# SUPREME COURT OF THE UNITED STATES

No. 01–408

THE HOLMES GROUP, INC., PETITIONER *v.*
VORNADO AIR CIRCULATION
SYSTEMS, INC.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

[June 3, 2002]

JUSTICE SCALIA delivered the opinion of the Court.

In this case, we address whether the Court of Appeals for the Federal Circuit has appellate jurisdiction over a case in which the complaint does not allege a claim arising under federal patent law, but the answer contains a patent-law counterclaim.

## I

Respondent, Vornado Air Circulation Systems, Inc., is a manufacturer of patented fans and heaters. In late 1992, respondent sued a competitor, Duracraft Corp., claiming that Duracraft's use of a "spiral grill design" in its fans infringed respondent's trade dress. The Court of Appeals for the Tenth Circuit found for Duracraft, holding that Vornado had no protectible trade-dress rights in the grill design. See *Vornado Air Circulation Systems, Inc.* v. *Duracraft Corp.*, 58 F. 3d 1498 (1995) *(Vornado I)*.

Nevertheless, on November 26, 1999, respondent lodged a complaint with the United States International Trade Commission against petitioner, The Holmes Group, Inc., claiming that petitioner's sale of fans and heaters with a

spiral grill design infringed respondent's patent and the same trade dress held unprotectible in *Vornado I*. Several weeks later, petitioner filed this action against respondent in the United States District Court for the District of Kansas, seeking, *inter alia*, a declaratory judgment that its products did not infringe respondent's trade dress and an injunction restraining respondent from accusing it of trade-dress infringement in promotional materials. Respondent's answer asserted a compulsory counterclaim alleging patent infringement.

The District Court granted petitioner the declaratory judgment and injunction it sought. 93 F. Supp. 2d 114 (Kan. 2000). The court explained that the collateral estoppel effect of *Vornado I* precluded respondent from relitigating its claim of trade-dress rights in the spiral grill design. It rejected respondent's contention that an intervening Federal Circuit case, *Midwest Industries, Inc.* v. *Karavan Trailers, Inc.*, 175 F. 3d 1356 (1999), which disagreed with the Tenth Circuit's reasoning in *Vornado I*, constituted a change in the law of trade dress that warranted relitigation of respondent's trade-dress claim. The court also stayed all proceedings related to respondent's counterclaim, adding that the counterclaim would be dismissed if the declaratory judgment and injunction entered in favor of petitioner were affirmed on appeal.

Respondent appealed to the Court of Appeals for the Federal Circuit. Notwithstanding petitioner's challenge to its jurisdiction, the Federal Circuit vacated the District Court's judgment, 13 Fed. Appx. 961 (2001), and remanded for consideration of whether the "change in the law" exception to collateral estoppel applied in light of *TrafFix Devices, Inc.* v. *Marketing Displays, Inc.*, 532 U. S. 23 (2001), a case decided after the District Court's judgment which resolved a circuit split involving *Vornado I* and *Midwest Industries*. We granted certiorari to consider whether the Federal Circuit properly asserted jurisdiction

over the appeal. 534 U. S. 1016 (2001).

## II

Congress vested the Federal Circuit with 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. §] 1338 . . . ." 28 U. S. C. §1295(a)(1) (emphasis added). 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, the Federal Circuit's jurisdiction is fixed with reference to that of the district court, and turns on whether the action arises under federal patent law.[1]

Section 1338(a) uses the same operative language as 28 U. S. C. §1331, the statute conferring general federal-question jurisdiction, which gives the district courts "original jurisdiction of all civil actions *arising under* the Constitution, laws, or treaties of the United States." (Emphasis added.) We said in *Christianson* v. *Colt Industries Operating Corp.,* 486 U. S. 800, 808 (1988), that "[l]inguistic consistency" requires us to apply the same test to determine whether a case arises under §1338(a) as under §1331.

The well-pleaded-complaint rule has long governed whether a case "arises under" federal law for purposes of §1331.[2] See, *e.g., Phillips Petroleum Co.* v. *Texaco Inc.,*

---

[1] Like *Christianson* v. *Colt Industries Operating Corp.,* 486 U. S. 800, 814–815 (1988), this case does not call upon us to decide whether the Federal Circuit's jurisdiction is fixed with reference to the complaint as initially filed or whether an actual or constructive amendment to the complaint raising a patent-law claim can provide the foundation for the Federal Circuit's jurisdiction.

