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# The Patently Unexceptional Venue Statute

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# ARTICLE

## THE PATENTLY UNEXCEPTIONAL VENUE STATUTE

PAUL R. GUGLIUZZA\* AND MEGAN M. LA BELLE\*\*

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## INTRODUCTION

Legal doctrines developed by the U.S. Court of Appeals for the Federal Circuit are often criticized for being inappropriately “exceptionalist.”<sup>1</sup> The Supreme Court’s recently increased interest in patent law<sup>2</sup> can be understood, in large part, as a project of “assimilating patent doctrine to general legal principles.”<sup>3</sup> The Court’s desire to mainstream Federal Circuit law is particularly evident in areas that can be characterized as procedural or that are, at minimum, outside the core of substantive patent law, including standing,<sup>4</sup> subject matter jurisdiction,<sup>5</sup> standards of appellate review,<sup>6</sup> and remedies.<sup>7</sup> In all of those areas, the Supreme Court has overturned Federal Circuit rulings that developed, for patent cases only, legal principles that differed from those that apply in other federal cases. For instance, in *eBay Inc. v. MercExchange, LLC*,<sup>8</sup> the Supreme Court rejected the Federal Circuit’s “general rule” that a permanent injunction should automatically issue upon a finding of patent infringement, instead instructing lower courts to apply the usual, fact-specific, equitable test.<sup>9</sup> And in *Gunn v. Minton*<sup>10</sup> the Supreme Court abrogated Federal Circuit decisions granting the federal courts exclusive jurisdiction in any state law case requiring an analysis of patent validity or infringement, such as a legal malpractice case against a patent lawyer.<sup>11</sup> Instead, the

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1. See Peter Lee, *The Supreme Assimilation of Patent Law*, 114 MICH. L. REV. 1413, 1426 (2016) (collecting commentary).

2. See generally Timothy R. Holbrook, *Explaining the Supreme Court’s Interest in Patent Law*, 3 IP THEORY 62 (2013); Timothy R. Holbrook, *The Federal Circuit’s Acquiescence(?)*, 66 AM. U. L. REV. 1061 (2017).

3. Lee, *supra* note 1, at 1416.

4. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 137 (2007).

5. *Gunn v. Minton*, 133 S. Ct. 1059, 1065 (2013).

6. *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 835 (2015).

7. *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 394 (2006).

8. 547 U.S. 388 (2006).

9. *Id.* at 393–94.

10. 133 S. Ct. 1059 (2013).

11. *Id.* at 1065; see, e.g., *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, LLP*, 504 F.3d 1262, 1265 (Fed. Cir. 2007), *abrogated by Gunn*, 133 S. Ct. 1059; *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1289 (Fed. Cir. 2007), *abrogated by Gunn*, 133 S. Ct. 1059; see also 28 U.S.C. § 1338(a) (2012)

Court reiterated its prior holdings in cases under the general federal question statute<sup>12</sup> that the mere need to apply federal law is insufficient to establish subject matter jurisdiction.<sup>13</sup>

Despite the Court's obvious skepticism about exceptionalist rules in patent cases, many patent lawyers and scholars have recently urged the Court to adopt an exceptionalist approach in one important area of patent procedure: venue. The venue statute for patent infringement lawsuits permits a patentee to bring suit in, among other places, "the judicial district where the defendant resides."<sup>14</sup> Another portion of the venue statute defines "residence," stating that "[f]or all venue purposes" defendants that are corporations are "deemed to reside . . . in any judicial district in which such defendant is subject to the court's personal jurisdiction."<sup>15</sup> The Federal Circuit has adopted a straightforward reading of those two statutes, holding that venue is proper in patent infringement cases against corporations in any district in which the defendant is subject to personal jurisdiction.<sup>16</sup>

Yet, as this Article goes to press, the Federal Circuit's interpretation of the patent venue statute is under assault at the Supreme Court in *TC Heartland LLC v. Kraft Foods Group Brands LLC*.<sup>17</sup> The petitioner in that case—and other skeptics of Federal Circuit venue doctrine<sup>18</sup>—complain that, because personal jurisdiction in patent cases typically

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(granting the federal courts exclusive subject matter jurisdiction over all cases "arising under" federal patent law).

12. 28 U.S.C. § 1331.

13. *Gunn*, 133 S. Ct. at 1067–68 (citing, among other cases, *Empire Healthchoice Assurance, Inc. v. McVeigh*, 547 U.S. 677, 701 (2006)); *see also* *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 308, 313 (2005) (noting that the Court has "sh[ie]d away from the expansive view that mere need to apply federal law in a state-law claim will suffice to" establish federal jurisdiction).

14. 28 U.S.C. § 1400(b).

15. *Id.* § 1391(c)(2). Though we generally use the term "corporation" throughout this Article, § 1391(c) treats corporations and other business entities, such as LLCs, identically for venue purposes. *See id.* ("[A]n entity with the capacity to sue and be sued in its common name under applicable law, whether or not incorporated, shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court's personal jurisdiction with respect to the civil act in question . . .").

16. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1584 (Fed. Cir. 1990).

17. *See In re TC Heartland LLC*, 821 F.3d 1338, 1341–43 (Fed. Cir. 2016), *cert. granted sub nom.* *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 614 (2016).

18. *See infra* notes 129–33 (cataloguing the substantial amicus support the petitioner in *TC Heartland* has received at the Supreme Court).

exists in any state in which an infringing product is sold,<sup>19</sup> the Federal Circuit's interpretation of the venue statute places no meaningful constraints on the plaintiff's choice of forum.<sup>20</sup> As we show in this Article, however, such an expansive venue rule is not unusual in federal litigation. Over the past century, Congress has steadily expanded venue options in all types of federal cases, particularly in cases where the defendant is a corporation.<sup>21</sup> The leading treatise on civil procedure has gone so far as to say that Congress has "nearly eliminate[d] venue as a separate restriction in cases against corporations."<sup>22</sup> Though critics of Federal Circuit venue law have suggested that the Federal Circuit's interpretation of the venue statute is outside the mainstream,<sup>23</sup> it is those critiques that are, in fact, exceptionalist, as they suggest that venue standards should be more stringent in patent cases than in other types of federal litigation.

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19. See *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1566 (Fed. Cir. 1994).

20. Petition for a Writ of Certiorari at 37–39, *TC Heartland*, No. 16-341 (U.S. Sept. 12, 2016).

21. See *infra* Sections I.B–D.

22. 14D CHARLES ALAN WRIGHT ET AL., *FEDERAL PRACTICE AND PROCEDURE* § 3802, at 37 (4th ed. 2013).

23. See, e.g., H.R. REP. NO. 114-235, at 34 (2015) (criticizing the Federal Circuit for "collaps[ing] the tests for personal jurisdiction and venue"); Brief for Petitioner at 31, *TC Heartland*, No. 16-341 (U.S. Jan. 30, 2017) ("For corporate defendants . . . , the patent venue statute is a dead letter."); Brief of the Electronic Frontier Foundation & Public Knowledge as Amici Curiae in Support of Petitioner at 4–5, *TC Heartland*, No. 16-341 (U.S. Oct. 12, 2016) (claiming that current law contradicts the "general principle that venue serves to protect defendants"); Brief of Washington Legal Foundation as Amicus Curiae in Support of Petitioner at 13, *TC Heartland*, No. 16-341 (U.S. Oct. 5, 2016) (criticizing the Federal Circuit's "liberal interpretation of venue rules"); Brief of 61 Professors of Law & Economics as Amici Curiae in Support of Petitioner at 6, *TC Heartland*, No. 16-341 (U.S. Feb. 6, 2017) (arguing that the Federal Circuit's interpretation of the venue statute is incorrect because "[t]he widespread availability of products over the internet means . . . that patent holders can file their suit in any district in any state in the country"); Petition for a Writ of Certiorari, *supra* note 20, at 5 (noting that after *VE Holding*, "defendants were suddenly exposed to patent infringement suits in almost any judicial district"); Howard I. Shin & Christopher T. Stüdvant, *The Evolution of Nationwide Venue in Patent Infringement Suits*, LANDSLIDE, Nov.–Dec. 2016, at 11, 11 (criticizing the Federal Circuit for "conflati[ng]" personal jurisdiction and venue); Letter from Professors Supporting Venue Reform to House and Senate Members of the Committee on the Judiciary (July 12, 2016), <http://www.unitedforpatentreform.com/files/professors-letter-supporting-venue-reform-7-11-161015555780.pdf> ("It is imperative that Congress address patent venue reform to return basic fairness, rationality, and balance to patent law.").

To be clear, as a matter of pure policy, granting plaintiffs unbridled discretion over choice of forum in patent cases may be problematic. In the past two years, roughly forty percent of all patent cases have been filed in one district: the Eastern District of Texas. Plaintiffs' discretion over forum selection may incentivize judges to adopt rules and practices that are too favorable to patent holders in an effort to attract cases—a dynamic several commentators have identified in East Texas.<sup>24</sup> Also, a heavy concentration of patent cases in one district may encourage deep-pocketed litigants to engage in unseemly tactics to influence prospective jurors—another dynamic that has occurred in East Texas.<sup>25</sup> Ultimately, wide discretion in forum choice could harm innovation by facilitating nuisance litigation by so-called patent trolls.<sup>26</sup>

But these problems are emphatically not a consequence of Federal Circuit or patent law exceptionalism. Permissive venue rules, particularly in cases involving corporate defendants, are simply not unusual. Though there may be reasons for rethinking whether patent litigation should abide by that norm, the Federal Circuit's expansive interpretation of the venue statute is, as we show below, both consistent with broader trends in venue law and on solid doctrinal footing.<sup>27</sup> Moreover, while the patent trolls that dominate litigation in East Texas are not a particularly sympathetic type of plaintiff, a restrictive interpretation of the patent venue statute could have harmful consequences for plaintiffs in other types of civil cases with similarly specialized venue statutes.<sup>28</sup>

That does not mean nothing should be done about the concentration of patent cases in East Texas. Congress could, of course, amend the patent venue statute to restrict forum choice for

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24. *E.g.*, J. Jonas Anderson, *Court Competition for Patent Cases*, 163 U. PA. L. REV. 631, 671–76 (2015); Daniel Klerman & Greg Reilly, *Forum Selling*, 89 S. CAL. L. REV. 241, 266 (2016).

