

No. _____

In the
Supreme Court of the United States

WARSAW ORTHOPEDIC, INC., et al.,

Petitioners,

v.

RICK C. SASSO, M.D.,

Respondent.

**On Petition for Writ of Certiorari to the
Court of Appeals of Indiana**

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Federal courts have exclusive jurisdiction over all cases arising under federal patent law, and state courts are explicitly divested of such jurisdiction. 28 U.S.C. §1338(a). Exclusive federal jurisdiction applies even to claims that invoke state law whenever an issue of federal patent law is “(1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance.” *Gunn v. Minton*, 568 U.S. 251, 258 (2013).

This case features a split over the same underlying patent dispute. Just last year, the Federal Circuit correctly held that the dispute arises under federal patent law and so is subject to *exclusive* federal jurisdiction. Two months later, in the decision below, the Indiana Court of Appeals *explicitly rejected* the Federal Circuit’s reasoning and held that the same dispute arises only under state law, *not* federal patent law. On that basis, the Indiana court affirmed the Indiana trial court’s \$112 million damages verdict for a “native Hoosier”—a verdict predicated on a state-court jury’s resolution of a dispute about the scope of patent claims. That decision is a striking illustration of the danger posed by state-court adjudication of patent disputes, and the pressing need for this Court to resolve this split in authority and clarify when a patent case falls within exclusive federal jurisdiction.

The question presented is:

Whether a dispute raises substantial issues of federal patent law when its resolution necessarily depends on patent-law determinations regarding claim scope and validity.

PARTIES TO THE PROCEEDING

Petitioners Warsaw Orthopedic, Inc., Medtronic Inc., and Medtronic Sofamor Danek, Inc., were defendants in the Circuit Court of Indiana and appellants in the Indiana Court of Appeals. Respondent Rick C. Sasso, M.D. was the plaintiff in the Circuit Court of Indiana and appellee in the Indiana Court of Appeals.

CORPORATE DISCLOSURE STATEMENT

Petitioners are subsidiaries of Medtronic plc. No other publicly held company owns 10% or more of petitioners' stock.

STATEMENT OF RELATED PROCEEDINGS

Warsaw Orthopedic, Inc. v. Sasso, No. 19A-PL-378 (Indiana Supreme Court denied transfer May 13, 2021).

Warsaw Orthopedic, Inc. v. Sasso, No. 19A-PL-378 (Indiana Court of Appeals opinion issued Dec. 4, 2020; judgment entered Dec. 11, 2020).

Sasso, M.D. v. Warsaw Orthopedic, Inc., No. 43D01-1903-PL-20 (Circuit Court of Indiana judgment entered Nov. 29, 2018).

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PETITION FOR WRIT OF CERTIORARI

There should be no such thing as a state-court patent trial. Yet that is exactly what the Indiana courts conducted here, complete with *Markman*-style claim construction proceedings, Federal Circuit Bar Association model patent jury instructions, and a state court ultimately deciding the consequences of the U.S. Patent and Trademark Office's ("PTO's") reexamination of the patents at the heart of this dispute. None of this should have ever happened.

The Constitution vests the power to create and define patent rights exclusively with Congress, and Congress has granted *exclusive* jurisdiction over all cases arising under federal patent law to the *federal courts*. To underscore the importance of exclusive federal jurisdiction, Congress explicitly prohibited state courts from hearing such cases. 28 U.S.C. §1338(a). That assurance of federal exclusivity is designed to promote uniformity in interpreting federal rights in a highly technical field and to protect the special role of the Federal Circuit in maintaining that uniformity. Congress directed patent appeals from every district court across the country to the Federal Circuit; needless to say, patent disputes in state court cannot be appealed to the Federal Circuit. Congress' pursuit of uniformity thus depends on not allowing patent disputes to proceed in state court. For that reason, exclusive federal jurisdiction extends not only to cases in which federal patent law creates the plaintiff's cause of action, but any case in which an issue of federal patent law is "(1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the

federal-state balance.” *Gunn v. Minton*, 568 U.S. 251, 258 (2013).

Applying that test, the Federal Circuit—the court Congress created to exercise exclusive jurisdiction over all patent appeals—reviewed the same underlying dispute between these same parties just last year. That court squarely held that the parties’ controversy presented substantial issues of federal patent law and therefore fell within the federal courts’ exclusive jurisdiction (and its own exclusive appellate jurisdiction). Despite that holding of exclusive federal jurisdiction, however, the Federal Circuit permitted the district court to abstain from resolving the dispute.

Less than two months later, the Indiana Court of Appeals took advantage of that opening to reach precisely the opposite result on the jurisdictional question, creating an express split in the context of a single patent dispute. In the decision below, the Indiana Court of Appeals *explicitly rejected* the Federal Circuit’s decision, and held instead that state courts were free to adjudicate patent-based controversies such as this one. Its sole basis for that extraordinary outcome was to assert—in direct conflict with the Federal Circuit’s contrary view—that the issues of patent validity and patent scope raised in this litigation were not “substantial” enough to warrant federal jurisdiction. On that basis, the Indiana court proceeded to affirm the state trial court’s assertion of jurisdiction over this patent case and its award of over \$112 million in damages for a “native Hoosier.” App.3. The Indiana Supreme Court denied review altogether, leaving in place the direct conflict between the decision below and the Federal

Circuit's contrary jurisdictional holding on the same facts involving the same parties and some of the same patents.

That stark conflict warrants this Court's review. As this case illustrates, there is significant ongoing confusion in the lower courts about the proper application of the jurisdictional test this Court laid out in *Gunn*. In particular, the courts are divided on how to determine whether an issue of federal patent law is substantial enough to the federal system to compel federal court jurisdiction—let alone how to make that determination at the outset of a case. As this case illustrates, in-state plaintiffs have ample incentives to sue in state courts, and state courts may be tempted to exercise jurisdiction over disputes that plainly belong in federal court. Indeed, despite initial representations from respondent that little would turn on patent law, the Indiana trial court here found itself engaging in claim construction (a proceeding unique to patent cases), hearing testimony on patent claim coverage, delivering jury instructions on patent issues borrowed from the Federal Circuit Bar Association, and assessing the effect of PTO reexamination proceedings—all while insisting that the case was just a run-of-the-mill contract case.

The decision below is not only seriously wrong, but the issue is exceptionally important to the patent system. Given the exclusive subject-matter jurisdiction created by §1338(a), confusion over the jurisdictional standard risks wasting substantial resources and years of litigation if and when patent-related cases are tried in the wrong courts. More fundamentally, decisions like the one here frustrate

Congress' goal of ensuring uniformity in federal patent law and exclusive federal jurisdiction over patent disputes. That the federal and state courts could not even agree on the proper application of the *Gunn* factors to the same patent dispute underscores the pressing need for this Court's review.