[2] The well-pleaded-complaint rule also governs whether a case is removable from state to federal court pursuant to 28 U. S. C. §1441(a), which provides in relevant part:

415 U. S. 125, 127–128 (1974) *(per curiam)*. As "appropriately adapted to §1338(a)," the well-pleaded-complaint rule provides that whether a case "arises under" patent law "must be determined from what necessarily appears in the plaintiff's statement of his own claim in the bill or declaration . . . ." *Christianson*, 486 U. S., at 809 (internal quotation marks omitted). The plaintiff's well pleaded complaint must "establis[h] either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law . . . ." *Ibid.* Here, it is undisputed that petitioner's well pleaded complaint did not assert any claim arising under federal patent law. The Federal Circuit therefore erred in asserting jurisdiction over this appeal.

A

Respondent argues that the well-pleaded-complaint rule, properly understood, allows a counterclaim to serve as the basis for a district court's "arising under" jurisdiction. We disagree.

Admittedly, our prior cases have only required us to address whether a federal defense, rather than a federal counterclaim, can establish "arising under" jurisdiction. Nevertheless, those cases were decided on the principle that federal jurisdiction generally exists "only when a federal question is presented on the face of the *plaintiff's* properly pleaded complaint." *Caterpillar Inc.* v. *Williams,*

---

"Except as otherwise expressly provided by Act of Congress, any civil action brought in a State court of which the district courts of the United States have original jurisdiction, may be removed by the defendant or the defendants, to the district court of the United States for the district and division embracing the place where such action is pending."

See *Franchise Tax Bd. of Cal.* v. *Construction Laborers Vacation Trust for Southern Cal.,* 463 U. S. 1 (1983).

482 U. S. 386, 392 (1987) (emphasis added). As we said in *The Fair* v. *Kohler Die & Specialty Co.,* 228 U. S. 22, 25 (1913), whether a case arises under federal patent law "cannot depend upon the answer." Moreover, we have declined to adopt proposals that "the answer as well as the complaint . . . be consulted before a determination [is] made whether the case 'ar[ises] under' federal law . . . ." *Franchise Tax Bd. of Cal.* v. *Construction Laborers Vacation Trust for Southern Cal.,* 463 U. S. 1, 10–11, n. 9 (1983) (citing American Law Institute, Study of the Division of Jurisdiction Between State and Federal Courts §1312, pp. 188–194 (1969)). It follows that a counterclaim—which appears as part of the defendant's answer, not as part of the plaintiff's complaint—cannot serve as the basis for "arising under" jurisdiction. See, *e.g.*, *In re Adams*, 809 F. 2d 1187, 1188, n. 1 (CA5 1987); *FDIC* v. *Elefant*, 790 F. 2d 661, 667 (CA7 1986); *Takeda* v. *Northwestern National Life Ins. Co.*, 765 F. 2d 815, 822 (CA9 1985); 14B C. Wright, A. Miller, & E. Cooper, Federal Practice and Procedure §3722, pp. 402–414 (3d ed. 1998).

Allowing a counterclaim to establish "arising under" jurisdiction would also contravene the longstanding policies underlying our precedents. First, since the plaintiff is "the master of the complaint," the well-pleaded-complaint rule enables him, "by eschewing claims based on federal law, . . . to have the cause heard in state court." *Caterpillar Inc.*, *supra*, at 398–399. The rule proposed by respondent, in contrast, would leave acceptance or rejection of a state forum to the master of the counterclaim. It would allow a defendant to remove a case brought in state court under state law, thereby defeating a plaintiff's choice of forum, simply by raising a federal counterclaim. Second, conferring this power upon the defendant would radically expand the class of removable cases, contrary to the "[d]ue regard for the rightful independence of state governments" that our cases addressing removal require. See *Shamrock*

*Oil & Gas Corp.* v. *Sheets,* 313 U. S. 100, 109 (1941) (internal quotation marks omitted). And finally, allowing responsive pleadings by the defendant to establish "arising under" jurisdiction would undermine the clarity and ease of administration of the well-pleaded-complaint doctrine, which serves as a "quick rule of thumb" for resolving jurisdictional conflicts. See *Franchise Tax Bd.*, *supra*, at 11.

For these reasons, we decline to transform the longstanding well-pleaded-complaint rule into the "well-pleaded-complaint-*or-counterclaim* rule" urged by respondent.