25. Megan La Belle, *Judicial Specialization, Patent Cases, and Juries*, PRAWFSBLOG (June 11, 2015, 6:56 PM), <http://prawfsblawg.blogs.com/prawfsblawg/2015/06/judicial-specialization-patent-cases-and-juries.html>; *see also Last Week Tonight with John Oliver: Patents* (HBO television broadcast Apr. 19, 2015), [https://youtu.be/3bxcc3SM\\_KA](https://youtu.be/3bxcc3SM_KA) (discussing an outdoor ice rink built by Samsung directly in front of the courthouse in Marshall, Texas).

26. Brief of 61 Professors of Law & Economics, *supra* note 23, at 9 (citing U.S. FED. TRADE COMM'N, PATENT ASSERTION ENTITY ACTIVITY: AN FTC STUDY (2016), [https://www.ftc.gov/system/files/documents/reports/patent-assertion-entity-activity-ftc-study/p131203\\_patent\\_assertion\\_entity\\_activity\\_an\\_ftc\\_study\\_0.pdf](https://www.ftc.gov/system/files/documents/reports/patent-assertion-entity-activity-ftc-study/p131203_patent_assertion_entity_activity_an_ftc_study_0.pdf)).

27. *See infra* Sections I.D, II.C–D.

28. *See infra* Section III.A.

patent owners, which is something Congress has already considered doing.<sup>29</sup> Or Congress could reduce the incentive for litigants to forum shop—and the ability of district judges to “forum sell”—by mandating increased procedural uniformity in patent cases,<sup>30</sup> particularly with respect to how cases are assigned within federal districts.<sup>31</sup> Finally, the Supreme Court’s decision in a pending case on personal jurisdiction, *Bristol-Myers Squibb Co. v. Superior Court*,<sup>32</sup> could have a significant effect on forum selection in patent infringement suits by requiring a stronger nexus between the defendant’s contacts with the forum state and the plaintiff’s legal claim.

The remainder of this Article proceeds as follows: Part I provides necessary background on the federal law of forum selection and traces the expansionary trend in venue rules. Part II provides a close analysis of venue law in patent infringement litigation, including the issues before the Supreme Court in *TC Heartland*, and argues that, as a doctrinal matter, the Federal Circuit’s current interpretation of the venue statute is correct. Acknowledging that the doctrinal status quo is not fully satisfying as a policy matter, Part III concludes by exploring ways in which the law of forum selection could be reformed without resorting to a questionable interpretation of the venue statute that could have unintended consequences beyond patent litigation.

## I. FORUM SELECTION: LAW AND HISTORY

One of the first questions civil litigants face when planning a federal lawsuit is where to file. The answer to that question is guided by the doctrines of personal jurisdiction, which ensure the court’s authority over the defendant,<sup>33</sup> and venue, which “is primarily a matter of convenience of litigants and witnesses.”<sup>34</sup> Today, personal jurisdiction is resolved mainly through the “minimum contacts” standard developed in *International Shoe Co. v. Washington*<sup>35</sup> and its progeny. Although venue in most federal civil suits is governed by the general venue statute, some types of litigation, including patent

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29. See Venue Equity and Non-Uniformity Elimination (VENUE) Act of 2016, S. 2733, 114th Cong. (2016).

30. Megan M. La Belle, *The Local Rules of Patent Procedure*, 47 ARIZ. ST. L.J. 63, 111 (2015).

31. See Anderson, *supra* note 24, at 693–97.

32. See 377 P.3d 874, 878 (Cal. 2016), *cert. granted*, 137 S. Ct. 827 (2017).

33. 4 WRIGHT ET AL., *supra* note 22, § 1063, at 330–31.

34. *Denver & Rio Grande W. R.R. Co. v. Bhd. of R.R. Trainmen*, 387 U.S. 556, 560 (1967).

35. 326 U.S. 310, 316 (1945).

cases, have specialized venue provisions.<sup>36</sup> To interpret these statutes properly, it is key to understand the basics of personal jurisdiction doctrine as well as the history of both the patent venue statute and the general venue statute.

#### A. *Personal Jurisdiction*

The doctrine of personal jurisdiction limits a court's ability to bind certain defendants based on theories of due process and state sovereignty.<sup>37</sup> The traditional doctrine of *Pennoyer v. Neff*<sup>38</sup> embraced a territorial concept of personal jurisdiction, forbidding courts from exercising in personam jurisdiction unless the defendant was served with process in the court's territory or consented to the court's authority.<sup>39</sup> Since the Supreme Court's 1945 decision in *International Shoe*, a more flexible doctrine has prevailed, allowing defendants to be sued in any state with which they have sufficient contacts so that the exercise of jurisdiction does not offend basic considerations of fairness and reasonableness.<sup>40</sup>

Today, personal jurisdiction is usually characterized as either general or specific.<sup>41</sup> Defendants are only subject to general—or “all-purpose”—jurisdiction if they have contacts that are “so ‘continuous and systematic’ as to render [them] essentially at home in the forum State.”<sup>42</sup> If such contacts exist, the defendant is subject to jurisdiction in that state with respect to any lawsuit, even those wholly unrelated to the defendant's contacts.<sup>43</sup> Specific jurisdiction, by contrast, permits a court to exercise jurisdiction over a defendant only when

36. See 28 U.S.C. § 1400(b) (2012).

37. Wendy Perdue, *Aliens, the Internet, and “Purposeful Availment”: A Reassessment of Fifth Amendment Limits on Personal Jurisdiction*, 98 NW. U. L. REV. 455, 468 (2004).

38. 95 U.S. 714 (1877).

39. See *id.* at 735–36.

40. *Int'l Shoe*, 326 U.S. at 320. It should be noted that, in recent years, some members of the Supreme Court have seemingly argued for a return to a more formalistic and territorial understanding of personal jurisdiction. See, e.g., *J. McIntyre Mach., Ltd. v. Nicastro*, 564 U.S. 873, 882 (2011) (Kennedy, J.) (plurality opinion) (noting that the key question in the personal jurisdiction analysis is “whether the defendant's activities manifest an intention to submit to the power of a sovereign”).

41. This framework was first proposed in Arthur T. von Mehren & Donald T. Trautman, *Jurisdiction to Adjudicate: A Suggested Analysis*, 79 HARV. L. REV. 1121, 1136 (1966), and was subsequently adopted by the Supreme Court. See, e.g., *Daimler AG v. Bauman*, 134 S. Ct. 746 (2014).

42. *Daimler*, 134 S. Ct. at 761.

43. *Id.*



the defendant's contacts with the forum state relate to the lawsuit.<sup>44</sup> Drawing on Supreme Court case law, most courts, including the Federal Circuit, apply a three-element test for establishing specific jurisdiction. That test requires (1) that the defendant purposefully directed activities at residents of the forum state, (2) that the claim "arises out of or relates to those activities," and (3) that the assertion of personal jurisdiction is reasonable and fair.<sup>45</sup>

### B. *Early Restrictions on Venue*

In addition to due process limits on personal jurisdiction, Congress has adopted venue statutes to constrain forum choice in federal civil litigation. Importantly, however, these venue statutes have imposed fewer and fewer constraints on where corporations may be sued as the years have gone by.

The Judiciary Act of 1789 provided that federal civil suits could be filed either where the defendant was an inhabitant or where the defendant could be found and served.<sup>46</sup> Consequently, plaintiffs could wait for a defendant to enter a preferred forum, effect service, and then sue there.<sup>47</sup> Because this "broad" venue provision apparently led to abuse,<sup>48</sup> Congress amended the Judiciary Act in 1887.<sup>49</sup> The new Act, which was "part of a general narrowing of access to the federal courts," restricted venue.<sup>50</sup> But it treated federal question and diversity cases differently. For federal question cases, venue was proper only in the district in which the defendant was an inhabitant, whereas diversity suits could be filed in the district where either the plaintiff *or* defendant resided.<sup>51</sup>

Over the next decade, a Supreme Court opinion in a patent infringement case against a foreign defendant created confusion about whether the 1887 Act applied to patent infringement suits.<sup>52</sup>

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44. *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 414 (1984).

45. *E.g.*, *Polar Electro Oy v. Suunto Oy*, 829 F.3d 1343, 1348 (Fed. Cir. 2016).

46. Judiciary Act of 1789, ch. 20 § 11, 1 Stat. 73, 79.

47. Richard C. Wydick, *Venue in Actions for Patent Infringement*, 25 STAN. L. REV. 551, 553 (1973).

48. 14D WRIGHT ET AL., *supra* note 22, § 3802, at 18.

49. Act of March 3, 1887, § 1, 24 Stat. 552, 552–53.

50. 14D WRIGHT ET AL., *supra* note 22, § 3802, at 18.

51. Act of March 3, 1887 § 1, 24 Stat. 552, 552–53. Under the 1887 Act, courts treated the concepts of inhabitance and residence interchangeably to mean, for corporations, the state of incorporation. *See* 14D WRIGHT ET AL., *supra* note 22, § 3802, at 19 n.17.

52. *See Stonite Prods. Co. v. Melvin Lloyd Co.*, 315 U.S. 561, 564 (1942) (attributing the confusion to *In re Hohorst*, 150 U.S. 653, 662 (1893), in which the

Some courts held that it did not, applying the original Judiciary Act and allowing patent infringement suits to be filed wherever the defendant could be served.<sup>53</sup> Other courts, however, ruled that the general venue statute did, in fact, apply in patent cases (at least in cases filed against domestic defendants), permitting plaintiffs to sue for patent infringement only where the defendant was an inhabitant, meaning, for corporations, the state in which the defendant was incorporated.<sup>54</sup> A decade after it passed the 1887 Act, Congress stepped in to resolve this conflict about patent venue.

### C. *The Patent Venue Statute*

In 1897, Congress enacted a venue statute specifically for patent cases.<sup>55</sup> Notably, the new statute did not simply provide that patent infringement actions would be governed by the 1887 Act, which would have limited venue to districts in which the defendant was an inhabitant. Instead, Congress determined that venue in patent infringement actions should be *broader* than in other federal question cases.<sup>56</sup> Specifically, the new statute (which is nearly identical to the version in force today) provided,

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Court wrote that the 1887 Act did not apply to a suit against a foreign corporation “especially in a suit for the infringement of a patent right”).

53. See, e.g., *S. Pac. Co. v. Earl*, 82 F. 690, 694 (9th Cir. 1897); *Smith v. Sargent Mfg. Co.*, 67 F. 801, 801 (C.C.S.D.N.Y. 1895).

