Chicago-Kent Law Review

Volume 61 | Issue 4 Article 7

October 1985

Federal Circuit Jurisdiction: This Court, That Law - Atari, Inc. v. JS&(and)A Group, Inc.

Steven R. Trybus

FEDERAL CIRCUIT JURISDICTION: THIS COURT, THAT LAW

Atari, Inc. v. JS&A Group, Inc.
747 F.2d 1422 (Fed. Cir. 1984)

STEVEN R. TRYBUS*

The Federal Courts Improvement Act of 1982[1] created the Court of Appeals for the Federal Circuit (CAFC).[2] The Act gave the CAFC jurisdiction over appeals from district court decisions[3] whenever the jurisdiction of the district court was based in whole or in part on the patent laws.[4] Congress created the Federal Circuit to ensure uniformity in the interpretation of the patent laws of the United States.[5] Congress was concerned, however, about four potential problem areas: bifurcation of appeals,[6] specialization of the Federal Circuit,[7] forum shopping in non-patent issues,[8] and appropriation by the Federal Circuit of areas of law not assigned to it.[9] Rather than resolving these issues, Congress indicated that the court should formulate appropriate jurisdictional standards in cases involving patent and non-patent issues.[10]

The Federal Circuit squarely addressed these issues in *Atari, Inc. v. JS&A Group, Inc.*.[11] Atari asserted that the CAFC did not have jurisdiction over the appeal filed by JS&A because the appeal was of a preliminary injunction based solely on copyright infringement.[12] The court

* B.S. Ch.E., Illinois Institute of Technology, 1982; Candidate for J.D., IIT Chicago-Kent College of Law, 1986. The author wishes to thank the firm of Neuman, Williams, Anderson & Olson for their support in the research of this article.

1. Pub. L. No. 97-164, 96 Stat. 25 (1982).

2. Hereinafter referred to as the "Federal Circuit" or the "CAFC."

3. *See infra* note 47 for the complete jurisdictional reach of the CAFC. This comment focuses on the jurisdiction of the CAFC granted under 28 U.S.C. § 1295(a)(1).

4. 28 U.S.C. § 1295(a)(1) (1982). For the full text of § 1295(a)(1), *see infra* note 69.

5. S. REP. NO. 275, 97th Cong., 1st Sess. 5, *reprinted in* 1982 U.S. CODE CONG. & AD. NEWS 11, 15 [hereinafter "SENATE REPORT"].

6. *See infra* note 51 and accompanying text.

7. *See infra* note 52 and accompanying text.

8. *See infra* notes 53 and 54 and accompanying text.

9. *See infra* note 55 and accompanying text.

10. "The Committee intends for the jurisdictional language to be construed in accordance with the objectives of the Act." SENATE REPORT *supra* note 5 at 20, 1982 U.S. CODE CONG. & AD. NEWS at 30.

11. 747 F.2d 1422 (Fed. Cir. 1984).

12. *Id.* at 1427.

denied Atari's motion to transfer the appeal to the Seventh Circuit.[13] With the help of supplemental briefs by the parties and ten amici briefs,[14] the court determined that the appeal to the CAFC was proper because the district court's jurisdiction was based, in part, on the patent laws.[15]

Construing the statute and looking to the legislative history, the CAFC determined it had "arising under" jurisdiction over the entire case,[16] even though the appeal involved only a copyright issue. The court stated that the jurisdiction of the CAFC was determined as of the time that the complaint was filed.[17] In addition, the court held that questions of non-patent law are to be determined on the basis of the established, discernable law of the regional circuit in which the district court sits.[18]

This comment examines the historical background which led to the creation of the CAFC. It then discusses the facts of *Atari* and the reasoning of the court. Next, the court's reasoning is analyzed with reference to the statute and legislative history to show that the decision in this case is appropriate. Other jurisdictional tests which have been proposed are examined and criticized. Finally, some possible jurisdictional problems are examined and the *Atari* test is applied to determine the likely results.

HISTORICAL BACKGROUND

The idea of creating a single forum to hear patent cases has been considered many times.[19] The origins of the CAFC date back at least ten years. A major attempt to reform the federal judicial system was begun in the early 1970's. Two primary concerns were Supreme Court docket congestion and the inability of the regional courts of appeals to uniformly adjudicate issues of national law.[20]

13. *Id.* at 1440.

14. Briefs were filed by amici: United States Trademark Association; Bar Association of the District of Columbia; Ad Hoc Committee of Antitrust Lawyers; Committee of Law and Technology of the Boston Bar Association; the Copyright Office; American Intellectual Property Law Association; Committee on Patents of the Association of the Bar of the City of New York; Virginia State Bar, Patent, Trademark and Copyright Section; Orange County Patent Law Association; and Boston Patent Law Association. *See supra* notes 105-119 and accompanying text. *See also* Kingdon and Moradian, *'Atari' Clarifies Non-Patent Claims Jurisdiction*, The Legal Times of Washington, Feb. 18, 1985 at 15, for a discussion of the differing views advocated by the amici.

15. *Atari* at 1432-33.

16. *Id.* at 1433.

17. *Id.* at 1431-32.

18. *Id.* at 1439-40.

19. Lever, *The New Court of Appeals for the Federal Circuit (Part I)*, 64 J. PAT. OFF. SOC'Y 178, 186 (1982).

20. Lever, *supra* note 19, at 186; Petrowitz, *Federal Court Reform: The Federal Courts Improvement Act of 1982—And Beyond*, 32 AM. U.L. REV. 543, 544 (1983).

The push for federal court reform began in earnest in 1971 when Chief Justice Burger established the Freund Committee to investigate the caseload of the Court and offer recommendations for reform.[21] In 1972, the Freund Committee issued a report recommending a National Court of Appeals.[22] The suggested court would have controlled the Supreme Court docket by reviewing all petitions to the Supreme Court.[23] In addition, the court was to decide, on the merits, cases of true conflicts between the circuits.[24] The committee rejected the idea of specialized courts because it felt that these courts would do little to relieve Supreme Court congestion.[25] The Freund Report was widely criticized,[26] and the reforms suggested never materialized.

Creation of the Hruska Commission was the Congress' next attempt

21. *See* Adams, *The Court of Appeals for the Federal Circuit: More Than A National Patent Court*, 49 MO. L. REV. 43, 47 (1984). The committee, chaired by Professor Paul Freund of the Harvard Law School, was known as the Freund Committee. The other members of the committee were: Professor Alexander M. Bickel of Yale Law School; Peter D. Ehrenhaft, of the D.C. Bar; Dr. Russell D. Niles, Director of the Institute of Judicial Administration; Bernard G. Segal, of the Philadelphia Bar; Robert L. Stern of the Chicago Bar; and Charles Allan Wright of the University of Texas Law School.