OPINIONS BELOW

The opinion of the Indiana Court of Appeals is reported at 162 N.E.3d 1 and reproduced at App.1-47. Its order denying rehearing is unreported and reproduced at App.48-49. The Indiana Supreme Court's order denying review is reported at 168 N.E.3d 739 and reproduced at App.50-51.

JURISDICTION

The Indiana Court of Appeals issued its decision on December 4, 2020, and denied rehearing on January 26, 2021. The Indiana Supreme Court denied review on May 13, 2021. Because that denial occurred before July 19, 2021, the deadline to file any petition was automatically extended to 150 days. The Indiana Supreme Court's discretionary denial is not a decision on the merits, and so certiorari is proper to the Indiana Court of Appeals. 28 U.S.C. §1257(a); *Foster v. Chatman*, 136 S.Ct. 1737, 1746 n.2 (2016).

STATUTORY PROVISIONS INVOLVED

Relevant statutory provisions are reproduced in the appendix.

STATEMENT OF THE CASE

A. Sasso Sues Medtronic on Patent-Based Claims in Indiana State Court.

1. Petitioners (collectively “Medtronic”) are a leading medical-technology company. Medtronic regularly works with doctors and surgeons to develop new medical devices to treat a wide variety of health conditions.

In 1998, Medtronic began working with respondent Dr. Rick Sasso, a professor and chief of spinal surgery at the Indiana University School of Medicine, App.3-4, on a system to anchor and align screws and plates in the spine. *See* App.9-10. The resulting product became known as the Vertex System. App.9.

In 1999, Medtronic and Sasso signed the “Vertex Agreement,” under which Sasso gave Medtronic his rights in the Vertex system. App.9-10. In exchange, Medtronic agreed to pay Sasso a 2% royalty on net sales of the relevant “Medical Device” for eight years from the first commercial sale of that device, or “if the Medical Device is *covered by a valid claim of an issued U.S. patent* arising out of the Intellectual Property Rights” provided in the agreement, then for a longer period, namely, the life of the patent. App.10-11 (emphasis added). In 2002, the PTO issued Patent No. 6,485,491 (“the ’491 patent”), naming Sasso among its inventors and Medtronic as the assignee. App.12.

Medtronic and Sasso also collaborated on another spinal-surgery invention involving a facet screw delivery system. They signed the “Facet Screw Agreement” in 1999, under which Sasso gave

Medtronic ownership rights to the screw delivery system in exchange for a 2.5% royalty on net sales of that device. App.4-5.

Section 7 of the Facet Screw Agreement, titled “Term of Agreement,” provided that the agreement “shall expire upon the last to expire of the patents included in Intellectual Property Rights, *or if no patent application(s) issue into a patent having valid claim coverage of the Medical Device*, then seven (7) years from the Date of First Sale of the Medical Device.” App.6.

In September 2001, the PTO issued Patent No. 6,287,313 (“the ’313 patent”), with Sasso as the sole inventor and Medtronic as the assignee. App.6-7. The PTO later issued a continuation of the ’313 patent as Patent No. 6,562,046 (“the ’046 patent”). *Warsaw Orthopedic, Inc. v. Sasso*, 977 F.3d 1224, 1226 (Fed. Cir. 2020).

2. In August 2013, Sasso sued Medtronic in Indiana state court, claiming that Medtronic had breached the Vertex Agreement by failing to pay him the full royalties he was owed under that agreement. App.13. Medtronic removed the action to federal district court, explaining that Sasso’s claims were subject to exclusive federal jurisdiction because they arose under federal patent law. *Id.*; see 28 U.S.C. §1338(a). The district court responded with a one-sentence order remanding the case back to Indiana state court. Order, *Sasso v. Warsaw Orthopedic, Inc.*, No. 3:13-cv-1031 (N.D. Ind. Apr. 2, 2014), Dkt.37. That remand order was not appealable. 28 U.S.C. §1447(d). But even after an erroneous remand order, this Court retains the ability to remedy a state court’s

erroneous exercise of jurisdiction over a case subject to exclusive federal jurisdiction by reviewing the state court's final judgment, and indeed this Court is the only federal forum available to correct the error in those circumstances.

3. After the remand to state court, Sasso amended his complaint to add new claims, alleging that Medtronic also breached the Facet Screw Agreement. App.13-14; *see* Ind.App.Vol.XIV.3-30.¹ Sasso asserted that the '313 and '046 patents have valid claims that cover various Medtronic products, and that he was accordingly entitled to royalties on those products for the life of those patents. *See* Ind.App.Vol.XIV.3-30.

Medtronic moved to dismiss for lack of subject matter jurisdiction, explaining that Sasso's new claims (like his old claims) were subject to exclusive federal jurisdiction because they necessarily raised substantial and disputed questions of federal patent law—specifically, the proper construction of the '313 and '046 patents. Ind.App.Vol.III.16-17. The Indiana trial court denied the motion, relying largely on the earlier remand order. Ind.App.Vol.II.109-10; *see* App.14.

The state trial court proceeded to preside over a case that was largely indistinguishable from federal patent litigation—except that it took place in an Indiana state court. To pursue his theory that he was entitled to additional royalties because the '313 and

¹ Ind.App refers to Appellants' appendix filed in the Indiana Court of Appeals on September 13, 2018; Ind.Tr refers to the trial transcript from November 1-28, 2018. *See* Case No. 19-A-PL-00378 (Ind. Ct. App.).

'046 patents covered various Medtronic products, Sasso took extensive discovery relating to the scope of those patents' claim coverage, including a Rule 30(b)(6) deposition of Medtronic that was almost entirely devoted to that topic. *See* Ind.App.Vol.IV.166-80. Sasso's expert reports likewise offered extensive opinions on claim coverage, including claim charts showing in detail how (in their view) each element of the relevant patent claims appeared in Medtronic products. *See, e.g.,* Ind.App.Vol.III.113-21; Ind.App.Vol.XV.171-84. The state trial court likewise treated the litigation as a patent case, even going so far as to issue a *Markman* order construing disputed terms in the patent claims at issue. Ind.App.Vol.XVI.127 ("The Court recognizes that claim construction is a matter of law reserved for the Court, not the jury.... Accordingly, the Court construes the disputed terms as follows[.]" (citing *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996))).

B. Medtronic Files an Action Invoking Exclusive Federal Jurisdiction, and the Federal Circuit Holds That Exclusive Federal Jurisdiction Applies.

