Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

GUNN ET AL. *v.* MINTON

CERTIORARI TO THE SUPREME COURT OF TEXAS

No. 11–1118. Argued January 16, 2013—Decided February 20, 2013

Petitioner attorneys represented respondent Minton in a federal patent infringement suit. The District Court declared Minton's patent invalid under the "on sale" bar since he had leased his interactive securities trading system to a securities brokerage "more than one year prior to the date of the [patent] application." 35 U. S. C. §102(b). In a motion for reconsideration, Minton argued for the first time that the lease was part of ongoing testing, and therefore fell within the "experimental use" exception to the on-sale bar. The District Court denied the motion and the Federal Circuit affirmed, concluding that the District Court had appropriately held that argument waived. Convinced that his attorneys' failure to timely raise the argument cost him the lawsuit and led to the invalidation of his patent, Minton brought a legal malpractice action in Texas state court. His former attorneys argued that Minton's infringement claims would have failed even if the experimental-use argument had been timely raised, and the trial court agreed. On appeal, Minton claimed that the federal district courts had exclusive jurisdiction over claims like his under 28 U. S. C. §1338(a), which provides for exclusive federal jurisdiction over any case "arising under any Act of Congress relating to patents." Minton argued that the state trial court had therefore lacked jurisdiction, and he should be able to start over with his malpractice suit in federal court. Applying the test of *Grable & Sons Metal Products, Inc.* v. *Darue Engineering & Mfg.*, 545 U. S. 308, the Texas Court of Appeals rejected Minton's argument, proceeded to the merits, and determined that Minton had failed to establish experimental use. The Texas Supreme Court reversed, concluding that the case properly belonged in federal court because the success of Minton's malpractice claim relied upon a question of federal patent law.

Held: Section §1338(a) does not deprive the state courts of subject mat-

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ter jurisdiction over Minton's malpractice claim. Pp. 4–13.

(a) Congress has authorized the federal district courts to exercise original jurisdiction over "any civil action arising under any Act of Congress relating to patents," and further decreed that "[n]o State court shall have jurisdiction over any [such] claim." §1338(a). Because federal law did not create the cause of action asserted by Minton's legal malpractice claim, the claim can "aris[e] under" federal patent law only if it "necessarily raise[s] a stated federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities." *Grable,* 545 U. S., at 314. Pp. 4–6.

(b) Applying *Grable*'s inquiry here, it is clear that Minton's legal malpractice claim does not arise under federal patent law. Pp. 6–12.

(1) Resolution of a federal patent question is "necessary" to Minton's case. To prevail on his claim, Minton must show that an experimental-use argument would have prevailed if only petitioners had timely made it in the earlier patent litigation. That hypothetical patent case within the malpractice case must be resolved to decide Minton's malpractice claim. P. 7.

(2) The federal issue is also "actually disputed." Minton argues that the experimental-use exception applied, which would have saved his patent from the on-sale bar; petitioners argue that it did not. Pp. 7–8.

(3) Minton's argument founders, however, on *Grable*'s substantiality requirement. The substantiality inquiry looks to the importance of the issue to the federal system as a whole. Here, the federal issue does not carry the necessary significance. No matter how the state courts resolve the hypothetical "case within a case," the real-world result of the prior federal patent litigation will not change. Nor will allowing state courts to resolve these cases undermine "the development of a uniform body of [patent] law." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U. S. 141, 162. The federal courts have exclusive jurisdiction over actual patent cases, and in resolving the nonhypothetical patent questions those cases present they are of course not bound by state precedents. Minton suggests that state courts' answers to hypothetical patent questions can sometimes have real-world effect on other patents through issue preclusion, but even assuming that is true, such "fact-bound and situation-specific" effects are not sufficient to establish arising under jurisdiction, *Empire HealthChoice Assurance, Inc.* v. *McVeigh*, 547 U. S. 677, 701. Finally, the federal courts' greater familiarity with patent law is not enough, by itself, to trigger the federal courts' exclusive patent jurisdiction. Pp. 8–12.

(4) It follows from the foregoing that Minton does not meet *Gra-*

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ble's fourth requirement, which is concerned with the appropriate federal-state balance. There is no reason to suppose that Congress meant to bar from state courts state legal malpractice claims simply because they require resolution of a hypothetical patent issue. P. 12.

355 S. W. 3d 634, reversed and remanded.

ROBERTS, C. J., delivered the opinion for a unanimous Court.

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SUPREME COURT OF THE UNITED STATES

No. 11–1118

JERRY W. GUNN, ET AL., PETITIONERS *v.* VERNON F. MINTON

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF TEXAS

[February 20, 2013]

CHIEF JUSTICE ROBERTS delivered the opinion of the Court.

Federal courts have exclusive jurisdiction over cases "arising under any Act of Congress relating to patents." 28 U. S. C. §1338(a). The question presented is whether a state law claim alleging legal malpractice in the handling of a patent case must be brought in federal court.

I

In the early 1990s, respondent Vernon Minton developed a computer program and telecommunications network designed to facilitate securities trading. In March 1995, he leased the system—known as the Texas Computer Exchange Network, or TEXCEN—to R. M. Stark & Co., a securities brokerage. A little over a year later, he applied for a patent for an interactive securities trading system that was based substantially on TEXCEN. The U. S. Patent and Trademark Office issued the patent in January 2000.

Patent in hand, Minton filed a patent infringement suit in Federal District Court against the National Association of Securities Dealers, Inc. (NASD) and the NASDAQ Stock Market, Inc. He was represented by Jerry Gunn and the

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other petitioners. NASD and NASDAQ moved for summary judgment on the ground that Minton's patent was invalid under the "on sale" bar, 35 U. S. C. §102(b). That provision specifies that an inventor is not entitled to a patent if "the invention was . . . on sale in [the United States], more than one year prior to the date of the application," and Minton had leased TEXCEN to Stark more than one year prior to filing his patent application. Rejecting Minton's argument that there were differences between TEXCEN and the patented system that precluded application of the on-sale bar, the District Court granted the summary judgment motion and declared Minton's patent invalid. *Minton* v. *National Assn. of Securities Dealers, Inc.*, 226 F. Supp. 2d 845, 873, 883–884 (ED Tex. 2002).

Minton then filed a motion for reconsideration in the District Court, arguing for the first time that the lease agreement with Stark was part of ongoing testing of TEXCEN and therefore fell within the "experimental use" exception to the on-sale bar. See generally *Pfaff* v. *Wells Electronics, Inc.*, 525 U. S. 55, 64 (1998) (describing the exception). The District Court denied the motion. *Minton* v. *National Assn. of Securities Dealers, Inc.*, No. 9:00–cv–00019 (ED Tex., July 15, 2002).

Minton appealed to the U. S. Court of Appeals for the Federal Circuit. That court affirmed, concluding that the District Court had appropriately held Minton's experimental-use argument waived. See *Minton* v. *National Assn. of Securities Dealers, Inc.*, 336 F. 3d 1373, 1379–1380 (CA Fed. 2003).

Minton, convinced that his attorneys' failure to raise the experimental-use argument earlier had cost him the lawsuit and led to invalidation of his patent, brought this malpractice action in Texas state court. His former lawyers defended on the ground that the lease to Stark was not, in fact, for an experimental use, and that therefore

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