54. See, e.g., *Nat’l Typewriter Co. v. Pope Mfg. Co.*, 56 F. 849, 849 (C.C.D. Mass. 1893); *Gormully & Jeffrey Mfg. Co. v. Pope Mfg. Co.*, 34 F. 818, 820 (C.C.N.D. Ill. 1888).

55. Act of March 3, 1897, ch. 392 § 1, 29 Stat. 695; see also H.R. REP. NO. 2905 (1897) (“This bill seeks to define the jurisdiction of the courts in patent suits and to remove the uncertainty which now arises as to such jurisdiction by reason of the conflicting decisions of the various circuit courts.”).

56. See 29 CONG. REC. 1900 (1897) (statement of Rep. Lacey) (explaining that the Act “provides that the court shall have jurisdiction in the district of which the defendant is an inhabitant, and that is the existing law now, or—[i]n any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business”); see also *Brunette Mach. Works, Ltd. v. Kockum Indus., Inc.*, 406 U.S. 706, 712–13 (1972) (“The new provision . . . was rather less restrictive than the general venue provision then applicable to claims arising under federal law.”); *Indus. Research Corp. v. Gen. Motors Corp.*, 29 F.2d 623, 626 (N.D. Ohio 1928) (“A consideration of the proceedings in Congress resulting in the passage of [the patent venue statute] leaves it clear that the legislative purpose was to facilitate adjudication of patent grants in the general public interest, by enlarging jurisdictional opportunities to bring infringers into a federal court.”); Jeanne C. Fromer, *Patentography*, 85 N.Y.U. L. REV. 1444, 1453 (2010) (noting that the 1897 patent venue statute “broaden[ed] venue beyond the choices in the 1887 rule”).

[I]n suits brought for the infringement of letters patent the circuit courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, *or* in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business.<sup>57</sup>

The fact that this statute made forum options in patent cases broader than in other federal question cases undermines the suggestion—often made by skeptics of Federal Circuit venue doctrine—that the patent venue statute is supposed to be “restrictive.”<sup>58</sup> To be sure, the 1897 statute presented a narrower range of venue options than was available in the courts that had applied the venue rule of the 1789 Judiciary Act to patent cases.<sup>59</sup> The Supreme Court, also comparing the 1789 Act to the patent venue statute, has likewise said that the patent venue statute is “restrictive.”<sup>60</sup> But, in light of prevailing venue law in the late-nineteenth century, it seems questionable to characterize the 1897 statute as restrictive. Recall that, just ten years earlier, Congress had limited venue in federal question cases to the defendant’s district of inhabitation. As that statute illustrated, Congress knew quite well how to adopt a truly “restrictive” venue provision. The 1897 patent venue statute, which also permitted suit in any district in which the defendant committed acts of infringement and had a regular and established place of business, was plainly not so restrictive.

Though 120 years have passed, Congress has made only one change to the substance of the patent venue statute. In 1948, Congress replaced the provision allowing venue in the “district of which the defendant is an inhabitant” with the “district where the defendant

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57. Act of March 3, 1897, ch. 395, 29 Stat. 695, 695 (emphasis added).

58. See, e.g., Brief of Amici Curiae 32 Internet Companies, Retailers, and Associations in Support of Petition for a Writ of Certiorari at 3, *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, No. 16-341 (U.S. Sept. 27, 2016) (“In the nineteenth century, Congress passed a statute to restrict venue in patent cases . . .”); Brief of Amici Curiae of 56 Professors of Law & Economics, at 2, *TC Heartland*, No. 16-341 (Oct. 17, 2016) (arguing that the 1897 patent venue statute “*limited* jurisdiction in patent cases” (emphasis added)); Dennis Crouch, *TC Heartland: Statutory Interpretation, Fairness, and E.D. Texas*, PATENTLYO (Feb. 7, 2017), <http://patentlyo.com/patent/2017/02/heartland-statutory-interpretation-fairness.html> (stating that the patent venue statute “appears to severely limit venue in patent cases”).

59. See *supra* note 46.

60. *Stonite Prods. Co. v. Melvin Lloyd Co.*, 315 U.S. 561, 566 (1942); *accord Cortez Byrd Chips, Inc. v. Bill Harbert Const. Co.*, 529 U.S. 193, 204 (2000); *Pure Oil Co. v. Suarez*, 384 U.S. 202, 207 (1966).

resides.”<sup>61</sup> Thus, the current patent venue statute reads, “Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>62</sup>

#### D. Amendments to the General Venue Statute

While Congress has made only one substantive change to the patent venue statute since 1897, it has repeatedly changed the general venue statute. And, in each instance, it has broadened venue options.

The 1948 revision to the patent venue statute was part of a larger effort to clarify where venue is proper when the defendant is a corporation rather than a natural person. Up to that point, courts treated corporations as residents of only their state of incorporation.<sup>63</sup> Thus, in addition to amending the patent venue statute, Congress expanded the scope of general venue in suits against corporations in a new provision, codified at 28 U.S.C. § 1391(c), which stated that “[a] corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.”<sup>64</sup> As the Supreme Court has acknowledged, the purpose of this broadened definition of residence was to allow corporations to be sued wherever they were “creating liabilities.”<sup>65</sup>

In the 1960s, Congress continued to expand forum options under the general venue statute. Though the 1948 amendments expanded venue in suits against corporations, the general venue statute, in the eyes of many observers, still had a significant shortcoming: it often precluded suit in a district “where the claim arose . . . , even when that district provided the most convenient and most logical forum for resolving the dispute.”<sup>66</sup> Thus, in 1966, Congress added to the general venue statute the option of “transactional venue,” providing that venue was proper in “the judicial district . . . in which the claim arose,”<sup>67</sup> regardless of whether the defendant could be said to be “doing business” there.

In 1988, Congress again amended the general venue statute to expand venue options. Importantly, Congress removed the

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61. 28 U.S.C. § 1400(b) (1970).

62. 28 U.S.C. § 1400(b) (2012).

63. 14D WRIGHT ET AL., *supra* note 22, § 3811, at 264.

64. 28 U.S.C. § 1391(c) (1952).

65. *Pure Oil*, 384 U.S. at 204 n.3.

66. 14D WRIGHT ET AL., *supra* note 22, § 3802, at 19–20.

67. 28 U.S.C. § 1391(a), (b) (1970).

substantive portion of § 1391(c) (that is, the language allowing a corporation to be sued where “it is incorporated or licensed to do business or is doing business”) and made § 1391(c) purely definitional.<sup>68</sup> The newly amended version of § 1391(c) also tied the definition of corporate residence to personal jurisdiction. And the new version of the statute began with a prefatory phrase making clear that its definition of corporate residence applied to other venue provisions in the same chapter of the U.S. Code (including the patent venue statute, codified at § 1400(b)). The new version of § 1391(c) read, “For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced.”<sup>69</sup>

The 1988 changes to § 1391(c) are consistent with the trend of broadening venue over corporate defendants. Indeed, because personal jurisdiction must exist in every suit, it was the 1988 amendments in particular that led the Wright and Miller treatise to observe that Congress had “nearly eliminate[d] venue as a separate restriction in cases against corporations.”<sup>70</sup> As another leading commentator noted, under the venue statute enacted in 1988, once a court has assessed personal jurisdiction, it has also assessed venue: “[T]here is no separate, potentially vague test for that separate issue.”<sup>71</sup> Or, as the reporter for the subcommittee that drafted the 1988 venue statute wrote, the version of § 1391(c) adopted in 1988 “sharply reduc[ed] the role played by venue in selecting the courts in which a corporate defendant can be sued.”<sup>72</sup> Instead, it was personal jurisdiction that became “the primary source of forum selection rules.”<sup>73</sup>

After expanding the definition of residence for corporate defendants in 1988, Congress, in 1990, broadened the concept of transactional venue. Recall that the statute adopted in 1966 permitted venue in “*the* judicial district . . . in which the claim arose.”<sup>74</sup> The statute’s use of “the” had the “obvious implication that there is one, and only one, district in which any claim arises.”<sup>75</sup> In

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68. See Pub. L. 100-702 § 1013, 102 Stat. 4642, 4669 (1988).

69. 28 U.S.C. § 1391(c) (1988).

70. 14D WRIGHT ET AL., *supra* note 22, § 3802, at 37.

71. RICHARD D. FREER, CIVIL PROCEDURE 261 (3d ed. 2012).

72. Edward H. Cooper, *Memoranda on Venue and Changes to 28 U.S.C. § 1391(c)*, 39 PAT. COPYRIGHT & TRADEMARK J. 435, 437 (1990).

73. *Id.* (noting also that “[v]enue would remain a matter of concern only in selecting between different district courts within a single state”).

74. 28 U.S.C. § 1391(a), (b) (1970) (emphasis added).

75. 14D WRIGHT ET AL., *supra* note 22, § 3802, at 22–23.

1990, Congress amended the statute to permit venue in “a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred,” making it “absolutely clear that venue may be proper in more than one district.”<sup>76</sup>

Congress most recently amended the general venue statute in 2011. Through that amendment, Congress eliminated the distinction between venue in diversity cases and federal question cases that had existed since 1887.<sup>77</sup> The 2011 amendments also added a subsection, codified at § 1391(a), titled “Applicability of Section,” which begins, “Except as otherwise provided by law[,] this section shall govern the venue of all civil actions brought in district courts of the United States.”<sup>78</sup> The 2011 amendments further expanded venue by making clear that venue and personal jurisdiction are synonymous not just for defendants that are corporations but for all entities “with the capacity to sue and be sued.”<sup>79</sup> Finally, Congress broadened all of § 1391(c)’s definitions of residence so that they apply “[f]or all venue purposes,”<sup>80</sup> rather than “[f]or purposes of venue under this chapter,” as was the case under the 1988 version of the statute.<sup>81</sup>

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In sum, Congress has, over the past century, steadily expanded venue options, particularly in suits against corporate defendants. In 1887, the only venue option for a federal question suit against a corporate defendant was the defendant’s place of incorporation. In 1897, Congress made clear that that restrictive rule did not apply to patent infringement suits, providing that venue also existed in any district in which the defendant committed acts of infringement and had a regular and established place of business. In 1948, Congress

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76. *Id.* at 36.