22. FEDERAL JUDICIAL CENTER, REPORT OF THE STUDY GROUP ON THE CASE LOAD OF THE SUPREME COURT, 57 F.R.D. 573 (1972) [hereinafter "FREUND REPORT"]. The court was to be staffed with seven judges. The judges were to be drawn from the list of the judges who were serving on the circuit courts of appeals. The names of the chief judges as well as the names of the judges with less than five years experience were to be stricken from the list. First, the most senior judge, then the most junior, then the next most senior and next most junior and so on were to be chosen except that no two judges were to be from the same regional circuit. The judges were to serve staggered three year terms. *Id.* at 591.

23. The committee assumed that the National Court would refer approximately 400 cases per year to the Supreme Court for further screening. *Id.* at 593.

24. The National Court was to decide all cases of true conflicts between the circuits, except those which were important enough to refer to the Supreme Court. *Id.* at 590-91. The decisions of the National Court were to be final and not reviewable by the Supreme Court. The Supreme Court could, however, grant certiorari before a judgment by the National Court or before the National Court denied certiorari, thus preserving the Supreme Court's ability to review those cases which it felt were deserving of Supreme Court review. *Id.* at 593.

25. *Id.* at 585-86. The committee discussed specialized courts in the areas of taxation, labor, and administrative law. Aside from the minimal impact on the Supreme Court docket which these courts would have had, the committee was concerned about the risks of such courts.

> There would be a loss of the judicial perspective afforded by a broader range of review, and inconsistencies would develop among various specialized appellate tribunals in resolving pervasive, common problems of administrative justice. Moreover, there is the possibility that in dealing with a narrow subject-matter the judges might form polarized blocs; and that, as a corollary, there might be a politicization of the appointing process around a single set of issues.

Id. at 585. *See infra* note 34 and accompanying text for a similar concern expressed by the Hruska Commission.

26. *See, e.g.*, H. FRIENDLY, FEDERAL JURISDICTION: A GENERAL VIEW 49-54 (1973); Alsup, *A Policy Assessment of the National Court of Appeals*, 25 HASTINGS L.J. 1313 (1974); Brennan, *Justice Brennan Calls National Court of Appeals Proposal 'Fundamentally Unnecessary and Ill Advised'*, 59 A.B.A. J. 835 (1973); Gressman, *The National Court of Appeals: A Dissent*, 59 A.B.A. J. 253 (1973); Note, *The National Court of Appeals: A Qualified Concurrence*, 62 GEO. L.J. 881 (1974).

at reform.[27] The Commission's work was divided into two parts: first, a study of the geographical boundaries of the existing circuits;[28] second, a study of the structure and internal procedures of the federal appellate system.[29] Like the Freund Committee, the Hruska Commission suggested the formation of a National Court of Appeals. This version of the National Court was not to review petitions to the Supreme Court, but was only to decide cases on the merits. These cases were to be referred to the National Court by the Supreme Court or transferred to it by the regional courts of appeals.[30]

The Commission found that the major problem of the federal appellate court system was its inability to provide definite, uniform answers on issues of national law.[31] This lack of uniformity created forum shopping. The Commission also found that forum shopping was especially prevalent in the area of patent law.[32] Nevertheless, it specifically rejected a special court of patent appeals.[33] The Commission concluded that the

27. Created in October, 1972, under the name Commission on Revision of the Federal Court Appellate System, Pub. L. No. 92-489, 86 Stat. 807 (1972), the Commission was established for fifteen months. Pub. L. No. 93-420, 88 Stat. 1153 (1974), extended the life of the Commission to twenty-four months. The Commission consisted of sixteen members, four appointed by the President, four by the Speaker of the House, four by the President pro tempore of the Senate, and four by the Chief Justice. The members designated Senator Roman Hruska to serve as chairman; therefore the Commission was known as the Hruska Commission. The other members of the Commission were: Judge J. Edward Lumbard of the Second Circuit (vice chairman); Senators Quentin Burdick, Hiram Fong, and John McClellan; Congressmen Jack Brooks, Walter Flowers, Edward Hutchinson, and Charles Wiggins; Emanuel Celler; Dean Roger Cramton; Francis Kirkman; Judge Roger Robb; Bernard Segal; Judge Alfred T. Sulmonetti; and Professor Herbert Wechsler. Professor A. Leo Levin was executive director of a support staff.

28. In December 1973, the Commission recommended that the Fifth and Ninth Circuits be either subdivided or split to form two new circuits. *See* COMMISSION ON REVISION OF THE FEDERAL COURT APPELLATE SYSTEM, THE GEOGRAPHICAL BOUNDARIES OF THE SEVERAL JUDICIAL CIRCUITS: RECOMMENDATIONS FOR CHANGE, *reprinted in* 62 F.R.D. 223 (1973). Acting on the recommendations of the Commission, Congress split the Fifth Circuit and created the Eleventh Circuit. *See* 28 U.S.C. §§ 41, 44(a) & 48 (1982). Congress has not yet altered the boundaries of the Ninth Circuit.

29. COMMISSION ON REVISION OF THE FEDERAL COURT APPELLATE SYSTEM, STRUCTURE AND INTERNAL PROCEDURES: RECOMMENDATIONS FOR CHANGE, *reprinted in* 67 F.R.D. 195 (1975) [hereinafter "HRUSKA REPORT"].

30. The court was to hear two types of cases, "transfer" cases from the courts of appeals and "reference" cases from the Supreme Court. The circuit courts of appeals were to transfer cases to the National Court when: (1) an immediate nationwide decision was in the public interest; (2) an issue of federal law was raised and there were inconsistent decisions on the point and the advantages of having the National Court hear the case outweighed the disadvantages; or (3) a previous decision of the National Court needed to be interpreted. The Supreme Court would have had four possible dispositions of a petition for certiorari: (1) grant the petition and hear the case; (2) deny the petition; (3) deny the petition but refer the case to the National Court for a decision; or (4) deny the petition but give the National Court discretion to hear the case. *Id.* at 236-47.

31. *Id.* at 209-34.

32. *Id.* at 220.

33. *Id.* at 236.

problems of specialized courts outweighed their possible benefits.[34] In addition, the Commission was concerned about areas other than patent law. While some of the recommendations of the Hruska Report were adopted by Congress[35] the concept of the National Court of Appeals was again criticized[36] and was not adopted.[37]

Discussions about the formation of a CAFC-type court were reported in 1977 and 1978. A Committee on Revision of the Federal Judicial System, appointed in 1975 by Attorney General Levi, issued a report which rejected the concept of a National Court of Appeals in favor of specialized courts in the problem areas of tax and patent law.[38] In 1977, the Justice Department created the Office for Improvements in the Administration of Justice (OIAJ). In June, 1978, the OIAJ issued a memorandum proposal which called for the merger of the Court of Customs and Patent Appeals and the Court of Claims into a national court to hear patent, civil tax and environmental appeals.[39]

34. *Id.* at 234-36. The Commission considered specialized courts in the tax, patent, environmental, criminal and administrative law areas. Rejecting the concept of specialized courts, the Commission stated that "the quality of decision-making would suffer as the specialized judges become subject to 'tunnel vision,' seeing the cases in a narrow perspective without the insights stemming from a broad exposure to legal problems in a variety of fields." *Id.* at 234-35. Also, the Commission felt that judges "might impose their own views of policy," rather than interpreting the law. *Id.* at 235. *See supra* note 25 regarding similar concerns by the Freund committee.

