

DECEMBER 8, 2006

## Thompson v. Microsoft Corp.

No. 2006-1073, Federal Circuit (Mayer, Bryson, Linn)

***“[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 plaintiff’s complaint, and even if both parties admit that the defense is the only question truly at issue in the case.’”***

On December 8, 2006, the Federal Circuit declined, for lack of jurisdiction, to hear Thompson’s appeal from the district court’s dismissal of his unjust enrichment claim that alleged Microsoft had misappropriated his programmable folder technology to use in applying for U.S. Patents No. 5,682,532 and 5,771,384. In transferring the appeal to the U.S. Court of Appeals for the Sixth Circuit, the Federal Circuit stated:

“Federal courts are not courts of general jurisdiction; they have only the power that is authorized by Article III of the Constitution and the statutes enacted by Congress pursuant thereto. . . . For that reason, every federal appellate court has a special obligation to satisfy itself . . . of its own jurisdiction . . . .”

Section 1295(a)(1) of Title 28 grants the Court of Appeals for the Federal Circuit exclusive jurisdiction over “an appeal from a final decision of a district court of the United States . . . if the jurisdiction of that court was based, in whole or in part, on [28 U.S.C.] section 1338 . . . .” Section 1338(a), in turn, provides in relevant part that “[t]he district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents . . . .” Thus, we must determine whether this is a case “arising under” federal patent law such that the jurisdiction of the district court was based at least “in part” on section 1338.

[J]urisdiction under section 1338(a) extends “only to those cases in which a well-pleaded complaint establishes either [1] that federal patent law creates the cause of action or [2] 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



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complaints.” Here, there is no question that the state law of Michigan, and not federal patent law, creates Thompson’s unjust enrichment claim. The relevant question therefore centers on whether patent law is a necessary element of Thompson’s well-pleaded unjust enrichment claim.

Although Thompson’s complaint alleges that Microsoft filed a patent application for intellectual property that Thompson invented, such a fact—even if true—is not a necessary element of Thompson’s claim. Thompson pleads that he shared proprietary information with Microsoft under certain conditions, that Microsoft used this proprietary information without Thompson’s knowledge or permission, and that Microsoft was unjustly enriched by its misappropriation, patenting, and use of that proprietary information. Such a pleading is not limited to the fact that patents were obtained; rather, Microsoft’s alleged unauthorized use of the proprietary information supports the count of unjust enrichment on its own. Indeed, at oral argument Thompson’s counsel verified this interpretation of the pleadings by acknowledging that inventorship is “irrelevant” and “not critical” to the pleaded cause of action and that Thompson can succeed in the unjust enrichment claim without proving improper inventorship. Because inventorship is not necessary to the success of Thompson’s unjust enrichment claim, and because “a claim supported by alternative theories in the complaint may not form the basis for [section] 1338(a) jurisdiction unless patent law is essential to each of those theories,” Thompson’s well-pleaded complaint does not establish that the right to relief necessarily depends on resolution of a substantial question of federal patent law. Thus, the district court’s jurisdiction does not “aris[e] under” section 1338.

Moreover, Microsoft’s defense on preemption grounds does not provide this court with jurisdiction over the appeal. “[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 plaintiff’s complaint, and even if both parties admit that the defense is the only question truly at issue in the case.’” [W]e lack jurisdiction over this appeal.

When jurisdiction is lacking, “the court shall, if it is in the interest of justice, transfer such action or appeal to any other such court in which the action or appeal could have been brought at the time it was filed or noticed.” We consider it to be in the interest of justice to transfer the present appeal to the appropriate appellate court for further proceedings. Because this case was appealed from a final judgment of the United States District Court for the Eastern District of Michigan, we direct that the appeal be transferred to the United States Court of Appeals for the Sixth Circuit.

For more information on these issues or other intellectual property law matters, please contact **Lawrence M. Sung, Ph.D.** at [lsung@nixonpeabody.com](mailto:lsung@nixonpeabody.com) or (202) 585-8221.

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