77. The new, unified general venue statute provides simply, A civil action may be brought in—

- (1) a judicial district in which any defendant resides, if all defendants are residents of the State in which the district is located;
- (2) a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred . . . ; or
- (3) if there is no district in which an action may otherwise be brought as provided in this section, any judicial district in which any defendant is subject to the court’s personal jurisdiction with respect to such action.

28 U.S.C. § 1391(b) (2012).

78. *Id.* § 1391(a)(1).

79. *Id.* § 1391(c)(2).

80. *Id.* § 1391(c).

81. 28 U.S.C. § 1391(c) (1988).

expanded the general venue statute to allow suit in any district where the defendant was doing business. Congress further broadened venue options by enacting transactional venue in 1966. Since that time, Congress has expanded transactional venue and further broadened the definition of residence for corporate defendants so that, today, venue is a minimal restriction in all federal civil actions against corporations.

## II. VENUE LAW IN PATENT INFRINGEMENT CASES

From time to time, courts have addressed questions about how the general venue statute and the patent venue statute interact. *TC Heartland* is the most recent example. The core of the petitioner's argument is that the Federal Circuit's current interpretation of the venue statute, which permits corporations and other business entities to be sued for patent infringement in any district in which they are subject to personal jurisdiction, conflicts with the Supreme Court's 1957 decision in *Fourco Glass Co. v. Transmirra Products Corp.*,<sup>82</sup> which was itself based on the Court's 1942 decision in *Stonite Products Co. v. Melvin Lloyd Co.*<sup>83</sup> In both cases, the Court held that the general venue statute in effect at the time did not supplement the patent venue statute.<sup>84</sup> In the Federal Circuit's landmark 1990 decision in *VE Holding Corp. v. Johnson Gas Appliance Co.*, by contrast, the court held that the then-newly expanded definition of corporate residence in the general venue statute, § 1391(c), *did* apply to the patent venue statute.<sup>85</sup> The petitioner in *TC Heartland* also claims that, whatever the merits of *VE Holding*, which was decided under the 1988 version of the venue statute, the 2011 amendments to § 1391 made that section's definition of corporate residence inapplicable to patent cases. Before explaining why the attack on the Federal Circuit's understanding of venue law is unsound, a brief synopsis of *Stonite*, *Fourco*, and *VE Holding* is in order.

### A. *Stonite*, *Fourco*, and *VE Holding*

In its 1942 decision in *Stonite*, the Supreme Court held that the patent venue statute, then codified at 28 U.S.C. § 48, was "the exclusive provision controlling venue in patent infringement proceedings."<sup>86</sup> In

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82. 353 U.S. 222 (1957).

83. 315 U.S. 561 (1942).

84. See *Fourco*, 353 U.S. at 228–29; *Stonite*, 315 U.S. at 566–67.

85. 917 F.2d 1574, 1575 (Fed. Cir. 1990).

86. *Stonite*, 315 U.S. at 563.

that case, the Court rejected a patentee's effort to invoke a relatively obscure provision of the general venue statute providing that, when two or more defendants resided in different districts within the same state, the suit could be brought in either district.<sup>87</sup> The Court emphasized that Congress adopted the patent venue statute in 1897 for the purpose of removing uncertainty about whether the general venue statute of 1887 applied to patent infringement suits.<sup>88</sup> "That purpose," the Court concluded, "indicates that Congress did not intend the Act of 1897 to dovetail with the general provisions relating to the venue of civil suits, but rather that it alone should control venue in patent infringement proceedings."<sup>89</sup>

In 1948, between *Stonite* and *Fourco*, Congress enacted § 1391(c), which, as discussed, stated that "[a] corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes."<sup>90</sup> The Supreme Court in *Fourco* considered whether this new definition of corporate residence applied to the patent venue statute.<sup>91</sup> In that case, the plaintiff, Transmirra, sued Fourco, a West Virginia corporation, for patent infringement in the Southern District of New York.<sup>92</sup> Although Fourco had an established place of business in the Southern District, there was no evidence it had committed acts of infringement there.<sup>93</sup> Fourco, therefore, moved to dismiss, arguing that venue was improper under § 1400(b).<sup>94</sup> Transmirra countered that venue was in fact proper under § 1400(b) because Fourco "resided" in the Southern District, as defined by § 1391(c), by virtue of "doing business" there.<sup>95</sup> Transmirra's position, in other words, was that the definition of corporate residence in newly enacted § 1391(c) should apply to § 1400(b).

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87. *Id.* at 562.

88. *Id.* at 564.

89. *Id.* at 565–66.

90. 28 U.S.C. § 1391(c) (1952).

91. *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 223–24 (1957).

92. *Id.* at 223.

93. *Id.*

94. *Id.* at 224. Recall that § 1400(b) provides, "Any civil action for patent infringement may be brought in [(1)] the judicial district where the defendant resides, or [(2)] where the defendant has committed acts of infringement and has a regular and established place of business."

95. Brief for the Respondents at 2, *Fourco*, 353 U.S. 222 (1957) (No. 310).



The Supreme Court rejected Transmirra's argument and held that venue in the Southern District was improper.<sup>96</sup> The Court began its analysis by reiterating *Stonite's* holding that § 48 was the exclusive provision governing venue in patent cases.<sup>97</sup> Though the patentee argued that newly enacted § 1391(c), including its definition of corporate residence, was "clear and unambiguous and that its terms include[d] all actions—including patent infringement actions—against corporations," the Court applied the canon that specific terms in a statute prevail over the general to conclude that the "special venue statute" codified in § 1400(b), which the Court viewed as "equally clear" in meaning, was unaffected by the "general corporation venue statute," § 1391.<sup>98</sup> The Court also relied heavily on the legislative history of the 1948 amendments, noting that "[s]tatements made by several of the persons having importantly to do with the 1948 revision are uniformly clear that no changes of law or policy are to be presumed from changes of language in the revision unless an intent to make such changes is clearly expressed."<sup>99</sup> Thus, the Court held in *Fourco*, the term "reside" in § 1400(b) would continue to mean the state of incorporation only, just as it did in all federal lawsuits before the 1948 amendments to the venue statute.<sup>100</sup>

In 1988, as discussed, Congress amended the general venue statute again, enacting the version of § 1391(c) that made it purely definitional, stating that "[f]or purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction."<sup>101</sup> *VE Holding* presented the Federal Circuit with the question of whether that amendment affected the Supreme Court's decision in *Fourco*.<sup>102</sup> *VE Holding* had sued Johnson Gas Appliance for patent infringement in the Northern District of California.<sup>103</sup> Johnson, an Iowa corporation, moved to dismiss for improper venue on the grounds that it did not "reside" in the Northern District under *Fourco*

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96. *Fourco*, 353 U.S. at 229.

97. *Id.* at 228–29.

98. *Id.* at 228.

99. *Id.* at 227 (citing commentary by William W. Barron, the Chief Reviser of the Code; Professor James William Moore, a special consultant on the revision; and Judge Albert B. Maris, a Third Circuit judge and committee member of the Judicial Conference).

100. *Id.* at 226.

101. 28 U.S.C. § 1391(c) (1988).

102. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1575 (Fed. Cir. 1990).

103. *Id.* at 1576.

because it was not incorporated there and it did not have a “regular and established place of business” there.<sup>104</sup> *VE Holding*, on the other hand, asserted that Johnson did “reside” in the Northern District because that term, used in § 1400(b), was now defined by the newly revised § 1391(c) and equated corporate residence with personal jurisdiction. (Johnson conceded that it was subject to personal jurisdiction in the Northern District.<sup>105</sup>)

The Federal Circuit sided with *VE Holding* and ruled that venue was proper. Though the prior version of § 1391(c) stated that “[a] corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation *for venue purposes*,”<sup>106</sup> the court held that the addition of the prefatory language—“[f]or purposes of venue *under this chapter*”—to the new, stand-alone definition of corporate residence in § 1391(c) overruled the Supreme Court’s holding in *Fourco* (and *Stonite* before that) that the patent venue statute was not affected by the general venue statute.<sup>107</sup> Though there was no “express legislative history” indicating that the 1988 amendment was intended to affect the patent venue statute, the court looked to the plain meaning of the newly amended statute, observing that “[t]he phrase ‘this chapter’ refers to chapter 87 of title 28, which . . . includes § 1400(b),” the patent venue statute.<sup>108</sup> “On its face,” the court wrote, “§ 1391(c) clearly applies to § 1400(b), and thus redefines the meaning of the term ‘resides’ in that section.”<sup>109</sup>

In addition to relying on the plain meaning of § 1391(c), the court in *VE Holding* also acknowledged the trends in venue law discussed above. For instance, the court noted that the restrictive venue statute of 1887 “has long since been superseded by more liberalized venue law, so that the ‘freezing’ of patent venue as a result of *Fourco* has made patent venue an anomaly.”<sup>110</sup> Finally, the court drew on the views of contemporary commentators, who argued that venue should be no different in patent infringement cases than in other civil cases

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104. *Id.*

105. *Id.* at 1584.

106. 28 U.S.C. § 1391(c) (1952) (emphasis added).

107. *VE Holding*, 917 F.3d at 1580.

108. *Id.* at 1578; *see also id.* at 1581 (“That there may be no specific legislative history regarding the amendment’s effect on § 1400(b) does not modify this court’s duty to employ the plain meaning of the language that the Congress adopted.”).

109. *Id.* at 1578.

110. *Id.* at 1582–83.

and that restrictive venue laws “serve[d] only to prolong patent litigation and make it more expensive.”<sup>111</sup>

### B. TC Heartland

*VE Holding* has governed venue in patent cases for more than twenty-five years. Recently, however, the topic of patent venue has received substantial attention because the vast majority of patent cases have become concentrated in just a few federal courts, particularly the Eastern District of Texas.<sup>112</sup> Yet it is *TC Heartland*—a case arising out of the District of Delaware, not East Texas—that has brought the issue of patent venue back to the Supreme Court.

In that case, Kraft Foods (a Delaware LLC with its principal place of business in Illinois) sued Heartland (an Indiana LLC headquartered in Indiana) in the District of Delaware, asserting that Heartland’s liquid water enhancers infringed three of Kraft’s patents.<sup>113</sup> Heartland moved to dismiss Kraft’s lawsuit for lack of personal jurisdiction or, alternatively, to dismiss or transfer the case for improper venue.<sup>114</sup> In support of its motion, Heartland asserted that it was not registered to do business in Delaware, that it had no presence in Delaware, and that it had neither entered into contracts in nor solicited sales in Delaware.<sup>115</sup> Heartland admitted that it had shipped some of the allegedly infringing products into Delaware, accounting for approximately two percent of Heartland’s total annual sales of those products.<sup>116</sup> After the district court denied its motion,<sup>117</sup> Heartland sought interlocutory review by filing a mandamus petition with the Federal Circuit.<sup>118</sup>

On mandamus, Heartland’s main argument was that venue was not proper in the District of Delaware. Specifically, Heartland asserted

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111. See *id.* (quoting Wydick, *supra* note 47, at 584–85).