1. Shortly after receiving Sasso's expert reports disclosing his broad construction of the patent claims at issue, Medtronic filed a declaratory judgment action in the U.S. District Court for the Northern District of Indiana. Medtronic proactively sought to obtain *definitive* rulings on the construction and validity of the relevant claims of the '313 and '046 patents—as only a *federal* court *should* be able to provide—and, following from that, a declaration that Medtronic did

not breach the Facet Screw Agreement because the patents do not contain any valid claim covering any of Medtronic's products. *See* App.15. As the district court and both parties recognized, those declaratory judgment claims presented the “mirror image” of Sasso's state-court claim concerning royalties under the Facet Screw Agreement. App.20. In another effort to obtain a federal forum to consider these federal patent issues, Medtronic also took the extraordinary step of filing requests with the PTO for *ex parte* reexaminations of its own patent claims—specifically, certain claims of the '313 and '046 patents—on the ground that those claims were necessarily invalid if Sasso's broad constructions were correct. App.14-15.

Three months later, Sasso filed a motion asking the federal district court to abstain from hearing Medtronic's claims. The district court took no immediate action on that motion.

2. Meanwhile, the Indiana trial court proceeded to hold what amounted to a patent infringement trial on Sasso's claims against Medtronic. Throughout that trial, from his opening statement onward, Sasso made clear that the scope of the patent claims was critical to his case. *See, e.g.*, Ind.Tr.Vol.III.78-92, 104-05 (presenting Sasso's view of the key “elements” of claim 26 of the '313 patent). Sasso presented two expert witnesses addressing patent law issues, with one testifying exclusively about patent claim coverage. *See id.*; Ind.Tr.Vol.IX.39-55, 57-60, 67-72. And Sasso himself testified that the invention he assigned to Medtronic under the Facet Screw Agreement was covered by claim 26 of the '313 patent, which he described variously as “incredibly broad” and “really

really broad.” Ind.Tr.Vol.V.68. Despite allowing that testimony, the state court precluded Medtronic from responding that any patent claim with that broad a scope would be invalid. Ind.App.Vol.II.111. The state court maintained that position *even after the PTO issued notices of intent to cancel (i.e., invalidate) the relevant claims* before the conclusion of the state-court trial. See Notice of Intent to Issue Ex Parte Reexamination Certificate, No. 90/014,131 (Nov. 26, 2018); Notice of Intent to Issue Ex Parte Reexamination Certificate, No. 90/014,171 (Nov. 20, 2018). And the state court permitted Sasso at closing argument to tell the jury that the ’313 patent “is in force today”—despite the PTO having formally issued notices of intent to cancel all of the relevant claims. Ind.Tr.Vol.XII.40.

The trial ended with the state court delivering detailed jury instructions on patent law and patent claim coverage, including four pages borrowed from the Federal Circuit Bar Association pattern instructions, as well as its own construction of the relevant terms in the ’313 patent claims. Ind.Tr.Vol.XII.105; *see also* Ind.Tr.Vol.XI.226. Those instructions directed the jury that it would “need to understand the role of patent claims;” that it would “need to understand what each claim covers in order to decide whether ... there is claim coverage for any ... Medtronic devices”; that the state trial court’s role was “to define the terms of the claims,” and that the jury had to apply the state trial court’s definitions. Ind.Tr.Vol.XII.105-06. The trial court also elaborated on the distinction between patent “[p]roduct claims” and patent “process claims,” the distinction between “independent” and “dependent” patent claims, and the

effects of those distinctions on patent coverage. Ind.Tr.Vol.XII.107.

Based on the state court's extensive instructions on federal patent-law issues, and its construction of the relevant patent claims, the jury found for Sasso and awarded him over \$112 million in damages. App.16. The state court entered judgment in accordance with that verdict. *Id.* Shortly thereafter, the PTO issued the reexamination certificates finally canceling the relevant claims, making those patent claims invalid *ab initio*. App.14-15; see *Fresenius USA Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013). Medtronic filed a timely appeal from the state trial court's judgment to the Indiana Court of Appeals. App.16.

3. After receiving notice of the state trial court's judgment, the federal district court hearing Medtronic's mirror-image declaratory judgment claims issued an opinion dismissing Medtronic's action on abstention grounds. *Warsaw Orthopedic, Inc. v. Sasso*, 2019 WL 428574 (N.D. Ind. Jan. 31, 2019). The court assumed for purposes of its decision that Medtronic's claims (and Sasso's mirror-image state-court claims) arose under federal patent law, such that federal courts had exclusive jurisdiction over those claims. *Id.* at *2. Nevertheless, the district court found abstention appropriate in light of the state trial court's decision addressing the mirror-image claims and the ongoing state-court appeals from that decision. *Id.* at *3-4.

4. Medtronic appealed the district court's decision to the Federal Circuit. In response, Sasso urged the Federal Circuit to dismiss the appeal, arguing that

neither the district court nor the Federal Circuit had jurisdiction because Medtronic's claims did not arise under the federal patent laws. App.15.

In a precedential decision, the Federal Circuit squarely rejected Sasso's jurisdictional argument, holding that Medtronic's claims arose under the federal patent laws and therefore were within the district court's exclusive original jurisdiction and, thus, the Federal Circuit's own exclusive appellate jurisdiction. *Warsaw Orthopedic, Inc. v. Sasso*, 977 F.3d 1224 (Fed. Cir. 2020). That holding was necessary to the Federal Circuit's exercise of appellate jurisdiction, which otherwise would have resided in the Seventh Circuit. The Federal Circuit has exclusive jurisdiction over any "appeal from a final decision of a district court ... in any civil action arising under ... any Act of Congress relating to patents," 28 U.S.C. §1295(a)(1). As the Federal Circuit recognized (and as this Court explained in *Gunn*), exclusive jurisdiction over patent disputes extends not only to cases where federal patent law creates the underlying right of action, but also to cases invoking state-law causes of action in which federal patent-law issues are "(1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution ... without disrupting the federal-state balance approved by Congress." *Warsaw*, 977 F.3d at 1229 (quoting *Gunn*, 568 U.S. at 258).

Applying that standard, the Federal Circuit held, "the issues of validity and claim scope" presented in Medtronic's claims (and Sasso's mirror-image state-court claims) were "well-pleaded in this declaratory complaint, are actually disputed, are substantial to

the federal system as a whole, and the federal-state judicial balance would not be disrupted by the district court's exercise of declaratory jurisdiction." *Id.* The parties' dispute was therefore "within the district court's jurisdictional authority," and the Federal Circuit—as opposed to the Seventh Circuit—had jurisdiction to hear Medtronic's appeal. *Id.*; see 28 U.S.C. §1631.

