

NEUROREPAIR, INC. v. THE NATH LAW GROUP, Appeal No. 2013-1073 (Fed. Cir. January 15, 2015). Before Wallach, Chen and Hughes. Appealed from S.D. Cal. (Judge Houston).

Background:

NeuroRepair retained The Nath Law Group for services relating to patent prosecution. However, NeuroRepair became increasingly dissatisfied with the services they received in the prosecution of their patent applications. Accordingly, NeuroRepair transferred all their patent applications from The Nath Law Group to another law firm.

NeuroRepair subsequently filed suit against The Nath Law Group in California state court for professional negligence, breach of contract and negligent representation. The Nath Law Group removed the case to federal district court on the ground that the case related to a civil action relating to patents. The federal district court accepted the case and granted summary judgment in favor of The Nath Law Group. NeuroRepair appealed.

Issue/Holding:

Did the district court properly determine that it had subject matter jurisdiction over the case on the ground that the case was a civil action relating to patents? No, reversed and remanded.

Discussion:

In *Gunn v. Minton*, the Supreme Court set forth a four-part test affirming that a federal court has jurisdiction over a state law claim when a 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 of power.

The Federal Circuit held that the present suit fails to meet the requirements of the *Gunn* jurisdiction test, and thus the district court did not have subject matter jurisdiction for the following reasons: First, the Federal Circuit held that since NeuroRepair's complaint relied on at least some grounds that did not require application of patent law, a court could find that NeuroRepair was entitled to relief without ever raising a patent law issue. Second, the Federal Circuit held that even if resolution of a patent law issue was required, the patent law issue would not be of substantial importance to the federal system as a whole, but would only be significant to the present parties. In particular, the Federal Circuit found that resolution of the patent law issues would not be dispositive of the case, and would not be controlling over other cases. Third, the Federal Circuit held that the federal interests implicated by the state law allegations were outweighed by the "especially great" interests of the state in regulating its own lawyers in a legal malpractice claim. Therefore, the state law claims set forth in NeuroRepair's complaint fail to satisfy the first, third and fourth parts of the *Gunn* jurisdiction test.