In the patent area, the Commission observed that a survey of practioners, conducted by Professor J. Gambrell and D. Dunner, showed that the patent bar was sharply divided on the issue. The Commission also heard testimony of a strong preference by a majority of the judges on the Seventh Circuit to retain patent jurisdiction in the regional courts. The Commission found this evidence especially persuasive since the Seventh Circuit had the heaviest patent caseload. *Id.* at 236.

35. The Fifth Circuit was split into the Fifth and Eleventh Circuits, *see supra* note 28; the tenure of chief judges and the precedence of senior judges was changed, 28 U.S.C. §§ 45, 136 (1982); and 152 additional federal judgeships, 35 at the appellate level, were created. *See* Omnibus Judgeship Act, Pub. L. No. 95-486, 92 Stat. 1629 (1978).

36. *See, e.g.*, Haworth, *Circuit Splitting and the "New" National Court of Appeals: Can the Mouse Roar?*, 38 SW. L.J. 839 (1976); Owens, *The Hruska Commission's Proposed National Court of Appeals*, 23 UCLA L. REV. 580 (1976).

A very comprehensive article on both the Freund and Hruska reports was written by Judge Leventhal of the Court of Appeals for the District of Columbia Circuit. Leventhal, *A Modest Proposal for a Multi-Circuit Court of Appeals*, 24 AM. U.L. REV. 881 (1975). Judge Leventhal suggested a national court of appeals at the same level as the regional courts of appeals. This court would have heard cases referred to it by the Supreme Court and the regional courts of appeals. The cases would have been limited to areas where a uniform national rule is important such as tax, labor, patent, environmental and securities law.

37. The concept of a national court has been resurrected. The latest recommendation in this area, the Intercircuit Panel, was suggested by the Chief Justice at the midyear meeting of the American Bar Association. The suggestion was for a five-year experiment. The Supreme Court would select one judge from each of the thirteen courts of appeals. Nine of these judges, drawn by lot, would sit twice a year for two weeks to decide intercircuit conflicts and to interpret federal statutes. The cases would be referred to the panel by the Supreme Court. Burger, *The Time is Now for the Intercircuit Panel*, 71 A.B.A. J. 86 (April, 1985).

38. REPORT OF THE DEPARTMENT OF JUSTICE COMMITTEE ON REVISION OF THE FEDERAL JUSTICE SYSTEM, (1977).

39. OFFICE FOR IMPROVEMENTS IN THE ADMINISTRATION OF JUSTICE, U.S. DEPT. OF JUS-

In 1979, the 96th Congress considered legislation to improve the structure and administration of the federal courts. Two bills were introduced in the Senate.[40] In their initial form, the Senate bills created the CAFC, granting it jurisdiction over patent and trademark cases. The bills also included a new United States Court of Tax Appeals.[41] As the bills progressed, the Court of Tax Appeals was dropped, as was the trademark jurisdiction of the CAFC.[42] Senator Bumper's threat to add a non-germane amendment prevented passage of the final compromise version by the 96th Congress.[43] The bill was withdrawn and not rescheduled for a vote.[44] In 1981, the legislation was introduced to the 97th Congress in substantially the same form as the final bill before the 96th Congress.[45] Hearings were held and minor amendments were made.[46] The bill became law on April 2, 1982.[47]

The legislative history indicates that Congress had three main purposes in creating the CAFC: first, to reduce the workload of the courts

TICE, A PROPOSAL TO IMPROVE THE FEDERAL APPELLATE SYSTEM, *reprinted in* PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 389 at D-1 (August 3, 1978). For a discussion of the proposal *see*, Meador, *A Proposal For A New Federal Intermediate Appellate Court*, 60 J. PAT. OFF. SOC'Y 665 (1978).

40. S. 677, 96th Cong., 1st Sess., 125 CONG. REC. 2869 (1979); S. 678, 96th Cong., 1st Sess., 125 CONG. REC. 2854-55 (1979).

41. S. 677 differed from S. 678 which removed all tax jurisdiction from the Claims Court and placed all appellate tax jurisdiction in the new United States Court of Tax Appeals.

42. The bills were reintroduced as S. 1477, 96th Cong., 1st Sess., 126 CONG. REC. 13, 876-77 (1979). The House counterpart was H.R. 3806, 96th Cong., 2d Sess., 126 CONG. REC. H8775-83 (daily ed. Sept. 15, 1980).

43. The amendment would have eliminated the presumption of validity that a rule promulgated by an administrative agency is afforded during a judicial review of the rule. *See* 126 CONG. REC. 28,106-10 (1980).

44. *See* Lever, *supra* note 19, at 192-95; Petrowitz, *supra* note 20, at 551-52.

45. S. 21, 97th Cong., 1st Sess., 127 CONG. REC. 531-40 (daily ed. Jan. 5, 1981).

46. The bill was reported out of committee as S. 1700, 97th Cong., 1st Sess., 127 CONG. REC. 514, 710-20 (daily ed. Dec. 8, 1981). The House version was H. 4482, 97th Cong., 1st Sess., (1981). *See*, SENATE REPORT *supra* note 5 at 1-2, 1982 U.S. CODE CONG. & AD. NEWS at 11-12.

47. The House bill was amended to contain the language of the Senate bill and was passed by the House on March 9, 1982. The Senate then passed the House bill on March 22, 1982. The President signed the legislation on April 2, 1982.

The CAFC's jurisdiction is defined in various sections of title 28 of the United States Code. "The jurisdiction of the United States Court of Appeals for the Federal Circuit shall be limited to the jurisdiction described in sections 1292(c) and (d) and 1295 of this title." 28 U.S.C. § 1291 (1982). Section 1292(c) provides that:

> The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—
>
> (1) of an appeal from an interlocutory order or decree described in subsection (a) or (b) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of his title; and
>
> (2) of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting.

28 U.S.C. § 1292(c) (1982). Section 1292(d) provides for appeals from interlocutory orders of the

of appeals;[48] second, to obtain nationwide uniformity in the interpretation of the patent laws;[49] and third, to more efficiently utilize available judicial resources.[50] The legislative history also shows that Congress wanted to avoid four possible problem areas: bifurcation of appeals, specialization of the court, forum shopping in non-patent issues, and appropriation by the CAFC of non-patent issues.

