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Dissent on Scope of Federal Circuit Jurisdiction

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In February 2018, a three-judge panel from the US Court of Appeals for the Federal Circuit found a lack of appellate jurisdiction and transferred a *Walker Process* claim to the Fifth Circuit (*IP Update*, Vol. 21, No. 2). Now, the full Federal Circuit has denied an *en banc* rehearing in that case. *Xitronix Corp. v. KLA-Tencor Corp*., Case No. 16-2746 (Fed. Cir., June 15, 2018) (*en banc*) (Newman, J, dissenting) (Lourie, J, dissenting w/o opinion). While a decision not to rehear a case may seem relatively unremarkable, a notable dissent from Judge Newman has drawn attention.

In its *Walker Process* claim, Xitronix alleged that KLA-Tencor obtained a patent through knowing and willful fraud on the US Patent and Trademark Office and was therefore liable for an antitrust violation. In transferring jurisdiction to the Fifth Circuit, the Federal Circuit panel found that the "underlying patent issue in this case, while important to the parties and necessary for resolution of the claims, does not present a substantial issue of patent law." Therefore, the panel reasoned, the case belonged in the Fifth Circuit.

The *en banc* Federal Circuit has now confirmed this holding without comment. In dissent, however, Judge Newman referred to the ruling as "unprecedented," "unsupported," "contrary to the statute governing the Federal Circuit, and contrary to decades of precedent and experience."

In Newman's view, the panel held that appeals involving non-patent issues were no longer within the Federal Circuit's jurisdiction. This amounted to a dramatic jurisdictional change, she asserted. "If the court now wishes to remove itself from jurisdiction of cases that may involve issues in addition to patent issues, we should make this change en banc."

It was especially perplexing, in Newman's opinion, that neither party questioned the Federal Circuit's appellate jurisdiction. The panel raised the appellate jurisdiction issue *sua sponte*. While the panel found that "[s]omething more is required to raise a substantial issue of patent law," it never indicated "what that '[s]omething more' might be," she noted. As a result of this panel decision, the Federal Circuit would no longer have "jurisdiction over appeals of *Walker Process* claims, and . . . all appeals where the complaint includes non-patent issues," she wrote.

Practice Note: Although Judge Newman's dissent takes issue with what she views as a "vast jurisdictional change," her view of the issue could be read as more expansive than the panel decision. The panel concluded that appeals of *Walker Process* claims would not *automatically* be heard in the Federal Circuit, while Newman suggests that the panel's decision now *requires* all

appeals of *Walker Process* claims to be heard in regional circuits. Either way, parties appealing *Walker Process* claims to the Federal Circuit should consider making specific jurisdictional presentations and should anticipate that their appeal might be transferred to a regional circuit court.

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