112. See *supra* note 24 and accompanying text.

113. *In re TC Heartland LLC*, 821 F.3d 1338, 1340 (Fed. Cir. 2016), *cert. granted sub nom.* *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 614 (2016). Specifically, Kraft alleged infringement by Heartland’s “Refreshe” brand drink enhancers. See Complaint at 3–4, *Kraft Foods Grp. Brands LLC v. TC Heartland, LLC*, No. CV 14-28, 2015 WL 4778828 (D. Del. 2015).

114. *TC Heartland*, 821 F.3d at 1340. In addition to seeking dismissal or transfer under 28 U.S.C. § 1406(a), Heartland also sought transfer under § 1404(a) for the convenience of the parties and in the interest of justice. *Id.*

115. *Id.*

116. *Id.*

117. *Id.*

118. Petition for Writ of Mandamus, *In re TC Heartland LLC*, No. 16-105 (Fed. Cir. Oct. 23, 2015), <http://patentlyo.com/media/2016/01/Heartland.Petition.pdf>.

that the 2011 addition of the preamble, “[e]xcept as otherwise provided by law,” to the general venue statute, § 1391, made clear that § 1391 as a whole—including § 1391(c), which defines residence for corporations and other business entities—is merely a default rule that can be superseded by more specific venue rules elsewhere in the U.S. Code.<sup>119</sup> In Heartland’s view, the patent venue statute, § 1400(b), was one of those specific rules falling outside the ambit of the default provisions and definitions in § 1391.<sup>120</sup> Thus, Heartland argued, the 2011 amendment overruled *VE Holding* and reinstated venue law as articulated by the Supreme Court in *Fourco*: that § 1400(b) is the exclusive statute governing venue in patent infringement cases and that corporate residence in § 1400(b) refers only to the state of incorporation.<sup>121</sup>

A Federal Circuit panel unanimously denied mandamus in an opinion by Judge Moore in April 2016.<sup>122</sup> The court reasoned that § 1400(b) provides no definition of corporate residence but § 1391(c) does, and, therefore, that definition should apply to § 1400(b).<sup>123</sup> Although Congress in 2011 added the preamble stating that § 1391 applies “[e]xcept as otherwise provided by law,” the court held that that phrase could not be read to reinstate *Fourco*’s definition of residence as used in § 1400(b), particularly when § 1391(c) explicitly defines corporate residence “[f]or all venue purposes.”<sup>124</sup>

Heartland proceeded to file a petition for writ of certiorari, which the Supreme Court granted.<sup>125</sup> The question presented for review, Heartland said, was “precisely the same” as in *Fourco*: “Whether 28

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119. *Id.* at 6.

120. *Id.* at 6–8.

121. *Id.*

122. *TC Heartland*, 821 F.3d at 1340.

123. *Id.* at 1341–43.

124. *Id.* The court also rejected Heartland’s alternative argument that the Delaware court lacked personal jurisdiction over most of Kraft’s infringement claims. *Id.* at 1343–45. As noted above, for personal jurisdiction to exist, the claim must “arise out of or relate to” the defendant’s activities in the forum state. *See supra* notes 44–45 and accompanying text. According to Heartland, Kraft’s claims seeking damages for sales made by Heartland in states other than Delaware did not arise out of or relate to Heartland’s contacts with Delaware and thus the Delaware court lacked personal jurisdiction as to those claims. *See* Petition for Writ of Mandamus, *supra* note 118, at 10. This personal jurisdiction argument raises interesting questions, some of which may be answered by the Supreme Court’s impending decision in *Bristol-Myers Squibb*, discussed below. *Infra* notes 199–202 and accompanying text. But because Heartland is not pursuing the personal jurisdiction argument at the Supreme Court, we leave a full analysis for another time.

125. 137 S. Ct. 614 (2016).

U.S.C. § 1400(b) is the sole and exclusive provision governing venue in patent infringement actions and is not to be supplemented by 28 U.S.C. § 1391(c).<sup>126</sup> As the question presented indicates, Heartland's focus shifted upon reaching the Supreme Court: Instead of arguing about the 2011 amendment's impact on *VE Holding*, as it did in the Federal Circuit, Heartland's principal claim on certiorari is that *VE Holding* conflicts with *Fourco*.<sup>127</sup> As Heartland put it, "[w]hether this Court's precedents interpreting § 1400(b) are 'no longer the law' is a question that only this Court can resolve, and it should do so."<sup>128</sup>

Heartland's position has some initial appeal. The issues in *VE Holding* and *Fourco* appear identical on first blush. And from a policy perspective, the idea of limiting forum choice in patent cases is attractive to many stakeholders. Indeed, numerous companies,<sup>129</sup> public interest organizations,<sup>130</sup> academics,<sup>131</sup> and even the former Chief Judge of the Federal Circuit<sup>132</sup> filed amicus briefs in support of Heartland.<sup>133</sup> Yet an examination of the relevant statutory language, as well as historical evidence about the purpose of the various statutory amendments and trends in venue law more generally, makes clear that the Federal Circuit's interpretation of the patent venue statute is the correct one.

### C. *The Federal Circuit Correctly Decided VE Holding*

Put most simply, *VE Holding* involved a routine application of a facially clear statute. Specifically, the change in statutory language between *Fourco* and *VE Holding* justifies the court's holding that

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126. Petition for a Writ of Certiorari, *supra* note 20, at i.

127. *Id.* at 9–15; *cf.* Petition for Writ of Mandamus, *supra* note 118, at 9 (“To be clear, the argument set forth here is that this Court’s holding in *VE Holding* no longer applies given the changed language in §§ 1391(a) and (c). In the alternative, however, the validity of *VE Holding* should be re-examined by this Court en banc.”).

128. Petition for a Writ of Certiorari, *supra* note 20, at 8 (citation omitted).

129. See Brief of Amici Curiae 32 Internet Companies, Retailers, and Associations, *supra* note 58, at 2–3; Brief of Dell Inc. and the Software & Information Industry Ass’n as Amici Curiae in Support of Petitioner, *TC Heartland*, No. 16-341, at 2 (U.S. Oct. 17, 2016).

130. See Brief of the Electronic Frontier Foundation and Public Knowledge as Amici Curiae in Support of the Petition, *TC Heartland*, No. 16-341, at 2 (U.S. Oct. 12, 2016).

131. See Brief of Amici Curiae 56 Professors of Law and Economics, *supra* note 58.

132. See Brief of Amicus Curiae Paul R. Michel in Support of Petitioner, *TC Heartland*, No. 16-341, at 7 (U.S. Oct. 17, 2016).

133. For a collection of amicus briefs filed in support of Heartland, see *TC Heartland LLC v. Kraft Foods Group Brands LLC*, SCOTUSBLOG, <http://www.scotusblog.com/case-files/cases/tc-heartland-llc-v-kraft-foods-group-brands-llc>.

§ 1391(c)'s definition of residence applies to the patent venue statute. At the time the Supreme Court decided *Fourco*, § 1391(c) provided that “[a] corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.”<sup>134</sup> But Congress changed § 1391(c) in 1988 to read, “For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced.”<sup>135</sup>

The 1988 amendment to § 1391(c) is critical to the interpretation of the patent venue statute for at least two reasons. First, Congress added the language “[f]or purposes of venue *under this chapter*,” which makes crystal clear that the definition of “resides” applies to *all* provisions of chapter 87 of the Judicial Code, including § 1400(b).<sup>136</sup> Nothing in the statutory language provides any indication that the definition of “residence” in § 1391(c) should not apply to neighboring provisions such as § 1400(b). Moreover, historical evidence suggests that the prefatory phrase was added to § 1391(c) for the precise purpose of making clear that § 1391(c) defined “residence” as the term is used in § 1400(b). For instance, the reporter for the Judicial Conference’s Subcommittee on Federal Jurisdiction, Professor Edward Cooper, stated in a memorandum that § 1391(c)’s revised definition of residence applies “to the venue provisions gathered in Chapter 87 of the Judicial Code, 28 U.S.C. §§ 1391 through 1412,”<sup>137</sup> which, obviously, includes § 1400(b). In addition, the subcommittee’s initial proposal for § 1391(c) apparently began with the prefatory language, “[f]or the purposes of Subsections (A) and (B),” which would have limited the applicability of § 1391(c)’s definition of corporate residence to the general venue statute.<sup>138</sup> But the subcommittee replaced that language with “[f]or purposes of venue *under this chapter*” before submitting the proposal to Congress, leading contemporaneous

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134. 28 U.S.C. § 1391(c) (1946).

135. 28 U.S.C. § 1391(c) (1988).

136. See *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1578 (Fed. Cir. 1990) (“The phrase ‘this chapter’ refers to chapter 87 of title 28, which encompasses §§ 1391–1412, and thus includes § 1400(b). On its face, § 1391(c) clearly applies to § 1400(b), and thus redefines the meaning of the term ‘resides’ in that section.”).

137. Cooper, *supra* note 72, at 438.

138. Alan B. Rich et al., *The Judicial Improvements and Access to Justice Act: New Patent Venue, Mandatory Arbitration and More*, 5 HIGH TECH L.J. 311, 317–19 (1990).

commentators to conclude that “[t]his evolution is convincing evidence that the drafters intended the new definition to apply to all of chapter 87, including [§] 1400(b).”<sup>139</sup> This historical evidence, though perhaps not overwhelming, at least casts doubt on Heartland’s repeated claim that if Congress were relying on the prefatory phrase “[f]or purposes of venue under this chapter” to apply § 1391(c) to the patent venue statute, it would amount to hiding “a huge [statutory] elephant . . . in the smallest of mouseholes.”<sup>140</sup>

Second, and perhaps even more importantly, there was a marked change in the structure of § 1391(c) between *Fourco* and *VE Holding*. The 1948 version of § 1391(c) not only defined where corporations “reside,” it also set forth substantive rules about where venue lies in cases filed against corporations. Thus, at the time of *Fourco*, there were two relevant substantive provisions on venue: (1) § 1391(c), which said that corporations could be sued in judicial districts where they were incorporated, licensed to do business, or doing business; and (2) § 1400(b), which said that defendants could be sued where they resided or where they committed acts of patent infringement and had a regular and established place of business. On their face, these provisions were in tension with one another. Venue based on merely “doing business” or being “licensed to do business,” as permitted under § 1391(c), was broader than venue based on “infringement” plus “a regular and established place of business” under § 1400(b).<sup>141</sup> This tension makes it easy to understand why the Supreme Court in *Fourco* decided that § 1400(b), the narrower and

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139. *Id.* at 319.