Congress rejected the idea that the CAFC have jurisdiction over appeals of patent issues, whether the issues were raised as claims or as defenses. Instead, the statute was written to give the CAFC jurisdiction over entire cases. Congress felt that it was important not to give the CAFC 'issue' jurisdiction because that would lead to bifurcation of appeals[51] and specialization of the CAFC.[52] The possibility that appeals

Court of International Trade and the United States Claims Court. Section 1295 provides for the CAFC to have exclusive jurisdiction:

(1) of an appeal from a final decision of a district court when the district court's jurisdiction was based, in whole or in part, on the patent laws, 28 U.S.C. § 1295(a)(1) (1982);

(2) of an appeal from a final decision of a district court when the district court's jurisdiction was based on Section 1346 of title 28, 28 U.S.C. § 1295(a)(2) (1982);

(3) of an appeal from a final decision of the United States Claims Court, 28 U.S.C. § 1295(a)(3) (1982);

(4) of an appeal from a decision of the Board of Appeals or the Board of Patent Interferences of the Patent and Trademark Office with respect to patent applications and interferences, 28 U.S.C. § 1295(a)(4)(A) (1981);

(5) of an appeal from a decision of the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks, 28 U.S.C. § 1295(a)(4)(B) (1982);

(6) of an appeal from a decision of a district court to which a case was directed pursuant to section 145 or 146 of title 35, 28 U.S.C. § 1295(a)(4)(C) (1982);

(7) of an appeal from a final decision of the United States Court of International Trade, 28 U.S.C. § 1295(a)(5) (1982);

(8) to review final determinations of the United States International Trade Commission relating to unfair practices in import trade made under section 1337 of title 19, 28 U.S.C. § 1295(a)(6) (1982);

(9) to review, by appeal on questions of law only, findings of the Secretary of Commerce under headnote 6 to schedule 8, part 4, of the Tariff Schedules of the United States, 28 U.S.C. § 1295(a)(7) (1982);

(10) of an appeal from decisions under section 71 of the Plant Variety Protection Act (Pub. L. No. 91-577, 84 Stat. 1542 (1970) codified at 7 U.S.C. § 2461), 28 U.S.C. § 1295(a)(B) (1982);

(11) of an appeal of a final order or final decision of the Merit Systems Protection Board, pursuant to sections 7703(b)(1) and 7703(d) of title 5, 28 U.S.C. § 1295(a)(9) (1982); and

(12) of an appeal from a final decision of an agency board of contract appeals pursuant to section B(g)(1) of the Contract Disputes Act of 1978 (Pub. L. No. 95-563, 92 Stat. 2383 (1978) codified at 41 U.S.C. § 607(g)(1)), 28 U.S.C. § 1295(a)(10) (1982).

In addition, the head of any executive department or agency may, with the approval of the Attorney General, refer to the CAFC for judicial review, any final decision rendered by a board of contract appeals. 28 U.S.C. § 1295(b) (1982).

48. H.R. REP. NO. 312, 97th Cong., 1st Sess. 17 (1981) (hereinafter "HOUSE REPORT").

49. HOUSE REPORT *supra* note 48 at 20-23; SENATE REPORT *supra* note 5 at 2, 1982 U.S. CODE CONG. & AD. NEWS at 12.

50. HOUSE REPORT *supra* note 48 at 24. *See generally* D. CHISUM, PATENTS § 11.06(3)(e)(i) (1985), for a discussion of the congressional intent.

51. HOUSE REPORT *supra* note 48 at 41 (contrasting the CAFC jurisdiction with that of the

would be bifurcated was eliminated by giving the CAFC jurisdiction over the entire case. Also, because the CAFC will rule on issues other than patent law, the CAFC is a less specialized court.

Congress also discussed forum shopping, noting that the creation of the CAFC was designed to alleviate forum shopping in patent cases and not to create forum shopping on non-patent issues.[53] To eliminate forum shopping, Congress encouraged district court judges to use their power under the Federal Rules of Civil Procedure to separate trivial or frivolous patent claims from non-patent claims.[54] Congress indicated that where a patent claim was pled solely to manipulate appellate jurisdiction, appeals from decisions on the non-patent claims should be heard by the appropriate regional court of appeals.

Congress also reminded the CAFC that it was not to appropriate for itself elements of federal law not assigned to it statutorily. The legislative history contains a warning to the CAFC that it should follow the established canon of strict jurisdictional construction.[55]

Temporary Emergency Court of Appeals (TECA) which had been held to have only issue jurisdiction and to require bifurcated appeals in Coastal States Mktg. v. New England Petroleum Corp., 604 F.2d 179 (2d Cir. 1979)).

52. "While the suggestion has been made that this objective [uniformity in patent law] might be accomplished simply by expanding the jurisdiction of the [Court of Customs and Patent Appeals], the committee rejected such an approach as being inconsistent with the imperative of avoiding undue specialization within the Federal judicial system." SENATE REPORT *supra* note 5 at 6, 1982 U.S. CODE CONG. & AD. NEWS at 16. *See supra* notes 25 and 34 for this same concern by the Freund committee and the Hruska Commission.

53. The SENATE REPORT indicated that:

> The Committee is concerned that the exclusive jurisdiction over patent claims of the new Federal Circuit not be manipulated. This measure is intended to alleviate the serious problem of forums [sic] shopping among the regional courts of appeals on patent claims by investing exclusive jurisdiction in one court of appeals. It is not intended to create forum shopping opportunities between the Federal Circuit and the regional courts of appeals on other claims.

SENATE REPORT *supra* note 5 at 19-20, 1982 U.S. CODE CONG. & AD. NEWS at 29-30.

54. According to the SENATE REPORT:

> Federal District judges are encouraged to use their authority under the Federal Rules of Civil Procedure, *see* Rules 13(i), 16, 20(b), 42(b), 54(b), to ensure the integrity of the jurisdiction of the federal court of appeals by separating final decisions on claims involving substantial antitrust issues from *trivial* patent claims, counterclaims, crossclaims or third party claims *raised to manipulate appellate jurisdiction*.
>
> The Committee intends for the jurisdictional language to be constued in accordance with the objectives of the Act and these concerns. If, for example, a patent claim is *manipulatively joined* to an antitrust action but severed or dismissed before final decision of the antitrust claim, jurisdiction over the appeal of the antitrust claim should not be changed by this Act but should rest with the regional court of appeals.

Id. at 20, 1982 U.S. CODE CONG. & AD. NEWS at 30 (emphasis added).

55. The Senate warned that:

> Concern has been expressed that the Court of Appeals for the Federal Circuit will appropriate for itself elements of Federal law under its section 1295(a)(1) grant of jurisdiction. . . . [I]t is a canon of construction that courts strictly construe their jurisdiction. Therefore, the committee is confident that the present language will not pose undue difficulties.