Despite finding exclusive jurisdiction, the Federal Circuit nevertheless concluded that the district court did not abuse its discretion by "abstaining," in the context of a Declaratory Judgment Act proceeding, in favor of the state-court proceedings. *Warsaw*, 977 F.3d at 1232. Medtronic filed a petition for certiorari seeking review of the Federal Circuit's abstention holding, and Sasso filed a conditional cross-petition seeking review of the Federal Circuit's jurisdictional holding. See Nos. 20-1284 & 20-1452. This Court denied certiorari on June 21, 2021, leaving in place the Federal Circuit's precedential holding that the claims here arise under federal patent law and so are subject to exclusive federal jurisdiction.

C. The Indiana Court of Appeals Explicitly Rejects the Federal Circuit's Decision and Affirms the State Trial Court's \$112 Million Patent-Based Judgment.

Less than two months after the Federal Circuit issued its opinion, the Indiana Court of Appeals released its own decision in Medtronic's appeal from the state trial court's \$112 million judgment. In open and explicit conflict with the Federal Circuit, the Indiana Court of Appeals *affirmed* the state trial court, expressly rejecting the Federal Circuit's holding

that the parties' dispute here arises under federal patent law and so can only be resolved by the federal courts. Disparaging the Federal Circuit's analysis as "cursory," the Indiana Court of Appeals applied the *Gunn* factors for itself—and held, based on its own analysis of Federal Circuit precedent (despite the Federal Circuit's polar opposite reading of that same precedent), that the federal patent law issues of validity and claim scope raised in this case are not sufficiently "substantial to the federal system as a whole" to warrant federal jurisdiction. App.26-27; *contra Warsaw*, 977 F.3d at 1229 ("Applying the standards of precedent, the issues of validity and claim scope [here] ... are substantial to the federal system as a whole[.]").

The Indiana Court of Appeals assumed (correctly) that three of the *Gunn* factors are met here, i.e., (1) Sasso's claims necessarily raise issues of federal patent law regarding the relevant patents' validity and claim coverage; (2) those issues were vigorously disputed; and (3) the federal-state balance would not be disrupted by federal jurisdiction, especially given that (unlike in *Gunn*) Indiana has no special state interest here in the adjudication of a contract that is not even governed by Indiana law (since the contracts specify that Tennessee law applies). App.21-22. The Indiana Court of Appeals nevertheless rejected exclusive federal jurisdiction on the sole basis that in its view—and despite the Federal Circuit's explicit contrary holding—the patent questions here were not "substantial" because they were merely "fact sensitive" issues that the federal system had no "strong interest" in litigating. App.22-23. On that basis, the Indiana Court of Appeals affirmed the state

trial court's exercise of jurisdiction over this federal patent case and its \$112 million judgment for a "native Hoosier." App.3. The Indiana Supreme Court subsequently denied discretionary review, leaving in place the open conflict between the decision below and the Federal Circuit over whether this case is subject to exclusive federal jurisdiction.

REASONS FOR GRANTING THE PETITION

The decision below creates a split of authority over whether the same patent dispute belongs in federal or state court. That conflict cries out for this Court's review because it vividly illustrates the ongoing confusion in the lower courts over the application of the *Gunn* factors, and specifically over how to determine whether a question of federal patent law is substantial enough to warrant federal jurisdiction.

The conflict here could not be more acute. Less than two months before the decision below issued, the Federal Circuit squarely held that this dispute raises substantial issues of federal patent law and is subject to exclusive federal jurisdiction and the Federal Circuit's own exclusive appellate jurisdiction. Confronting a mirror-image suit so coterminous that the federal courts abstained, the Indiana Court of Appeals reached the opposite conclusion. The Indiana Court of Appeals not only rejected the Federal Circuit's bottom-line result, but explicitly rejected its reasoning. Dismissing the Federal Circuit's considered views (on which its appellate jurisdiction turned) as "cursory," the Indiana court instead concluded that the federal patent-law issues in this case are of no great importance to the federal system,

and so affirmed the state trial court's decision to adjudicate those federal patent issues itself and enter a \$112 million judgment for its native son. That decision openly conflicts with the Federal Circuit's finding of exclusive federal jurisdiction (and substantial federal interest) on the very same facts—an untenable conflict that cannot be resolved except by this Court. That square and irreconcilable jurisdictional conflict alone is more than enough to warrant this Court's intervention.

But that stark conflict is reflective of a far broader problem. As the decision below illustrates, the lower federal and state courts have continued to struggle in applying the *Gunn* test, especially the often outcome-determinative question of whether a federal patent-law issue is “substantial” to the federal system as a whole. The dispute here is a far cry from the professional responsibility dispute in *Gunn*, and the spectacle of state courts holding *Markman* hearings and delivering the Federal Circuit's pattern jury instructions makes a mockery of Congress' decision to grant federal courts exclusive jurisdiction over patent disputes and expressly deny state courts that jurisdiction. Granting review in this case would allow this Court to dispel the lower-court confusion and restore Congress' vision.

The decision below not only countenances a state-court patent trial, but rests on the theory that the federal issues of patent validity and claim coverage raised here are insubstantial to the federal system. That theory cannot be reconciled with Congress' judgment to confer exclusive federal jurisdiction over patent claims, as the decision below effectively holds

that there is no substantial federal interest in the kind of federal patent validity and claim coverage issues that federal courts resolve in countless federal patent cases every day. The decision below also invites state courts to ignore the consequences of federal PTO proceedings—just as the Indiana courts did here. Allowing the decision below to stand would compound the already-significant confusion in the lower courts on this jurisdictional question and would dramatically undermine Congress’ unambiguous decision to make federal jurisdiction over patent cases exclusive.

The decision below creates an untenable situation that necessitates this Court’s intervention. The Federal Circuit and the decision below are split on the same patent dispute. Congress’ intent to grant federal courts exclusive jurisdiction over patent disputes has been disregarded. And state courts have awarded a “native Hoosier” tens of millions based on patent claims that the PTO has invalidated and thereby made void *ab initio*. The decision below cannot stand.