140. *E.g.*, Petition for a Writ of Certiorari, *supra* note 20, at 24.

141. *See, e.g.*, *Scaramucci v. FMC Corp.*, 258 F. Supp. 598, 601 (W.D. Okla. 1966) (holding that “being licensed to do business in Oklahoma” was not sufficient to satisfy the “regular and established place of business” requirement); *Mastantuono v. Jacobsen Mfg. Co.*, 184 F. Supp. 178, 180 (S.D.N.Y. 1960) (“Mere ‘doing business’ in a district is not of itself sufficient to confer venue in patent suits. Something more is required. It must appear that a defendant is regularly engaged in carrying on a substantial part of its ordinary business on a permanent basis in a physical location within the district over which it exercises some measure of control.”). *But cf. In re Cordis Corp.*, 769 F.2d 733, 737 (Fed. Cir. 1985) (denying a mandamus petition seeking dismissal for improper venue, noting that “the appropriate inquiry is whether the corporate defendant does its business in [the] district through a permanent and continuous presence there and not as [the defendant] argues, whether it has a fixed physical presence in the sense of a formal office or store”).

more specific statute, was “the sole and exclusive provision controlling venue in patent infringement actions.”<sup>142</sup>

By the time the Federal Circuit decided *VE Holding*, however, Congress had removed the substantive provisions from § 1391(c) and made that subsection purely definitional.<sup>143</sup> The updated version of § 1391(c), unlike the version at issue in *Fourco*, said nothing about where venue lies in civil actions. Instead, Congress moved the substantive provisions to a different part of § 1391. This meant that § 1391(c) no longer conflicted with § 1400(b). Rather, the amended version of § 1391(c) could be read in perfect harmony with § 1400(b) by defining “resides”—a term used in but left undefined by § 1400(b).<sup>144</sup>

#### D. *VE Holding Remains Doctrinally Sound*

Assuming *VE Holding* was correct at the time, almost three decades have passed since the Federal Circuit issued its decision. In the interim, Congress has amended the general venue statute, and the Supreme Court has taken a substantial interest in patent law. Rather than calling

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142. *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 228–29 (1957) (“Specific terms prevail over the general in the same or another statute which otherwise might be controlling.” (quoting *D. Ginsberg & Sons, Inc. v. Popkin*, 285 U.S. 204, 208 (1932))).

143. See *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1580 (Fed. Cir. 1990) (“[Section] 1391(c) only operates to define a term in § 1400(b) . . .”).

144. Interpreting corporate residence in § 1400(b) to be synonymous with personal jurisdiction also does not render superfluous the other venue option in § 1400(b), which permits the plaintiff to file suit “where the defendant has committed acts of infringement and has a regular and established place of business.” For one, that option would still provide a basis for venue in suits against individuals because individuals reside in only one district—their district of domicile. 28 U.S.C. § 1391(c)(1) (2012). For another, superfluity is not unusual in venue statutes. For instance, § 1400(a), which governs venue in copyright infringement cases, provides two venue options, allowing suit to be filed “in the district in which the defendant or his agent [i] resides or [ii] may be found.” *Id.* § 1400(a). “It is well settled that a corporation is ‘found’ [under § 1400(a)] in any district in which personal jurisdiction might be obtained over it,” *Battle Creek Equip. Co. v. Roberts Mfg. Co.*, 460 F. Supp. 18, 21–22 (W.D. Mich. 1978), an interpretation that renders the “residency” option superfluous. Taking a different approach, some courts, by looking to § 1391(c)’s definition of corporate residence in copyright cases, render the “may be found” provision superfluous. *E.g.*, *Real Good Toys, Inc. v. XL Mach. Ltd.*, 163 F. Supp. 2d 421, 425 (D. Vt. 2001) (applying the copyright venue statute and noting that a corporation is “‘deemed to reside in any judicial district in which it is subject to personal jurisdiction’ under 28 U.S.C. § 1391(c)”). Either way, the two independent venue options in § 1400(a) are interpreted to mean the exact same thing: venue is proper in a suit against a corporation in any district in which that corporation is subject to personal jurisdiction.



*VE Holding* into question, however, these developments demonstrate that the Federal Circuit's decision remains doctrinally sound.

1. *The 2011 amendments did not overrule VE Holding*

In 2011, Congress made several changes to the general venue statute,<sup>145</sup> but those amendments do not undermine *VE Holding*. If anything, they bolster the conclusion that § 1391(c)'s definition of residence applies to the patent venue statute.

The very first subsection of the general venue statute, § 1391(a), is now titled "Applicability of Section" and includes the prefatory language, "Except as otherwise provided by law . . ." <sup>146</sup> But this language does not allow § 1391 to stand independently of § 1400(b). To begin with, this language in § 1391(a) is not new. Before the 2011 amendments, § 1391(a) and (b), which governed diversity and non-diversity cases, respectively, both said that their general venue provisions applied "except as otherwise provided by law."<sup>147</sup> Moreover, while there is a separate patent venue statute, § 1400(b), and that statute permits suit in the defendant's district of residence, there is no definition of residence "otherwise provided by law." It therefore makes perfect sense for the definition set out in § 1391(c) to continue to apply to the venue option set forth in § 1400(b), just as many courts have done with other specialized venue statutes.<sup>148</sup> Finally, as if the text and structure of the statute were not clear enough, the House Report on the 2011 amendments indicated that the language "except as otherwise provided by law" in the newly enacted version of § 1391(a) referred to a list of specialized venue

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145. Federal Courts Jurisdiction and Venue Clarification Act of 2011, Pub. L. No. 112-63, § 202, 125 Stat. 758.

146. 28 U.S.C. § 1391(a).

147. 28 U.S.C. § 1391(a) (2006) ("A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in . . ."); *id.* § 1391(b) (2006) ("A civil action wherein jurisdiction is not founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in . . .").

148. *See Aucoin v. Prudential Ins. Co.*, 959 F. Supp. 2d 185, 190 (D.D.C. 2013) (reading § 1391(c)'s definition of residence into 29 U.S.C. § 1132(e)(2), a special venue statute for ERISA actions); *Virts v. Prudential Life Ins. Co.*, 950 F. Supp. 2d 101, 105 (D.D.C. 2013) (same); *McHenry v. Astrue*, No. 12-2512-SAC, 2012 WL 6561540, at \*2 (D. Kan. Dec. 14, 2012) (holding that because 42 U.S.C. § 405(g), a special venue statute for social security actions, does not define "resides," "the court will look to 28 U.S.C. § 1391, which governs the venue of all civil actions brought in federal court").

statutes compiled by the American Law Institute,<sup>149</sup> which notably did not include § 1400(b).<sup>150</sup>

A modification to § 1391(c) in 2011 further supports the Federal Circuit's decision in *VE Holding*. Whereas § 1391(c) previously defined residence “[f]or purposes of venue under this chapter,”<sup>151</sup> it now defines residence “[f]or all venue purposes.”<sup>152</sup> The statute is, again, clear on its face: Section 1391(c) applies to *all* venue provisions, including § 1400(b).<sup>153</sup> As if further evidence were necessary to confirm the statute's unambiguous language, the House Report states explicitly that the definitions in § 1391(c) apply “universally,” meaning “to all venue statutes, including venue provisions that appear elsewhere in the United States Code.”<sup>154</sup>

Notably, *Heartland* is not the first defendant in a patent suit to argue that the 2011 amendments overruled *VE Holding*. There have been several district court decisions addressing this question, and they have all held—like the district court and Federal Circuit in *TC Heartland*—that the 2011 amendments did not affect *VE Holding*.<sup>155</sup> Perhaps even *Heartland* realized the weakness of this argument,

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149. H.R. REP. NO. 112-10, at 18 n.8 (2011).

150. AM. LAW INST., FEDERAL JUDICIAL CODE REVISION PROJECT 253–90 (2004). The American Law Institute, whose work on the Federal Judicial Code Revision Project was the basis for the 2011 amendments, also acknowledged that “all of the definitions set forth in new § 1391(c) apply globally to all venue statutes, whether of general or special applicability.” *Id.* at 188–89.

151. 28 U.S.C. § 1391(c) (1988).

152. 28 U.S.C. § 1391(c) (2012); *see* *Script Sec. Sols. LLC v. Amazon.com, Inc.*, 170 F. Supp. 3d 928, 934 (E.D. Tex. 2016) (Bryson, J., sitting by designation) (“[T]he language of the 2011 amendment to [§] 1391(c) is even broader than the language it replaced.”).

153. *Cf. Navajo Health Found.-Sage Mem’l Hosp., Inc. v. Burwell*, 86 F. Supp. 3d 1211, 1240 (D.N.M. 2015) (“Congress could have written 1391(c)(1) to say: ‘For all venue purposes, *except cases brought under § 1391(e)(1)(A)*, a natural person . . . shall be deemed to reside in the judicial district in which that person is domiciled.’ Congress did no[t].” (omission in original)).

154. H.R. REP. NO. 112-10, at 20 (2011).

155. *See, e.g., Saint Lawrence Commc’ns LLC v. HTC Corp.*, No. 2:15-cv-919-JRG, 2016 WL 1077950, at \*3 (E.D. Tex. Mar. 18, 2016) (“The recent congressional changes to § 1391 do not disturb the Federal Circuit’s findings in *VE Holding*.”); *Script Sec.*, 170 F. Supp. 3d at 934 (“[T]he analysis in *VE Holding* is just as applicable to the post-2011 version of the venue statute as it was to the pre-2011 version.”); *Gro Master, Inc. v. Farmweld, Inc.*, 920 F. Supp. 2d 974, 986 (N.D. Iowa 2013) (“If anything, the language of incorporation is even broader in the current version of § 1391(c) . . . .”); *MLP Tech., Inc. v. LifeMed ID, Inc.*, No. 5:13-cv-00909, 2013 WL 6243943, at \*2 n.1 (N.D. Ohio Dec. 3, 2013) (“The 2011 amendment restructured section (c) but did not alter the substance of the statute and, therefore, the Court’s analysis [in *VE Holding*] does not change.”).

which would explain why it deemphasized its position about the 2011 amendments at the Supreme Court.<sup>156</sup>

## 2. *No patent exceptionalism*

Though the Supreme Court has frequently reversed the Federal Circuit for adopting patent-specific rules, there is nothing exceptional about the Federal Circuit's interpretation of the patent venue statute. The court's holding that venue is proper in judicial districts where corporate defendants are subject to personal jurisdiction is completely in line with mainstream jurisprudence.

