were to be fixed by reference to the case actually litigated, nevertheless, Congress determined the relevant focus when it granted Federal Circuit jurisdiction on the basis of the district courts' jurisdiction. Since the latter courts' jurisdiction is determined by reference to the well-pleaded complaint, not the well-tried case, the referent for the Federal Circuit's jurisdiction must be the same. The legislative history of the Federal Circuit's jurisdictional provisions confirms that focus. Pp. 486 U. S. 813-814.

3. Federal Circuit jurisdiction here cannot be based on Federal Rule of Civil Procedure 15(b) by deeming the complaint amended to encompass a new and independent cause of action -- an implied cause of action under the patent laws. Even assuming that a court of appeals could furnish itself a jurisdictional basis under such theory, there is simply no evidence of any "express or implied consent" among the parties, as required by the Rule, to litigate a new patent law claim. Although the summary judgment papers focused almost entirely on patent law issues that petitioners deemed fundamental to the lawsuit, those issues fell squarely within the purview of the theories of recovery, defenses, and counterclaims that the pleadings already encompassed. Pp. 486 U. S. 814-815.

4. There is no merit to the contention that the Federal Circuit was obliged to adopt the Seventh Circuit's analysis of the jurisdictional issue as the law of the case. The law-of-the-case doctrine applies as much to the decisions of a coordinate court in the same case as to a court's own decisions, and the policies supporting the doctrine apply with even greater force to transfer decisions than to decisions of substantive law. However, the Federal Circuit, in transferring the case to the Seventh Circuit, was the first to decide the jurisdictional issue. That the Federal Circuit did not explain its rationale is irrelevant. Thus, the law of the case was that the Seventh Circuit had jurisdiction, and it was the Seventh Circuit that departed from the law of the case. Moreover, the doctrine merely expresses the practice of courts generally to refuse to reopen what has been decided, not a limit on their power. Thus, even if the Seventh Circuit's decision was law of the case, the Federal Circuit

did not exceed its power in revisiting the jurisdictional issue, and, once it concluded that the prior decision was "clearly wrong," it was obliged to decline jurisdiction. Most importantly, law of the case cannot bind this Court in reviewing decisions below. Pp. 486 U. S. 815-818.

5. The Federal Circuit, after concluding that it lacked jurisdiction, erred in deciding to reach the merits anyway "in the interest of justice." Courts created by statute only have such jurisdiction as the statute confers. Upon concluding that it lacked jurisdiction, the Federal Circuit had authority, under 28 U.S.C. § 1631, to make a single decision -- whether to dismiss the case or, "in the interest of justice," to transfer it to a court of appeals that has jurisdiction. The 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 -- especially in the situation where, as here, the litigants are bandied back and forth between two courts, each of which insists that the other has jurisdiction. Such situations inhere in the very nature of jurisdictional lines, for few jurisdictional lines can be so finely drawn as to leave no room for disagreement on close cases. However, the courts of appeals should achieve the end of quick settlement of questions of transfer by adhering strictly to principles of law of the case. Under those principles, if the transferee court can find the transfer decision plausible, its jurisdictional inquiry is at an end. Pp. 486 U. S. 818-819.

822 F.2d 1544, vacated and remanded.

BRENNAN, J., delivered the opinion for a unanimous Court. STEVENS, J., filed a concurring opinion, in which BLACKMUN, J., joined.