I. The Decision Below Is In Direct Conflict With The Federal Circuit’s Precedential Decision On The Same Facts.

The decision below creates as stark a split as this Court is likely to see. That split, moreover, concerns a question of federal jurisdiction that only this Court can settle. The Federal Circuit—the federal appellate court that Congress created to hear patent appeals from across the country—reviewed a parallel lawsuit raising the very same patent-based dispute between the very same parties. In a precedential opinion, it held that the parties’ dispute here necessarily raises issues of federal patent law that “are substantial to

the federal system as a whole,” and so falls within the federal courts’ exclusive jurisdiction and the Federal Circuit’s exclusive appellate jurisdiction. *Warsaw*, 977 F.3d at 1229. That holding was consistent with the Federal Circuit’s prior precedent, in which that court has held that issues of patent validity and claim coverage embedded in breach of contract claims are substantial to the federal system as a whole. *See Jang v. Bos. Sci. Corp.*, 767 F.3d 1334, 1336-38 (Fed. Cir. 2014). It could hardly be otherwise, as disputes about patent validity and claim scope are the bread and butter of federal patent disputes. The Federal Circuit’s precedential holding reaffirming as much on the facts here is binding law in the Federal Circuit and in cases adjudicated in federal district courts nationwide.

The Indiana Court of Appeals, however, deliberately and explicitly took the opposite view, rejecting the Federal Circuit’s holding of exclusive federal jurisdiction and concluding instead that the state trial court properly took jurisdiction over this federal patent dispute. That express conflict was not the result of mere inadvertence; on the contrary, the Indiana Court of Appeals explicitly recognized that the Federal Circuit had already addressed the relevant issue, even briefly considering whether the Federal Circuit’s holding should be treated as *res judicata*. App.20-21. The Indiana Court of Appeals nevertheless declined to follow the Federal Circuit’s decision, choosing instead to conduct its own assessment of the federal interests at stake and (contrary to the Federal Circuit) deeming those federal interests insufficient to sustain federal jurisdiction. That square jurisdictional conflict—an

express disagreement between the Indiana Court of Appeals and the Federal Circuit over whether the very same dispute can be heard in state court or only in federal court—can be resolved only by this Court.

The Indiana Court of Appeals gave three excuses for its conscious break with the Federal Circuit’s prior holding. None is remotely persuasive—and indeed, they only reinforce the need for this Court to intervene.

First, the Indiana Court of Appeals dismissed the Federal Circuit’s jurisdictional analysis as “cursory.” App.26. But the Federal Circuit was under no obligation to reinvent the wheel and properly relied on its own prior precedent, which already explained why exclusive federal jurisdiction (and Federal Circuit appellate jurisdiction) is required in analogous circumstances. *See* App.25 (citing *Jang*, 767 F.3d at 1336-38). Moreover, whatever its length, the Federal Circuit’s evaluation of the *Gunn* factors and its conclusion that each was satisfied was a holding that was essential to its own appellate jurisdiction. Absent its conclusion that the *Gunn* factors were satisfied, the Federal Circuit would have been required to transfer the appeal to the Seventh Circuit. *See Warsaw*, 977 F.3d at 1228-29. Instead, it exercised jurisdiction by explicitly concluding that the patent validity and claim coverage issues here “are substantial to the federal system as a whole.” *Id.* at 1229.

Second, the Indiana court noted that the Federal Circuit’s analysis “was based on the language of Medtronic’s complaint for declaratory judgment, not on Sasso’s state-court complaint.” App.26 (emphasis omitted). That is a distinction without a difference.

Both Sasso himself and every court to examine Medtronic's complaint in the parallel federal litigation has agreed that it alleges the "mirror image" of Sasso's state-court claims under the Facet Screw Agreement. *See, e.g., Warsaw*, 977 F.3d at 1225 (noting the "concurrent action in Indiana state court between the same parties concerning the same dispute"); *Warsaw*, 2019 WL 428574, at *1 (recognizing Medtronic's claims as "the mirror image of Dr. Sasso's claim"); Corrected Brief of Defendant-Appellee at 28, *Warsaw*, 977 F.3d 1224 (Fed. Cir. filed Apr. 30, 2019) ("Sasso.CAFed.Br.") (calling Medtronic's claims "the 'mirror image' of what Sasso was seeking ... in the state court"). Indeed, Sasso himself relied on the mirror-image nature of the two suits in arguing to the Federal Circuit that federal jurisdiction was improper, *see* Sasso.CAFed.Br.28-29, 50-52, and the Federal Circuit's abstention ruling is premised on the same mirror-image conclusion, *see Warsaw*, 977 F.3d at 1225, 1230. The Indiana Court of Appeals' holding allowing state jurisdiction over the claims here cannot be reconciled with the Federal Circuit's holding of exclusive federal jurisdiction over mirror-image claims arising from the exact same dispute.

Finally, the Indiana Court of Appeals seized on the Federal Circuit's abstention ruling as somehow undercutting the Federal Circuit's simultaneous finding of exclusive jurisdiction. App.26. But that abstention ruling just underscores that the declaratory judgment action before the Federal Circuit and this lawsuit addressed the exact same patent dispute—and that abstention ruling is wrong largely because it shifts the onus to this Court to

review a state court decision that has improperly exercised jurisdiction over a federal patent dispute.

Put simply, there is no way to reconcile the Indiana Court of Appeals' holding that the federal patent-law issues here are "not 'substantial,'" App.22, with the Federal Circuit's holding that the exact same issues in this exact same dispute *are* substantial and, thus, subject to exclusive federal jurisdiction. *Warsaw*, 977 F.3d at 1229. This Court should not leave unresolved that stark jurisdictional conflict over whether this case belongs in federal or state court.

II. The Decision Below Reflects The Ongoing Confusion In The Lower Courts Over When A Federal Issue Is Substantial Under *Gunn*.

The conflict between the decision below and the Federal Circuit's opposite ruling on the same facts is a striking example of a much broader problem. In the years since this Court decided *Gunn*, "[c]onfusion about the scope of the federal courts' and the Federal Circuit's jurisdiction over patent cases is on the rise." Paul R. Gugliuzza, *Rising Confusion About "Arising Under" Jurisdiction in Patent Cases*, 69 Emory L.J. 459, 518 (2019). That confusion has centered in particular on the substantiality factor of the *Gunn* test (the sole factor on which the decisions here differed), which the lower courts have increasingly struggled to apply in any consistent fashion.