Both the general venue statute and the patent venue statute provide that venue is proper where defendants reside.<sup>157</sup> This parallel language is not a coincidence. When Congress revised both provisions in 1948, it replaced the term "inhabitant" with "reside" to clarify where venue is proper when the defendant in a civil action is a corporation rather than a natural person.<sup>158</sup> That Congress used the same term, at the same time, in both venue provisions strongly suggests that they should carry the same meaning.<sup>159</sup>

Since 1988, § 1391(c) has provided that corporate defendants "reside" wherever they are subject to the court's personal jurisdiction in the current action. There is no doubt that this definition applies to the general venue statute. Accordingly, in all civil cases governed by the general venue statute—that is, most cases in federal court—corporate defendants can be sued in any judicial district where there is personal jurisdiction.<sup>160</sup> By deciding that § 1391(c)'s residency

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156. See *supra* notes 125–28 and accompanying text.

157. 28 U.S.C. § 1391(b)(1) ("A civil action may be brought in a judicial district in which any defendant resides, if all defendants are residents of the State in which the district is located."); *id.* § 1400(b) ("Any civil action for patent infringement may be brought in the judicial district where the defendant resides . . .").

158. See *supra* Section I.D.

159. See *Smith v. City of Jackson*, 544 U.S. 228, 233 (2005) (plurality opinion) (explaining the "premise that when Congress uses the same language in two statutes having similar purposes, particularly when one is enacted shortly after the other, it is appropriate to presume that Congress intended that text to have the same meaning in both statutes"); *Sullivan v. Stroup*, 496 U.S. 478, 484 (1990) (applying the "normal rule of statutory construction," which dictates that "identical words used in different parts of the same act are intended to have the same meaning").

160. See, e.g., Elizabeth T. Lear, *Congress, the Federal Courts, and Forum Non Conveniens: Friction on the Frontier of the Inherent Power*, 91 IOWA L. REV. 1147, 1174 (2006) ("The decision to equate venue and personal jurisdiction for corporate defendants is particularly interesting; Congress must not have seen national and multinational corporations as needing forum protection beyond that provided by personal jurisdiction."); David H. Taylor, *The Forum Selection Clause: A Tale of Two*

definition applied to the patent venue statute, the Federal Circuit in *VE Holding* was simply treating corporate defendants in patent cases like corporate defendants in other types of federal civil actions.<sup>161</sup> If there is anything “exceptional” in the *TC Heartland* litigation, it is the position of those who have criticized the Federal Circuit’s venue doctrine and urged the Supreme Court to adopt an unusually restrictive venue rule for patent cases only.

Yet there is no reason to believe that Congress intended to protect defendants in patent cases more than in other types of civil cases. The opposite, in fact, is arguably true. When Congress enacted § 1400(b)’s predecessor in 1897, the goal was to make venue *less restrictive*, not more restrictive, in patent cases as compared to other types of civil actions.<sup>162</sup> Congress could have simply decided that patent cases, like other federal question cases, would be governed by the Act of 1887, limiting venue to where the defendant was an inhabitant. But instead, Congress drafted the patent venue statute to *facilitate* infringement actions by, as one district judge put it, “enlarging jurisdictional opportunities to bring infringers into a federal court.”<sup>163</sup>

### III. ALTERNATIVE PATHS TO REFORMING FORUM SELECTION IN PATENT CASES

Although the doctrinal arguments against the Federal Circuit’s current approach to venue law are unpersuasive, the broad options available under that approach raise important policy questions that deserve serious consideration. Critics claim that many of the problems plaguing the patent system are caused by the concentration of suits in East Texas.<sup>164</sup> Even if that is an overstatement, the fact that roughly forty percent of all patent suits are filed in a single, mostly

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*Concepts*, 66 TEMP. L. REV. 785, 853 (1993) (“In light of both expansive present day notions of personal jurisdiction and the recent amendment to the general venue provision specifying that a corporation shall be deemed to reside for venue purposes in any district in which it is subject to personal jurisdiction, corporations are subject to suit in a potential multitude of forums.” (footnote omitted)).

161. Cf. Elizabeth Chamblee Burch, *Disaggregating*, 90 WASH. U. L. REV. 667, 692 n.126 (2013) (“Venue will typically not be an issue in mass-tort cases with corporate defendants. For corporations, venue is proper where the defendant resides, which is where the defendant is subject to personal jurisdiction when the case commenced.”).

162. See *supra* note 56 and accompanying text.

163. *Indus. Research Corp. v. Gen. Motors Corp.*, 29 F.2d 623, 626 (N.D. Ohio 1928).

164. See, e.g., Colleen V. Chien & Michael Risch, *A Patent Reform We Can All Agree on*, WASH. POST (Nov. 20, 2015), <https://www.washingtonpost.com/news/in-theory/wp/2015/11/20/why-do-patent-lawyers-like-to-file-in-texas>.

rural district in Texas should raise eyebrows.<sup>165</sup> In this final Part, we suggest some ways in which the law of forum selection in patent cases could be revised besides the questionable interpretation of the venue statute urged by the petitioner in *TC Heartland*.

A. *Amendment of the Patent Venue Statute*

Perhaps the most obvious option is for Congress to amend the patent venue statute to restrict forum choice. A bill to this effect, the Venue Equity and Non-Uniformity Elimination (VENUE) Act, was proposed in the Senate last year.<sup>166</sup> The Act provides that, absent consent, patent suits may generally be filed only where a defendant (1) is incorporated, (2) has its principal place of business, or (3) has committed an act of infringement and has a “physical facility that gives rise to the act of infringement.”<sup>167</sup> If the bill stopped there, forum choice under the VENUE Act would be roughly equivalent to what it would be if the petitioner in *TC Heartland* prevails.<sup>168</sup> Yet, in an apparent attempt to expand forum choice for small inventors, universities, and operating companies, the Act goes on to provide that, in certain circumstances, venue is proper where research, development, and manufacturing related to the patent in suit took place.<sup>169</sup>

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165. See Brian Howard, *Q4 2016 Litigation Update: Patent Litigation, District Court*, LEX MACHINA (Jan. 12, 2017), <https://lexmachina.com/q4-litigation-update> (reporting that the Eastern District of Texas received 1647 patent cases comprising 36.4% of all patent cases filed in 2016); Brian Howard, *2015 End-of-Year Trends: Patent Litigation, District Court*, LEX MACHINA (Jan. 7, 2016), <https://lexmachina.com/lex-machina-2015-end-of-year-trends> (reporting that the Eastern District of Texas received 2540 patent cases comprising 43.6% of all patent cases filed in 2015).

166. Venue Equity and Non-Uniformity Elimination (VENUE) Act of 2016, S. 2733, 114th Cong.

167. VENUE Act § 2(b)(1)–(2).

168. This is because § 1400(b) authorizes venue in the districts (1) in which the defendant “resides,” which, according to the petitioner in *TC Heartland*, means the place of incorporation, and (2) “where the defendant has committed acts of infringement and has a regular and established place of business.” The VENUE Act adds the option of the defendant’s principal place of business, but that would often be encompassed by § 1400(b)’s option of suing where the defendant committed acts of infringement and has a regular and established place of business. Unlike § 1400(b), the third option from the VENUE Act requires a nexus between the act of infringement and a physical facility operated by the defendant, which could narrow venue options slightly.

169. VENUE Act § 2(b)(4) (providing that venue is proper “where an inventor named on the patent in suit conducted research or development that led to the application for the patent in suit”); *id.* § 2(b)(5) (providing that venue is proper “where a party has a regular and established physical facility that such party controls and operates, not primarily for the purpose of creating venue, and has—(A) engaged

A detailed analysis of the VENUE Act is beyond the scope of this Article, but a few points are worth mentioning. One concern is that the VENUE Act will not redistribute patent cases evenly throughout the country.<sup>170</sup> Instead, critics claim, the Act will shift the concentration of patent cases from districts that are perceived to be friendly to plaintiffs, such as the Eastern District of Texas, to districts that are friendly to defendants, such as the Northern District of California.<sup>171</sup> A recent study by Colleen Chien and Michael Risch attempts to test such theories and predict where patent cases would be filed if either the VENUE Act or the petitioner's position in *TC Heartland* becomes law.<sup>172</sup> Though both reforms would shift cases out of East Texas, Chien and Risch conclude that the VENUE Act would disperse cases more widely than *TC Heartland*.<sup>173</sup>

This is not to suggest that Congress should pass the VENUE Act as currently drafted. Any patent venue reform from Congress should come only after careful and thorough consideration. What the VENUE Act teaches, however, is that legislative reform has important advantages to judicial reform, at least in this context.<sup>174</sup> For one, Congress has the ability to draft more tailored venue rules that treat some groups of plaintiffs—small inventors, universities, and operating companies—differently than others, as appropriate.<sup>175</sup> Also, unlike

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in management of significant research and development of an invention claimed in a patent in suit prior to the effective filing date of the patent; (B) manufactured a tangible product that is alleged to embody an invention claimed in a patent in suit; or (C) implemented a manufacturing process for a tangible good in which the process is alleged to embody an invention claimed in a patent in suit”).

170. Colleen V. Chien & Michael Risch, *Recalibrating Patent Venue*, 77 MD. L. REV. (forthcoming 2018) (manuscript at 6), <https://ssrn.com/abstract=2834130>.

171. See Letter to Congress from 28 Law Professors & Economists Urging Caution on the VENUE Act 1 (Aug. 1, 2016), <https://ssrn.com/abstract=2816062> (“The reality is that the major proponents of changing the venue rules are primarily large high-tech companies and retailers with an online presence sued in the Eastern District of Texas that would rather litigate in a small number of more defendant-friendly jurisdictions.”).