ATARI, INC. V. JS&A GROUP, INC.
FACTS OF THE CASE

Atari manufactures and distributes a home video game system known as the Atari 2600. Atari also manufactures and distributes game cartridges for use with the 2600. The computer program in the cartridge, which is embedded in a computer chip, controls the play of the game. The chips in the Atari cartridges are Read Only Memory (ROM) which can be neither reprogrammed nor erased. Atari copyrighted the cartridge programs as audiovisual works. Atari also sought to register a copyright for one of the game programs.[56]

JS&A, an electronics retailer, began marketing its Prom Blaster device and blank cartridges for use with the device in the fall of 1983. This device allowed a consumer to make a duplicate copy of a 2600-type cartridge onto a blank cartridge. JS&A marketed the device as a way to make back-up copies of 2600-type games. JS&A also sold game cartridges and granted the right to copy and sell those games to the purchasers of Prom Blasters.[57]

Atari filed suit against JS&A alleging contributory copyright infringement,[58] patent infringement,[59] unfair competition under 15 U.S.C. § 1125(a),[60] deceptive trade practices, fraud, state unfair competition,

Id. at 19, 1982 U.S. CODE CONG. & AD. NEWS at 29.

56. Atari, Inc. v. JS&A Group, Inc., 597 F. Supp. 5, 6-7 (N.D. Ill. 1983).

57. *Id.* at 7.

58. Section 106 of the Copyright Act defines the rights of the copyright owner. "Subject to sections 107 through 118, the owner of the copyright under this title has the exclusive right to do and to authorize any of the following: (1) to reproduce the copyrighted work in copies" 17 U.S.C. § 106 (1982). "Anyone who violates any of the exclusive rights of the copyright owner as provided by sections 106 through 118, . . . is an infringer of the copyright." 17 U.S.C. § 501(a)(1982).

Since JS&A's customers and not JS&A would be doing the copying, JS&A was not directly infringing. However, "one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a 'contributory' infringer." Gershwin Publishing Corp. v. Columbia Artists Management, 443 F.2d 1159, 1162 (2d Cir. 1971) (footnote omitted), *quoted in* Atari, Inc. v. JS&A Group, Inc., 597 F. Supp. 5, 7-8 (N.D. Ill. 1983).

59. Atari alleged that the 8K blank cartridges made by JS&A infringed Atari's U.S. Patent No. 4,368,515 for an invention entitled "Bank Switchable Memory System".

60. Known more popularly as section 43(a) of the Lanham Act, the section is entitled "False designations of origin and false descriptions forbidden" and is referred to as the federal law of unfair competition.

> (a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or

and misappropriation.[61] The district court granted a preliminary injunction enjoining JS&A's contributory copyright infringement.[62] Atari moved under Federal Rules of Civil Procedure 13(i) and 42(b) for an order separating the patent count for trial and judgment. The sole purpose for this motion was Atari's desire that any appeal from the copyright injunction be brought before the Seventh Circuit and not the Federal Circuit.[63] The district court granted Atari leave to separate the patent count.[64]

JS&A filed notice of appeal of the preliminary injunction order in the Federal Circuit. Atari moved to transfer the appeal to the Seventh Circuit, alleging that the Federal Circuit lacked jurisdiction to hear the

> in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

15 U.S.C. § 1125(a) (1982).

61. Atari, Inc. v. JS&A Group, Inc., 747 F.2d 1422, 1424 (Fed. Cir. 1984).

62. 597 F. Supp. at 10-11. Atari had moved for a preliminary injunction based solely on the contributory copyright infringement. 17 U.S.C. § 502(a) gives the court authority to issue such an injunction. JS&A defended, arguing that the activity of copying 2600-type cartridges was not an infringement because of a statutory exception for archival copies. 597 F. Supp. at 8.

> Notwithstanding the provisions of section 106, it is not an infringement for the owner of a copy of a computer program to make or authorize the making of another copy or adaptation of that computer program provided:
>
> . . . .
>
> (2) that any such new copy or adaptation is for archival purposes only and that all archival copies are destroyed in the event that the continued possession of the computer program should cease to be rightful.

17 U.S.C. § 117 (1982).

The court found that the purpose of the exception was to protect against destruction or damage by mechanical or electrical failure. The only dangers in this case were physical because the programs were embedded in ROMs and therefore the district court concluded that the section 117 exception did not apply. 597 F. Supp. at 9. Because the archival exception did not apply, the court granted the preliminary injunction.

63. The motion on its face indicates Atari's desire.

> 4. The purpose of this motion is to ensure that appeals from this Court's orders relating to the patent claim, Count II, go to the Court of Appeals for the Federal Circuit and that appeals from those orders relating to other claims under the Complaint go to the United States Court of Appeals for the Seventh Circuit. As the legislative history for the Court of Appeals for the Federal Circuit states: 'Federal District judges are encouraged to use their authority under the Federal Rules of Civil Procedure, *see* Rules 13(i), 16, 20(b), 42(b), to ensure the integrity of the jurisdiction of the federal court of appeals. . . .' ([SENATE REPORT *supra* note 5 at 20, 1982 U.S. CODE CONG. & AD. NEWS] at 30).

Atari's Motion to Separate Count II of the Verified Complaint, 2-3 (December 19, 1983). This position was advocated in *The New Court of Appeals for the Federal Circuit*, 37 REC. A.B. CITY N.Y. 732, 749-50 (1982).

This position, however, ignores the remainder of the sentence quoted from the legislative history. The sentence says that District judges should use the procedural devices to separate "trivial patent claims, counterclaims, cross claims, or third party claims raised to manipulate jurisdiction." SENATE REPORT *supra* note 5 at 20, 1982 U.S. CODE CONG. & AD. NEWS at 30. The section gives no authority to the position that non-trivial claims should be separated. *See supra* note 54.

64. Though Atari in its motion requested that the court separate Count II for trial and judgment, the court order stated only that Atari was "granted leave toseparate [sic] Count II of the Verified Complaint." Order of December 21, 1983. The CAFC, however, held that this inconsistency was unrelated to the decision on jurisdiction. 747 F.2d at 1426.

appeal.[65] The CAFC elected, *sua sponte*, to consider the transfer motion *en banc* and invited submission of supplemental briefs from the parties and briefs amicus curiae from interested persons and organizations.[66] The CAFC denied the motion to transfer the appeal and held that the case was properly in that court. The court also held that the law of the Seventh Circuit would apply to non-patent issues.

REASONING OF THE COURT

The court indicated that Atari's motion to transfer raised a single issue.[67] The issue was the effect of a separation order on the CAFC's jurisdiction.

The court noted that because a statute defines the jurisdiction of the CAFC, the plain language of the statute is the clearest indication of the court's jurisdiction.[68] The statute states that the CAFC has jurisdiction over an appeal when the jurisdiction of the district court "was based, in whole or in part, on Section 1338 of this title, except in a case involving . . . copyrights or trademarks and no other claims under Section 1338(a)."[69] Looking at this language, the court held that it was obvious

65. 747 F.2d at 1427. This motion was pursuant to 28 U.S.C. § 1631 which was added to Title 28 by the Federal Courts Improvement Act of 1982. Pub. L. No. 97-164, 96 Stat. 2 (1982).