B

Respondent argues, in the alternative, that even if a counterclaim generally cannot establish the original "arising under" jurisdiction of a district court, we should interpret the phrase "arising under" differently in ascertaining the Federal Circuit's jurisdiction. In respondent's view, effectuating Congress's goal of "promoting the uniformity of patent law," Brief for Respondent 21, requires us to interpret §§1295(a)(1) and 1338(a) to confer exclusive appellate jurisdiction on the Federal Circuit whenever a patent-law counterclaim is raised.[3]

---

[3] Echoing a variant of this argument, JUSTICE GINSBURG contends that "giv[ing] effect" to Congress's intention "to eliminate forum shopping and to advance uniformity in . . . patent law" requires that the Federal Circuit have exclusive jurisdiction whenever a patent claim was "actually adjudicated." *Post*, at 1–2 (opinion concurring in judgment). We rejected precisely this argument in *Christianson*, viz., the suggestion that the Federal Circuit's jurisdiction is "fixed 'by reference to the case actually litigated.'" 486 U. S., at 813 (quoting Brief for Respondent in *Christianson* v. *Colt Industries Operating Corp.,* O. T. 1987, No. 87–499, p. 31). We held that the Federal Circuit's jurisdiction, like that of the district court, "is determined by reference to the well-pleaded complaint, not the well-tried case." 486 U. S., at 814.

We do not think this option is available. Our task here is not to determine what would further Congress's goal of ensuring patent-law uniformity, but to determine what the words of the statute must fairly be understood to mean. It would be difficult enough to give "arising under" the meaning urged by respondent if that phrase appeared in §1295(a)(1)—the jurisdiction-conferring statute—*itself*. Cf. Economic Stabilization Act of 1970, §211(b)(2), 85 Stat. 749 (providing the Temporary Emergency Court of Appeals with exclusive jurisdiction over appeals "in cases and controversies arising under this title"). Even then the phrase would not be some neologism that might justify our adverting to the general purpose of the legislation, but rather a term familiar to all law students as invoking the well-pleaded-complaint rule. Cf. *Coastal States Marketing, Inc.* v. *New England Petroleum Corp.*, 604 F. 2d 179, 183 (CA2 1979) ("The use of the phrase 'cases and controversies arising under' . . . is strong evidence that Congress intended to borrow the body of decisional law that has developed under 28 U. S. C. §1331 and other grants of jurisdiction to the district courts over cases 'arising under' various regulatory statutes"). But the present case is even weaker than that, since §1295(a)(1) does not itself *use* the term, but rather refers to jurisdiction under §1338, where it is well established that "arising under any Act of Congress relating to patents" invokes, specifically, the well-pleaded-complaint rule. It would be an unprecedented feat of interpretive necromancy to say that §1338(a)'s "arising under" language means one thing (the well-pleaded-complaint rule) in its own right, but something quite different (respondent's complaint-or-counterclaim rule) when referred to by §1295(a)(1).[4]

---

[4]Although JUSTICE STEVENS agrees that a correct interpretation of §1295(a)(1) does not allow a patent-law counterclaim to serve as the

* * *

Not all cases involving a patent-law claim fall within the Federal Circuit's jurisdiction. By limiting the Federal Circuit's jurisdiction to cases in which district courts would have jurisdiction under §1338, Congress referred to a well-established body of law that requires courts to consider whether a patent-law claim appears on the face of the plaintiff's well pleaded complaint. Because petitioner's complaint did not include any claim based on patent law, we vacate the judgment of the Federal Circuit and remand the case with instructions to transfer the case to the Court of Appeals for the Tenth Circuit. See 28 U. S. C. §1631.

*It is so ordered.*

---

basis for the Federal Circuit's jurisdiction, he nevertheless quibbles that "there is well-reasoned precedent" supporting the contrary conclusion. See *post*, at 2–3 (opinion concurring in part and concurring in judgment). There is not. The cases relied upon by JUSTICE STEVENS and by the court in *Aerojet-General Corp.* v. *Machine Tool Works, Oerlikon-Buehrle Ltd.*, 895 F. 2d 736 (CA Fed. 1990), simply address whether a district court can retain jurisdiction over a counterclaim if the complaint (or a claim therein) is dismissed or if a jurisdictional defect in the complaint is identified. They do not even mention the well-pleaded-complaint rule that the statutory phrase "arising under" invokes. Nor do any of these cases interpret §1295(a)(1) or another statute conferring appellate jurisdiction with reference to the jurisdiction of the district court. Thus, the cases relied upon by JUSTICE STEVENS have no bearing on whether the phrase "arising under" can be interpreted differently in ascertaining the jurisdiction of the Federal Circuit than that of the district court.