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Federal Circuit Patent Bulletin: *Krauser v. BioHorizons, Inc.*

June 5, 2014

"[A]n amendment to the complaint that dismisses the patent law claims without prejudice [deprives the Federal Circuit] of jurisdiction over the case."

On June 4, 2014, in *Krauser v. BioHorizons, Inc.*, the U.S. Court of Appeals for the Federal Circuit (Lourie, Clevenger, Dyk*) transferred the appeal of the district court's summary judgment that the Florida statute of limitations barred Krauser's suit seeking a declaration of ownership rights to U.S. Patents No. 6,149,432, No. 6,375,464, No. 6,406,296, No. 6,419,491, No. 6,454,569, and No. 6,648,643, which related to dental implant systems. The Federal Circuit stated:

Here, the Eleventh Circuit has transferred this case to us, and accordingly, the Eleventh Circuit's decision should normally be the law of the case. This is true even though the transferring court had not explained the basis for its decision. We conclude, however, that there is no "plausible" basis for this court's jurisdiction.

BHI first argues that we have jurisdiction because Krauser included an inventorship claim in his original complaint. "Federal courts have exclusive jurisdiction over cases 'arising under any Act of Congress relating to patents.'" An action "arises under" patent law when "federal [patent] law creates the cause of action asserted" or when it presents a federal patent issue that is "(1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance approved

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by Congress." It is undisputed that Krauser's First Amended Complaint, with its inventorship claim, as filed in state court, "arose under" federal patent law and was subject to § 1338(a) jurisdiction, and correspondingly, our appellate jurisdiction under 28 U.S.C. § 1295(a)(1).

But after Krauser's withdrawal without prejudice of his inventorship claims, the Second Amended Complaint did not contain any claims which depended "on resolution of a substantial question of federal patent law." We have repeatedly held that an amendment to the complaint that dismisses the patent law claims without prejudice, as here, deprives this court of jurisdiction over the case. Therefore, the existence of inventorship claims in the original complaint does not support our exercise of jurisdiction in this case.

Second, although BHI conceded that Krauser had removed his inventorship claims from this case, BHI contends that the well-pleaded complaint rule requires us to consider the issue of patent law inventorship even when adjudicating Krauser's claims of ownership of the Dental Implant System based on the 1991 Agreement, the October 1996 Agreement and a quantum meruit theory. While Krauser's theory of ownership of the dental implant system is not entirely clear, his ownership theories do not rest on a theory of inventorship or require resolution of any issue of patent law. In addition, on appeal to this court, Krauser stated that he had withdrawn his claim in the Second Amended Complaint that "he is the owner of the subject matter set forth in the Defendants' patents." Therefore, BHI's second jurisdictional theory fails every element of the test described by the Supreme Court in Gunn. The resolution of the inventorship question is neither "necessary" nor "substantial" to the case. A claim of ownership does not necessarily require consideration of patent law inventorship. A state law contract claim or quantum meruit claim may entitle Krauser to royalties from the Dental Implant System even if he is not listed as an "inventor" on the face of the patent. Given that there is no federal issue in this case, an exercise of federal question jurisdiction would certainly disrupt "Congress's intended division of labor between state and federal courts."

BHI further argues that even if Krauser's claims are based in state law, there is federal jurisdiction because Krauser seeks remedies that might be preempted by federal patent law. BHI argues that because Krauser's ownership claims are based on his contribution of the ideas in the dental implant system, these claims are preempted. But even if Krauser's ownership claims are preempted, this does not give this court jurisdiction. . . . Therefore, BHI's third theory does not support our exercise of jurisdiction in this case. In summary, there is no plausible claim that this court has jurisdiction.