The doctrinal divergence over how to determine whether a federal patent-law issue is substantial has been truly remarkable. Some cases have attempted to refine the substantiality inquiry by adopting three sub-factors, asking (1) whether the patent issue at stake is "a pure question of law," (2) whether it will

“control many other cases,” and (3) whether “the government has a strong interest in litigating [the issue] in a federal forum.” *MDS (Canada) Inc. v. Rad Source Techs., Inc.*, 720 F.3d 833, 842 (11th Cir. 2013); *see, e.g., NeuroRepair, Inc. v. The Nath Law Grp.*, 781 F.3d 1340, 1345 (Fed. Cir. 2015); App.22. Other decisions have (wisely) ignored those purported sub-factors. *See, e.g., Xitronix Corp. v. KLA-Tencor Corp.*, 916 F.3d 429, 438-44 (5th Cir. 2019); *Xitronix Corp. v. KLA-Tencor Corp.*, 882 F.3d 1075, 1077-78 (Fed. Cir. 2018); *Jang*, 767 F.3d at 1336-38 (Fed. Cir. 2014). Some decisions have found that it matters whether the patent at issue remains in effect, *see, e.g., Xitronix*, 916 F.3d at 440; App.23, while others have explicitly held that makes no difference, *see, e.g., Xitronix Corp. v. KLA-Tencor Corp.*, 757 F.App’x 1008, 1010 (Fed. Cir. 2019); *Jang*, 767 F.3d at 1338. Some decisions have found disputes focused on the validity or construction of a single patent insufficient, *see, e.g., MDS*, 720 F.3d at 842-43, while others have reached the opposite conclusion, *see, e.g., Xitronix*, 916 F.3d at 441. Still other cases have identified their own additional relevant factors, such as whether allowing a state court to resolve the particular patent-law issue at stake would undermine the uniformity of federal patent law, *see, e.g., Inspired Dev. Grp., LLC v. Inspired Prods. Grp.*, 938 F.3d 1355, 1366 (Fed. Cir. 2019), or whether a case presents issues “unique to patent law,” *Xitronix*, 882 F.3d at 1077, and have made unpersuasive attempts to distinguish materially similar decisions that have reached opposite results, *see* Gugliuzza, *supra*, at 497 n.245 (recognizing “conflict” between *Inspired Development* and *Jang* and

noting that “current law does not support [the] distinction” *Inspired Development* adopted).

That doctrinal confusion has produced divergent outcomes—including, as here, when addressing the same underlying patent dispute. The *Xitronix* litigation provides a recent and particularly notable example, second only to this case as an illustration of the difficulties that the lower courts have faced. In *Xitronix*, a plaintiff filed an antitrust claim in federal district court alleging that the defendant had violated federal antitrust law by fraudulently obtaining a patent—a claim “in which patent law is a necessary element.” *Xitronix*, 882 F.3d at 1076. The case was appealed to the Federal Circuit, which *sua sponte* ordered two rounds of supplemental briefing on whether the case arose under the federal patent laws. *Id.* at 1075-76. In response, both parties agreed that the case necessarily raised substantial questions of federal patent law—including whether the patent at issue was fraudulently obtained—and so the appeal belonged in the Federal Circuit. *Id.* The Federal Circuit disagreed and transferred the appeal to the Fifth Circuit, concluding that despite prior precedent holding that such claims “clearly involve [the Federal Circuit’s] exclusive jurisdiction,” the case raised no substantial patent-law issue. *Id.* at 1078. That ruling drew a sharp dissent from denial of rehearing *en banc*, which criticized the decision for adopting “a vast jurisdictional change for the regional circuits as well as the Federal Circuit.” *Xitronix Corp. v. KLA-Tencor Corp.*, 892 F.3d 1194, 1196 (Fed. Cir 2018) (Newman, J.).

The confusion did not end there. On transfer, the Fifth Circuit recognized that it was required to accept jurisdiction unless the Federal Circuit's analysis was not just wrong, but "implausible." *Xitronix*, 916 F.3d at 440-41; see *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 819 (1988). Remarkably, the Fifth Circuit found the Federal Circuit's jurisdictional analysis implausible "[u]nder any reading of *Gunn*." *Xitronix*, 916 F.3d at 435-44. The Fifth Circuit therefore declined jurisdiction and transferred the appeal *back* to the Federal Circuit. *Id.* at 444.

In response, the Federal Circuit issued a per curiam decision reaffirming its previous analysis and explicitly "reject[ing]" much of the Fifth Circuit's reasoning as "incorrect[.]" *Xitronix*, 757 F.App'x at 1009-10. But to end the "perpetual game of jurisdictional ping-pong," *Christianson*, 486 U.S. at 818, the Federal Circuit resigned itself to characterizing the Fifth Circuit's decision as at least "plausible," and so accepted the return transfer—even while continuing to openly disagree with the Fifth Circuit's jurisdictional analysis, and in particular with its conclusion that the federal patent issues at stake were substantial under *Gunn*. *Xitronix*, 757 F.App'x at 1008-10.

Xitronix illustrates that even federal appellate courts are in hopeless disarray on the proper application of *Gunn*'s substantiality analysis. The decision below adds state courts, which are explicitly prohibited from exercising jurisdiction over patent claims under 28 U.S.C. §1338(a), into the mix. As this case illustrates, state courts not only are confused over the law but have a predisposition to seeing state-law

claims as raising only insubstantial patent-law questions. In short, the stark conflict between the decision below and the Federal Circuit's contrary decision on the same facts is just an especially glaring example of a widespread problem. Across numerous cases, the lower courts, state and federal, have struggled to reach any consistent understanding of when a federal patent-law issue is substantial under *Gunn*, and have repeatedly reached squarely conflicting jurisdictional outcomes even in the same case. The sharp conflict over these jurisdictional issues is untenable.

III. The Decision Below Is Emphatically Wrong And Thwarts Congress' Express Directives.

The decision below illustrates the need for this Court's intervention not only because it creates a square conflict with the Federal Circuit, but also because it is emphatically incorrect. Patent trials belong in federal court, not state court, and the Indiana Court of Appeals had no valid basis for reaching the opposite conclusion here.

1. Congress has unequivocally provided the federal district courts with exclusive jurisdiction over cases arising under federal patent law, and unequivocally denied state courts jurisdiction over such cases. To quote §1338(a):

The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents ... No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents.

28 U.S.C. §1338(a); *see, e.g. Gunn*, 568 U.S. at 257 (Congress “not only provided for federal jurisdiction but also eliminated state jurisdiction” over patent cases in §1338(a)). Congress has likewise assigned the Federal Circuit exclusive appellate jurisdiction over all appeals arising under federal patent law, protecting the uniformity of federal patent doctrine by ensuring that only one federal appellate court will review federal patent cases. 28 U.S.C. §1295(a)(1).

As this Court explained in *Gunn*, a case arises under federal patent law not only when federal patent law creates the cause of action, but also when a federal patent-law issue is “(1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance approved by Congress.” 568 U.S. at 258. When those four factors are met, exclusive federal jurisdiction is proper because of the “serious federal interest in claiming the advantages thought to be inherent in a federal forum” for federal patent cases, including the uniformity and predictability that exclusive federal jurisdiction and Federal Circuit review provide. *Id.* (quoting *Grable & Sons Metal Prods. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 313-14 (2005)).