> § 1631. Transfer to cure want of jurisdiction.
>
> Whenever a civil action is filed in a court as defined in section 610 of this title or an appeal, including a petition for review of administrative action, is noticed for or filed with such a court and that court finds that there is a want of jurisdiction, 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, and the action or appeal shall proceed as if it had been filed in or noticed for the court to which it is transferred on the date upon which it was actually filed in or noticed for the court from which it is transferred.

28 U.S.C. § 1631 (1982).

66. After disposition of Atari's motion to transfer the appeal, the parties reached a settlement. The complaint and counterclaims were dismissed on stipulation of the parties, and JS&A dismissed its appeal.

67. 747 F.2d at 1427.

68. *Id.* at 1429 (citing Caminetti v. United States, 242 U.S. 470 (1917)).

69. The pertinent portion of the jurisdictional statute reads:

> (a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction —
>
> (1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title.

28 U.S.C. § 1295(a)(1) (1982).

Section 1338 provides:

> (a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and

that the controlling factor was whether the district court's jurisdiction was based in part on section 1338.[70] Because the complaint stated a claim for patent infringement as well as a claim for contributory copyright infringement, the statutory exception did not apply in the instant case.[71]

The court next examined whether the separation order had any effect on CAFC jurisdiction over the appeal. The court flatly rejected the contention that the separation affected its jurisdiction. The court gave four reasons for its decision. First, the separation order under Rule 42(b)[72] is procedural, not substantive and therefore does not affect jurisdiction.[73] Second, Rule 42(b) does not sever claims but merely separates the claims temporarily.[74] Third, there was no authority for the use of Rule 42(b) to route appeals to different circuits.[75] Fourth, despite the separation order, there was only one case. All that the separation order changed was the sequence and timing of the trial.[76]

Significantly, the CAFC determined that its "potential subject matter jurisdiction to hear any appeal in this case arose under the statute when Atari filed its complaint seeking an exercise of the district court's jurisdiction on its patent claim under § 1338."[77] The court rejected the

> trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.
>
> (b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection of trade-mark laws.

28 U.S.C. § 1338 (1982).

70. 747 F.2d at 1429.

71. *Id.* The court noted that Atari cited 28 U.S.C. § 1338 in the complaint as a basis for jurisdiction. Also, the court noted that Atari invoked subject matter jurisdiction under section 1338(a) when it included counts alleging copyright infringement and patent infringement.

The court never made clear if it as a significant factor that Atari cited section 1338. However, the court's reasoning in this and in other cases would seem to indicate that mere citation of section 1338 would not be a factor in determining jurisdiction. *See* Beghin-Say Int'l, Inc. v. Ole-Bendt Rasmussen, 733 F.2d 1568, 1570-71 (Fed. Cir. 1984) (holding that a party cannot create § 1338 jurisdiction by merely alleging that the action seeks a declaration of invalidity); Chemical Eng'g Corp. v. Marlo, Inc., 754 F.2d 331 (Fed. Cir. 1984) (holding that the CAFC can recharacterize pleadings which manipulate jurisdiction).

72. Rule 42(b) provides:

> (b) Separate Trials. The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a separate trial of any claim, cross-claim, counterclaim, or third-party claim, or of any separate issues or any number of claims, cross-claims, counterclaims, third-party claims, or issues, always preserving inviolate the right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States.

FED. R. CIV. P. 42(b).

73. 747 F.2d at 1430 (citing Richmond v. Weiner, 353 F.2d 41, 44-45 (9th Cir. 1965)).

74. 747 F.2d at 1430.

75. *Id.* at 1431.

76. *Id.*

77. *Id.*

contention that the CAFC's jurisdiction should be determined by the case's status at the time the appeal is filed.[78] The court stated that the time of filing of the appeal is not the proper time to determine appellate jurisdiction because the statute predicates CAFC jurisdiction on district court jurisdiction and district court jurisdiction is measured at the outset of the case.[79] Likewise, the CAFC held that its appellate jurisdiction was measured at the outset of the suit and was unaffected by later events.[80]

The CAFC pointed out that the critical question was whether the district court's jurisdiction was based on section 1338. Further, relying on past CAFC decisions,[81] the court held that no matter what the complaint indicated, the nature of the suit could indicate that jurisdiction was actually based on section 1338. Jurisdiction was determined by the nature of the allegations in the complaint filed.[82]

After examining the literal language of the statute, the CAFC extensively reviewed the legislative history to determine if it confirmed the court's reading of the statute. Noting that the legislative history supported the idea that trivial or frivolous patent claims added only to manipulate appellate jurisdiction should be separated by the district courts,[83] the court found no indication of a frivolous or trivial patent count.[84] The court found it incongruous to suppose that Congress supported the idea of appellate forum shopping by allowing separation of non-trivial patent claims.[85]

Looking at the four problems which Congress sought to avoid,[86] the

78. *Id.* at 1432.

79. *Id.* at 1431 (relying on Albert v. Kevex Corp., 729 F.2d 757, 765 (Fed. Cir. 1984)).

80. 747 F.2d at 1431-32.

81. Chemical Eng'g Corp. v. Marlo, Inc., 754 F.2d 331 (Fed. Cir. 1984); *In re* Snap-On Tools Corp., 720 F.2d 654 (Fed. Cir. 1983).

82. 747 F.2d at 1432-33. To support this statement the court quoted Mr. Frank Cihlar, one of the drafters of the Federal Courts Improvement Act.

> We did our best . . . to try to provide in new 28 U.S.C. § 1295 a 'bright line' that would establish at the outset of the case whether any appeal would lie to the CAFC or to the regional circuit, much as 28 U.S.C. § 1294 now provides a way to sort out venue among the existing circuits.

94 F.R.D. 350, 400 (Ninth Annual Judicial Conference of the United States Court of Customs and Patent Appeals, May 25, 1982).

83. 747 F.2d at 1433-34. *See supra* note 54 and accompanying text.

84. *Id.* at 1434.

85. The court indicated that:

> Indeed, it would be incongruous to suppose that a Congress concerned with *avoiding* appellate forum shopping through *manipulative joining* of trivial and frivolous patent counts would have intended to *permit* appellate forum shopping by the *manipulative separation* of a non-frivolous patent count attempted in the present case.
>
> . . . Our jurisdiction is not dependent on the mere whim of counsel. It is settled by statute and confirmed in the legislative history.

Id. (emphasis in original).