With respect to the third factor—whether the case raises a “substantial” question of federal patent law—*Gunn* explained that courts should consider “the importance of the issue to the federal system as a whole.” *Id.* at 260. Applying that standard, *Gunn* held that a state-law legal malpractice claim did not arise under federal patent law, even though it asserted that the defendant provided inadequate assistance in a

patent infringement suit. *Id.* at 259-65. As this Court explained, given the unique “backward-looking nature” of a legal malpractice claim, the only patent question that a legal malpractice suit raises is the “merely hypothetical” issue of how the underlying patent case *would* have been resolved *if* it had been properly litigated. *Id.* at 261. The answer to that purely hypothetical question, the Court held, had no broader significance to the federal system and so was “not substantial in the relevant sense.” *Id.* at 260. In addition, assigning legal malpractice claims premised on patent cases to the exclusive jurisdiction of the federal courts would markedly upset the federal-state balance, given that states have a “special responsibility” and an “especially great” interest in legal malpractice suits as a mechanism for regulating lawyers as officers of the court. *Id.* at 264 (quoting *Ohralik v. Ohio State Bar Ass’n*, 436 U.S. 447, 460 (1978); *Goldfarb v. Va. State Bar*, 421 U.S. 773, 792 (1975)).

2. The decision below cannot be reconciled with the principles set out in §1338(a) and *Gunn*. The Indiana Court of Appeals correctly assumed that the first, second, and fourth *Gunn* factors were met here—that is, Sasso’s claims necessarily raised issues of federal patent law, those issues were actually disputed, and allowing the federal courts to adjudicate them would not upset the federal-state balance. App.21-22. The court nevertheless rejected exclusive federal jurisdiction based solely on its conclusion—in direct conflict with the Federal Circuit—that the patent validity and claim coverage issues here were not “substantial” because they lacked the necessary “importance ... to the federal system as a whole” to

warrant adjudication in the federal courts. App.22. That is wrong, and cannot be squared with Congress' explicit decision to assign patent cases exclusively to the federal courts.

This case turns on questions that lie at the heart of federal patent law. In order to resolve Sasso's claims, the Indiana courts were required to decide whether the Medtronic products at issue were "covered by a valid claim of an issued U.S. patent," App.11, 42-43, or equivalently, whether any patent had issued with "valid claim coverage" of those products, App.6, 36. That language raises the quintessential federal patent-law questions of validity and claim coverage that lie at the heart of countless archetypal patent infringement cases litigated in federal court every year. Those questions of patent validity and claim coverage are plainly fundamental to the federal patent system as a whole—which is precisely why Congress assigned all patent infringement cases (and all other cases arising under the federal patent laws) to the federal courts, to ensure consistent and uniform adjudication of those very same issues. 28 U.S.C. §1338(a); *see, e.g., Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162-63 (1989). The Indiana Court of Appeals' conclusion that those classic patent-law questions are not important enough to the federal system to warrant federal jurisdiction is flatly at odds with Congress' judgment that those same questions *are* important enough to warrant exclusive federal jurisdiction in typical patent infringement cases.

Put simply, the same federal patent-law issues of patent validity and claim coverage cannot be

substantial in prototypical patent infringement cases and insubstantial here. The only relevant difference between this case and a typical infringement action is that the parties here signed a contract, and so Sasso is relying on that contract for his cause of action rather than on 35 U.S.C. §281. That adds a modest layer of complexity to the jurisdictional analysis, *see Gunn*, 568 U.S. at 257-58, but it certainly does not make the patent-law issues of validity and claim coverage here any less substantial to the federal system as a whole.

In fact, Congress has made clear that whether a federal patent issue is substantial enough to warrant federal jurisdiction should not turn on procedural niceties or the alignment of the parties. When this Court held that patent counterclaims were insufficient to invoke exclusive federal jurisdiction and Federal Circuit appellate jurisdiction, *Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826 (2002), Congress responded by amending §1295(a)(1) and §1338(a) to ensure exclusive federal jurisdiction. *See Leahy-Smith America Invents Act*, Pub. L. No. 112-29, §19(a)-(b), 125 Stat. 284, 331-32 (2011). By contrast, the logic of the decision below would suggest that standard issues of patent validity and claim coverage at the heart of countless federal-court patent cases are insubstantial, even though Congress long ago gave the federal courts *exclusive* jurisdiction over such actions. That conclusion makes no sense whatsoever, and is irreconcilable with Congress' decision to assign patent cases exclusively to the federal courts.

The patent validity and claim coverage issues here stand in stark contrast with the questions that

this Court deemed insufficient for federal jurisdiction in *Gunn*. In *Gunn*, the Court was faced with an unlikely outlier: a *legal malpractice suit* that the plaintiff claimed arose under federal patent law simply because the alleged malpractice occurred in a patent case. As the Court recognized, the inherently “backward-looking nature of a malpractice suit” meant that the only patent issues raised in *Gunn* were hypothetical questions about whether a patent *would have* been found valid *if* counsel had raised certain arguments in earlier patent litigation (which itself took place in federal court, as §1338(a) requires). 568 U.S. at 261. Those hypothetical questions could not have any effect even on the patents at issue (whose validity was definitively resolved in the federal patent litigation in which the alleged malpractice occurred), and were exceptionally unlikely to have any broader effect on federal patent law as a whole. *Id.* at 261-62. Here, by contrast, the questions of patent validity and claim coverage raised in this suit are questions that stand at the heart of federal patent law, and are raised as to patents that were purported to be valid and in force when the suit was filed. Those basic patent-law questions are worlds away from the hypothetical issues posed in *Gunn*, and easily important enough to the federal patent system to support federal jurisdiction.

3. The Indiana Court of Appeals gave no remotely persuasive justification for its extraordinary conclusion that issues of patent validity and claim coverage are not important to the federal patent system. Nor could it.