86. *See supra* notes 51-55 and accompanying text.

court concluded that the only way to meet all the intentions of Congress was for the CAFC to hear the appeal but to apply Seventh Circuit law to the copyright issue. The court stated that if the appeal was transferred to the Seventh Circuit, the problem of CAFC appropriation would be avoided. The problems of bifurcation, specialization and forum shopping, however, would not be avoided. If the CAFC heard the case but did not apply Seventh Circuit law, forum shopping would be encouraged and the CAFC would begin to appropriate other issues. The CAFC thus denied the motion to transfer the appeal and held that Seventh Circuit law would be applied.[87]

Reviewing past CAFC decisions which applied the law of other circuits,[88] the court stated that "[t]he concept of a circuit looking in this case to the established, discernable law of the involved circuit is unique, but no more unique than is this court and the congressional pioneering that created it."[89] The court ordered the parties to submit briefs on the merits in view of the Seventh Circuit law. The CAFC panel was to sit as though it was a panel of the Seventh Circuit.[90]

Two separate opinions, concurring in result,[91] indicated that the case should be decided on the narrow issue at hand and that the broad dicta of the opinion was unwarranted.

ANALYSIS

The decision of the CAFC to hear this appeal but to apply Seventh Circuit law to the non-patent issues is a unique solution to the jurisdictional problem presented. Both the literal language of the statute and the legislative history support the Federal Circuit's decision to hear the appeal. By holding that Seventh Circuit law would apply to the non-patent issues, the CAFC adopted a solution which avoids all of the problems with which Congress was concerned.[92]

87. 747 F.2d at 1440-41.

88. In Bandag, Inc. v. Al Bolser's Tire Stores Inc., 750 F.2d 903, 908-09 (Fed. Cir. 1984), decided the same day as *Atari*, the CAFC found that it had jurisdiction over an appeal based on trademark law where the patent issues were being separately appealed. In the trademark portion of the case the court looked to Ninth Circuit law. In W.L. Gore & Assoc., Inc. v. Int'l Med. Prosthetics Research Assoc., Inc., 745 F.2d 1463 (Fed. Cir. 1984), the court applied Ninth Circuit law. In Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574 (Fed. Cir. 1984), the court held that two different sets of procedural requirements should not be imposed on the district courts. In *In re* Int'l Medical Prosthetics Research Assoc., Inc., 739 F.2d 618, 620 (Fed. Cir. 1984), the court held that procedural questions should not have different answers depending on whether an appeal would lay to the CAFC or to the regional circuit.

89. 747 F.2d at 1440.

90. The appeal, however, was never heard. *See supra* note 66.

91. 747 F.2d at 1440-41 (Friedman, J., and Davis, J., concurring in result).

92. *See supra* notes 51-55 and accompanying text for a discussion of the problem areas.

The opinion in *Atari* is separable into two parts. First is the disposition of Atari's motion to transfer the appeal. Second is the broad language which hints at answers to a large number of other jurisdictional issues. The breadth of the opinion is not surprising for two reasons: (1) this was the first opportunity for the CAFC to extensively interpret its jurisdictional statute; and (2) the amicus briefs requested by the court and submitted by ten different organizations tended to address general jurisdictional questions rather than the issue at bar.[93] The concurring judges argued that the majority opinion went too far,[94] and indeed the major criticism of the opinion is that, while it purports to discuss a single issue, the dicta in the opinion is very broad and hints at answers to jurisdictional questions other than the issue presented.

The essence of the test put forward by the *Atari* court is that the Federal Circuit has "arising under" jurisdiction of an entire case, and once appellate jurisdiction is established in the CAFC, further procedural actions cannot defeat CAFC jurisdiction.[95] The test operates as a sort of one-way valve.[96] Once jurisdiction is established, further action cannot defeat CAFC jurisdiction over that case.[97] Furthermore, by adopting the "arising under" language,[98] the court adopts a theory of jurisdiction which is widely used and construed.[99]

The jurisdictional test[100] set forth by the *Atari* court can be broken into a three part test. First, the court must determine whether the jurisdiction of the district court is based, in whole or in part, on section 1338.[101] If the district court's jurisdiction is not based on section 1338, then the Federal Circuit does not have jurisdiction. Second, the court

93. 747 F.2d at 1427 n. 2. *See* Kingdon and Moradian, *supra* note 14, for a discussion of the positions advocated by the amici. As the court noted and the article suggests, the amici split 50/50 on the issue at bar with the patent amici advocating denial of the motion to transfer and the non-patent amici advocating transfer. *See also infra* notes 105-119 and accompanying text for a discussion of some of the positions advocated.

94. 747 F.2d at 1440-41 (Friedman, J., and Davis J., concurring in result in separate opinions.).

95. *Id.* at 1431.

96. F. Cihlar & J. Goldstein, Comments at the program Practicing Before the Court of Appeals for the Federal Circuit (April 1, 1985).

97. 747 F.2d at 1431-32. The court indicated that the criteria for district court jurisdiction are determined at the complaint stage and that further procedural actions which do not alter those criteria would not alter appellate jurisdiction.

98. Congress also used the arising under language. "Cases will be within the jurisdiction of the Court of Appeals for the Federal Circuit in the same sense that cases are said to 'arise under' federal law for purposes of federal question jurisdiction." HOUSE REPORT *supra* note 48 at 41.

99. *See, e.g.*, C. WRIGHT, THE LAW OF FEDERAL COURTS §§ 17, 18 (4th ed. 1983).

100. This test applies only to jurisdiction conferred on the Federal Circuit by 28 U.S.C. § 1295(a)(1).

101. The Federal Circuit has held that it has jurisdiction to determine whether a district court is correct in deciding that there was not § 1338 jurisdiction. C.R. Bard, Inc. v. Schwartz, 716 F.2d 874 (Fed. Cir. 1983).

must determine if there is a claim in the case which arose under any Act of Congress relating to patents or plant variety protection.[102] If there is no patent or plant variety protection claim, then the Federal Circuit does not have jurisdiction. Third, the court must determine if the patent or plant variety protection count which is present in the cases was frivolously pled. If the claim is frivolous, then the Federal Circuit does not have jurisdiction.[103]

This test has the advantage of being straightforward and easy to apply. It also comports with both the literal language of the statute and with the legislative history. When a case "arises under" the patent laws (at least in part) then the CAFC has potential appellate jurisdiction over the entire case. The CAFC may hear an appeal which addresses only non-patent issues even when the underlying patent claim is not present on appeal. However, on these non-patent issues, the CAFC will apply the established discernable law of the regional circuit in which the district court sat.[104]

Other tests have been proposed to determine Federal Circuit jurisdiction. One amicus[105] proposed that CAFC jurisdiction should be measured at the time the appeal is filed.[106] The *Atari* court squarely rejected this idea.[107] It is obvious that the CAFC does not actually have jurisdiction until an appeal is filed. But, under the *Atari* test, the CAFC acquires prospective jurisdiction at the initiation of the suit if the case arises under the patent laws. This prospective jurisdiction ripens into actual jurisdiction when an appeal is filed.[108]

Another amicus brief[109] and two articles[110] suggested that the CAFC have jurisdiction over patent issues and other issues which are

102. While the second part of the test is closely related to the first part, it is best to separate the two parts. The district court can have § 1338 jurisdiction if there is a claim which arises under any Act of Congress in four areas: patent, plant variety protection, copyrights and trademarks. However, in § 1295(a)(1) there is an exception to the jurisdiction of the Federal Circuit for cases which arise under any Act of Congress relating to copyrights or trademarks and no other claims under § 1338. Therefore, for the Federal Circuit to have jurisdiction over the appeal there must be a claim arising under any Act of Congress relating to patents or plant variety protection.