The court began its analysis with a dubious lower-court gloss on *Gunn*, relying on three purported sub-factors that some (but not all) decisions have applied to guide the substantiality inquiry. App.22. First, the court stated that the case did not “implicate[] a pure question of federal-patent law” because “the actual issue to be determined by the jury—whether Medtronic breached its agreements with Sasso—was heavily fact sensitive.” *Id.* But the trial court here *was* called upon to decide pure questions of federal patent law before the case could even go to the jury: namely, the proper construction of disputed terms in the relevant claims of the ’313 and ’046 patents, which the state trial court resolved in its *Markman* hearing and order. Ind.App.Vol.XVI.127-29. *See Teva Pharm. USA v. Sandoz*, 574 U.S. 318, 331-32 (2015) (recognizing that claim construction is a matter of law where, as here, only intrinsic evidence is considered). In any event, the fact that the patent validity and claim coverage issues here depended in part on the context of the case hardly suggests that those issues are unimportant to the federal patent system as a whole. After all, *every* patent validity and claim scope dispute turns on some case-specific facts, but that hardly suggests the federal patent system has no substantial interest in those disputes. *E.g.*, *Jang*, 767 F.3d at 1336-38; *see Maxchief Invs. Ltd. v. Wok & Pan, Ind., Inc.*, 909 F.3d 1134, 1140 n.3 (Fed. Cir. 2018) (recognizing issues of “infringement and validity” can satisfy *Gunn*).

Second, the Indiana court stated that this was “not a case where the judgment will control many other cases” because it “controls only Medtronic and Sasso.” App.22-23. That is true only in the limited

(and irrelevant) sense that every federal patent infringement trial directly controls only the patent holder and the alleged infringer. But just like garden-variety federal-court patent infringement suits (and unlike the legal malpractice suit in *Gunn*), the state trial court's claim construction and judgment for Sasso in this patent-based suit could prevent Medtronic from asserting the full scope of its patents in later suits against third parties. *See Jang*, 767 F.3d at 1337 (recognizing that "inconsistent judgments between state and federal courts" could prevent the patentee from asserting "the full scope of its patent as construed in federal court"). Even absent estoppel, the decision below creates the risk that federal courts could construe Medtronic's claims differently in later infringement actions, potentially forcing Medtronic to pay royalties to Sasso on products that third parties can sell without such royalties. The Federal Circuit's exclusive jurisdiction exists partly to avoid such contradictory outcomes, and the prospect of such inconsistent judgments underscores the substantiality of the federal patent issues here. *See Maxchief*, 909 F.3d at 1140 n.3; *Jang*, 767 F.3d at 1337.

Third, the Indiana Court of Appeals stated that this was "not a case in which the federal government has a strong interest in litigating the issue in federal court" because, in the court's view, this case "is fundamentally a contract dispute." App.23. But that just obscures the relevant question: whether the federal patent-law issues that are necessarily raised by Sasso's contract claims (including their interplay with the parallel federal PTO proceedings) are significant to the federal system as a whole. When, as here, that is the case, Congress has made the relevant

judgment that the federal government has a substantial interest in federal-court jurisdiction. Whether a state court perceives that the federal executive branch would identify the same interest in any particular case is entirely beside the point.

4. In addition to its questionable analysis of those invented sub-factors, the Indiana Court of Appeals invoked a variety of other equally unpersuasive rationales. Thus, for instance, the court asserted that the claim coverage issues here were not substantial because the state jury here “did not need to determine whether Medtronic’s products would have infringed ... Sasso’s patents” but only “whether the products were covered under the royalty provisions of the agreements.” App.25. That assertion is pure semantics. Patent “coverage” here is the same question as patent “infringement”—whether the patent covers (and so would be infringed by) the products at issue—which is why “[c]ontract claims based on underlying ... royalty obligations” like those here necessarily raise a substantial issue of federal patent law. *Jang*, 767 F.3d at 1337.

The Indiana court also asserted that Sasso’s suit “does not involve ‘ongoing’ royalty obligations, and there is no evidence of potential ‘suits affecting other parties.’” App.25-26. But subject matter jurisdiction is measured based on “the facts as they existed at the time the complaint or any compulsory counterclaim was filed,” not based on subsequent developments. *Jang*, 767 F.3d at 1338; *see, e.g., Xitronix*, 757 F.App’x at 1010 (“[W]e reject the theory that our jurisdiction turns on whether a patent can still be asserted.”); *cf. Grupo Dataflux v. Atlas Global Grp.*, 541 U.S. 567

(2004). The subsequent cancellation of the patent claims at issue here in PTO reexamination—which Medtronic sought in response to Sasso’s own broad interpretation of those patent claims in this suit—can neither eliminate the exclusive federal jurisdiction that Congress provided for this suit nor create the state jurisdiction that Congress prohibited.

In fact, the subsequent invalidation of some of the patent claims here on reexamination by the PTO only confirms the existence of substantial federal patent-law issues and interests in this case. *See* App.14-15. The Federal Circuit has developed a specific set of legal rules governing the interactions between PTO reexaminations and (federal-court) patent litigation, which make clear that claims cancelled on reexamination are invalid *ab initio*. *See Fresenius*, 721 F.3d 1337. The proper application of those federal rules concerning the effect of PTO cancellation is yet another issue of federal patent law that the Indiana courts here misapprehended and misapplied to Medtronic’s detriment. *See* App.32-34.

IV. The Jurisdictional Question Presented Is Exceptionally Important.

The jurisdictional question presented in this case is also exceptionally important, both for litigants engaged in patent disputes and for the courts asked to adjudicate those disputes (and more broadly, for businesses and inventors nationwide that rely on consistent and uniform federal interpretation of the federal patent laws). It is well established that “jurisdictional rules should be clear,” *Lapides v. Bd. of Regents*, 535 U.S. 613, 621 (2002), and the lower

courts' current application of the third *Gunn* factor is anything but.

That uncertainty regarding the scope of exclusive federal jurisdiction over patent cases not only encourages “wasteful litigation about matters entirely collateral to the merits,” Gugliuzza, *supra*, at 465, but risks severe consequences if (as here) a court errs in making that jurisdictional determination. Because subject-matter jurisdiction under §1338(a) is exclusive, cases that arise under federal patent law can be heard *only* in federal court, while cases that do not arise under federal patent law (and have no other basis for federal jurisdiction) can be heard *only* in state court. As such, a mistake in evaluating whether a case arises under federal patent law will almost invariably mean that the erring court lacked subject-matter jurisdiction, a flaw that can “wipe out years of litigation and result in millions of dollars wasted.” *Id.* And where, as here, a state court defies Congress’ instructions and proceeds to adjudicate a patent case, it threatens to destroy the certainty and uniformity in federal patent law that Congress created exclusive federal patent jurisdiction and the Federal Circuit itself to protect (and reinforced that jurisdiction to protect further following *Holmes*). This Court should not force parties and courts to risk costly jurisdictional mistakes without clearer guidance on the governing jurisdictional rules, and should not countenance state-court intrusion in the patent realm that Congress expressly reserved for the federal courts.

CONCLUSION

This Court should grant the petition for certiorari.

Respectfully submitted,

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