103. *See supra* note 54 and accompanying text.

104. The Patent, Trademark, and Copyright Section of the American Bar Association has suggested legislation which would have the effect of holding that the CAFC is not bound by law of the regional circuits on non-patent issues. However, as written, the CAFC would still have the discretion to apply the law of the regional circuits.

105. The United States Trademark Association.

106. Brief of amicus curiae, The United States Trademark Association at 2.

107. 747 F.2d at 1432.

108. *Id.* at 1431.

109. Brief of amicus curiae, The Committee on Patents of the Association of the Bar of the City of New York.

110. Adams, *supra* note 21, at 73; *The New Court of Appeals for the Federal Circuit*, *supra* note 63 at 748-50.

related to the patent issues. Under this test, appeals of issues that are unrelated to the patent issues would be heard by the regional courts of appeals. While the *Atari* court did not directly reject this test, the court indicated that nothing in the statute requires such relatedness for the CAFC to have jurisdiction.[111]

Three amici advocated the use of separation orders under Rule 42 to affect the jurisdiction of the CAFC.[112] The *Atari* decision clearly takes a contrary position. While the court indicated that in the instant case it was not clear that the patent court was separated for trial and judgment,[113] the court held that Rule 42(b) separation orders did not affect its jurisdiction.[114] There was, however, some language in the decision which indicated that if an action were severed into two cases, not just separated as in Rule 42(b), the CAFC would not have jurisdiction over the non-patent case.[115]

Another test suggested by an amicus was the "dominance of the issue" test.[116] Under this formulation, a case is to be examined and the dominant issue determined. If the dominant issue is not a patent issue, then the CAFC does not have jurisdiction. This test is clearly contrary to the statute. The statute makes no mention of whether the patent claim is or is not dominant. If a case is based even in part on the patent laws, the statute clearly gives the CAFC jurisdiction.

Finally, one author[117] suggested that the proper test would determine whether a non-patent issue is primarily unaffected by a decision on a patent issue. If an issue is primarily unaffected, then it would be heard by the regional court of appeals. This test is to be applied so that patent issues, whether in a claim, cross-claim or counterclaim, will be decided by the CAFC, while non-patent issues will be decided by the regional circuits.[118] This test, like several of the other tests suggested, ignores the express congressional intention not to give the CAFC merely issue jurisdiction and to avoid bifurcation of appeals.[119]

111. 747 F.2d at 1428.

112. Brief of amicus curiae the Bar Association of the District of Columbia; Brief of the Comittee on Law and Technology of the Boston Bar Association as amicus curiae; Comments of amicus curiae an Ad Hoc Committee of Antitrust Lawyers on the Proper Scope of Jurisdiction of the Various Circuit Courts of Appeals.

113. 747 F.2d at 1431.

114. *Id.* at 1430.

115. *Id. See* Kingdom and Moredian, *supra* note 14, at 18 for a discussion of this point.

116. Comments of amicus curiae the U.S. Copyright Office.

117. Note, *An Appraisal of the Court of Appeals for the Federal Circuit*, 57 S. CAL. L. REV. 301, 322-23 (1984).

118. *Id.*

119. *See supra* note 51 and accompanying text.

The test set forth by the *Atari* court is superior to any of the alternative tests suggested. None of the other tests satisfy all of the congressional intentions as well as the *Atari* test does. It remains to be seen however, how the courts will apply this test to other situations.

Using the *Atari* test, the following hypothetical situations would be decided in the following ways: (1) When a patent claim is withdrawn with prejudice before appeal, CAFC jurisdiction;[120] (2) When a patent claim has been dismissed as frivolous and the dismissal is not appealed, regional circuit jurisdiction;[121] (3) when a patent infringement counterclaim is asserted, but the complaint has only non-patent counts, regional circuit jurisdiction;[122] (4) when there are separate cases, which arise from the same nucleus of operative facts, but have not been consolidated, CAFC jurisdiction for the case that has a patent claim and regional court jurisdiction for the non-patent case;[123] and (5) when a complaint is amended to include a patent claim, CAFC jurisdiction.[124]

The preceding predictions must be tempered by three caveats. First, it is clear from the legislative history that trivial or frivolous patent claims should not give the CAFC jurisdiction. Second, the *Atari* opinion is sufficiently vague to allow the CAFC to determine any of the hypothetical situations discussed above either way without overruling the opinion. Third, the facts of *Atari* make it an easy decision. In *Atari*, the separation order's sole purpose was an attempt to defeat CAFC jurisdiction. The CAFC's decision was made easier by that blatant attempt at forum shopping.

CONCLUSION

In *Atari, Inc. v. JS&A Group, Inc.*, the CAFC followed the congressional mandate to formulate appropriate jurisdictional standards. The CAFC, in a broad opinion, decided that a separation order did not affect its jurisdiction and that the established discernable law of the Seventh Circuit was the appropriate law to apply to non-patent issues. The

120. The CAFC would have jurisdiction since the district court's jurisdiction was based on § 1338. The withdrawal of the claim would not affect the district court's jurisdiction since it would occur after a decision by the district court.

121. Frivolous claims will not create CAFC jurisdiction. *See supra* note 54 and accompanying text.

122. Under the well-pleaded complaint rule, a defense or counterclaim will not support federal jurisdiction. Therefore there would be no § 1338 jurisdiction. *See* J. FRIENDENTHAL, M. KANE & A. MILLER, CIVIL PROCEDURE § 2.4 (1985).

123. Because the cases are separate, they would have independent jurisdictional grounds.

124. Under the amended complaint, there would be CAFC jurisdiction. The original complaint will have been superseded. These predictions are based, in part on F. Cihlar & J. Goldstein, Comments at the program Practicing Before the Court of Appeals for the Federal Circuit (April 1, 1985).

CAFC indicated that its jurisdiction was determined by reference to the complaint to discern if the case arose under the patent laws.

The CAFC's decision in *Atari* is a unique solution to the jurisdictional problem presented. The court balanced the competing interests and formulated a test which accommodates the literal language of the statute as well as congressional intentions. Only the future will tell how the CAFC interprets this opinion and whether it will remain viable in other situations at other times.