172. Chien & Risch, *supra* note 170, at 31.

173. *Id.* at 37, tbl. 7 (indicating that 62.9% of patent cases would be concentrated in the top five districts under *TC Heartland*, while that number decreases to 56.4% under the VENUE Act).

174. Cf. Paul R. Gugliuzza, *Patent Litigation Reform: The Courts, Congress, and the Federal Rules of Civil Procedure*, 95 B.U. L. REV. 279, 282 (2015) (identifying several areas in which legislative reform of procedure in patent cases is *not* appropriate because of the clear risk of unintended consequences and because the courts are already making useful changes in those areas).

175. While courts may be better positioned to tailor substantive patent law doctrine, see, e.g., DAN L. BURK & MARK A. LEMLEY, *THE PATENT CRISIS AND HOW THE*

judicial reform, a legislative fix could—and the VENUE Act would—rectify the longstanding anomaly that patent infringement suits and patent declaratory judgment suits, which are the mirror image of one another, are governed by different venue provisions.<sup>176</sup>

Finally, legislative reform could avoid unintended consequences that judicial reform cannot. For example, a decision in *TC Heartland* that § 1391(c) does not apply to § 1400(b) could impact venue law outside the patent context. Defendants in ERISA cases, for instance, might argue that courts should no longer import the definition of corporate residence from § 1391(c) into the specialized venue statute for ERISA.<sup>177</sup> The same goes for many other specialized venue statutes that permit suit in the defendant's district of residence.<sup>178</sup> A victory for the petitioner in *TC Heartland* would also provide corporations with ammunition to argue that Congress should limit venue in civil cases across the board, just like in patent cases. Simply put, although the VENUE Act may not be the perfect solution to forum shopping in patent cases, putting this problem in Congress's hands makes more sense than resorting to a questionable interpretation of the venue statute that could have unintended consequences beyond patent litigation.

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COURTS CAN SOLVE IT 5 (2009), Congress has long been responsible for crafting the venue laws.

176. See VENUE Act § 2(b). Venue in patent declaratory judgment actions is currently governed by the general venue statute, § 1391, because § 1400(b) applies only to “civil action[s] for patent infringement.” Notably, however, the VENUE Act would not alter personal jurisdiction requirements in declaratory judgment suits, which can be very difficult to satisfy. See Megan M. La Belle, *Patent Litigation, Personal Jurisdiction, and the Public Good*, 18 GEO. MASON L. REV. 43, 47 (2010) (discussing, among other decisions, *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355 (Fed. Cir. 1998), in which the Federal Circuit ruled that sending cease-and-desist letters into a forum, on its own, is not enough to establish personal jurisdiction). *But cf.* *Xilinx, Inc. v. Papst Licensing GmbH & Co.*, 848 F.3d 1346, 1357 (Fed. Cir. 2017) (upholding personal jurisdiction—without distinguishing some of the court's prior case law—in a declaratory judgment suit where the patentee's primary contacts with the forum state were sending cease-and-desist letters into the state and engaging in unsuccessful licensing negotiations there). Because of the high bar for establishing personal jurisdiction in declaratory judgment suits, the VENUE Act alone would not significantly expand forum choices for accused infringers seeking declaratory relief.

177. See, e.g., cases cited *supra* note 148.

178. See generally 14D WRIGHT ET AL., *supra* note 22, § 3803, at 48–49 (collecting statutes).

*B. Uniform Procedural Rules for Patent Cases*

Another way to reduce forum shopping in patent cases would be to mandate greater uniformity of procedural rules among the district courts. Many factors have incentivized patentees to file their cases in East Texas,<sup>179</sup> including average time to trial,<sup>180</sup> the court's perceived expertise with patents,<sup>181</sup> and the court's reputation as being "patentee-friendly."<sup>182</sup> Procedural differences from court-to-court, and even judge-to-judge, also play a key role in forum selection in patent litigation.<sup>183</sup> Approximately one-third of the district courts in the country have adopted local rules governing patent cases.<sup>184</sup> Yet even among courts with local patent rules, there is a lack of uniformity in terms of how infringement and validity contentions are handled, how claim construction is conducted, and how discovery proceeds.<sup>185</sup> What is more, in district courts with local patent rules, as well as those without, many individual judges have adopted standing orders (or "local-local rules") dictating how patent litigation will proceed in their courtrooms.<sup>186</sup> In the District of Delaware, for example, each of the four district judges has his or her own set of rules for patent cases.<sup>187</sup>

Another procedural difference among district courts that has major implications for forum choice is the manner in which cases are assigned to judges within a particular district.<sup>188</sup> Most districts randomize this process to prevent plaintiffs from "judge shopping."<sup>189</sup> That is not the case in East Texas, however. That district is divided

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179. See generally Anderson, *supra* note 24, at 633–36; Fromer, *supra* note 20, at 1464; Klerman & Reilly, *supra* note 24, at 250.

180. Mark A. Lemley, *Where to File Your Patent Case*, 38 AIPLA Q.J. 401, 403 (2010).

181. Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889, 899–900 (2001).

182. See Fromer, *supra* note 20, at 1445; Lemley, *supra* note 180, at 402.

183. See Anderson, *supra* note 24, at 670–74; La Belle, *supra* note 30, at 100–02; Moore, *supra* note 181, at 899–900.

184. See La Belle, *supra* note 30, at 96; Travis Jensen, *Basics*, LOC. PAT. RULES, <http://www.localpatentrules.com/basics> (last updated Oct. 22, 2016).

185. La Belle, *supra* note 30, at 96–97.

186. *Id.* at 88–92.

187. See *id.* at 89–90 (noting that each judge uses different patent-specific scheduling orders).

188. Anderson, *supra* note 24, at 670–74; Klerman & Reilly, *supra* note 24, at 254–57.

189. See *United States v. Mavroules*, 798 F. Supp. 61, 61 (D. Mass. 1992) (explaining that assigning cases randomly "prevents judge shopping by any party, thereby enhancing public confidence in the assignment process"); Anderson, *supra* note 24, at 670.



into six divisions (Beaumont, Marshall, Paris, Sherman, Texarkana, Tyler, and Lufkin), and plaintiffs are allowed to select the division in which their suit will proceed.<sup>190</sup> This ability to choose the division effectively determines the judge because of the unusual way in which the chief judge assigns cases by general order pursuant to 28 U.S.C. § 137.<sup>191</sup> The most recent order provides for the following case allocation: 100% of patent cases filed in the Beaumont Division are assigned to Chief Judge Ron Clark, 95% of all civil cases (including patent cases) filed in the Marshall Division are assigned to Judge Rodney Gilstrap, 100% of patent cases filed in the Sherman Division are assigned to Judge Amos Mazzant, and 70% of patent cases filed in the Tyler Division are assigned to Judge Trey Schroeder.<sup>192</sup> This practice explains why Judge Gilstrap heard more than 3000 patent cases between 2014 and mid-2016, which is more than the total number of patent cases filed in California, Florida, and New York combined during the same time period.<sup>193</sup>

In their recent article, Chien and Risch acknowledge that reducing this procedural differentiation among district courts would be an effective way to curtail some of the incentives that lead litigants to forum shop—and judges to “forum sell”—in patent litigation.<sup>194</sup> But, they claim, venue reform may be a quicker solution “[b]ecause it is very difficult to mandate how judges run their courtrooms.”<sup>195</sup> Yet district judges’ discretion regarding procedural matters is not

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190. U.S. District Court for the Eastern District of Texas, *The Attorney’s “How to” Guide for Civil Case Opening*, para. 4 (June 11, 2014), [www.txed.uscourts.gov/cgi-bin/view\\_document.cgi?document=2353](http://www.txed.uscourts.gov/cgi-bin/view_document.cgi?document=2353); Klerman & Reilly, *supra* note 24, at 255 (explaining that plaintiffs in East Texas “can choose to file in any division simply by selecting it from a drop-down menu in the electronic filing system”).

191. Section 137 provides in relevant part,

The business of a court having more than one judge shall be divided among the judges as provided by the rules and orders of the court.

The chief judge of the district court shall be responsible for the observance of such rules and orders, and shall divide the business and assign the cases so far as such rules and orders do not otherwise prescribe.

28 U.S.C. § 137 (2012).

192. U.S. District Court for the Eastern District of Texas, General Order No. 16-7 (July 15, 2016), <http://www.txed.uscourts.gov/sites/default/files/goFiles/16-07.pdf>.

193. Brian J. Love & James Yoon, *Predictably Expensive: A Critical Look at Patent Litigation in the Eastern District of Texas*, 20 STAN. TECH. L. REV. 1, 6 n.21 (2017).

194. Chien & Risch, *supra* note 170, at 4 (“The easiest way to reduce forum shopping would be to unwind the conditions that enable it: a multitude of potential forums from which litigants may choose and the ability of district courts to differentiate themselves from one another in terms of potential benefits they can offer.”).

195. *Id.*

unfettered. Congress could, for example, mandate uniform procedural rules for all patent cases,<sup>196</sup> just as it has done in bankruptcy cases.<sup>197</sup> A more modest approach could focus only on the most questionable procedural practices by, for instance, mandating that case assignment procedures be uniform and random to make judge shopping more difficult.<sup>198</sup>

### C. Reform of Personal Jurisdiction Doctrine

Changes to personal jurisdiction doctrine could also change forum selection options in patent cases. Although the Federal Circuit has held that personal jurisdiction usually exists in any state in which an infringing product is sold,<sup>199</sup> that rule could be impacted by a pending Supreme Court case that does not involve patents at all. In *Bristol-Myers Squibb Co. v. Superior Court*, a products liability case, the Supreme Court will decide in what circumstances a legal claim “arises out of” or “relates to” a defendant’s contacts with the forum state<sup>200</sup>—an essential element of personal jurisdiction under the “minimum contacts” framework.<sup>201</sup> Under the Federal Circuit’s current interpretation of this so-called nexus requirement, even a very small number of sales in the forum state can support jurisdiction over infringement claims seeking damages for all sales nationwide. In *TC Heartland*, for example, the Federal Circuit held that Delaware had personal jurisdiction over infringement claims based on sales nationwide, even though only two percent of the sales of the infringing product occurred in Delaware.<sup>202</sup> If the Court in *Bristol-Myers* strengthens the nexus requirement, that could limit forum options in patent cases.

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196. See *La Belle*, *supra* note 30, at 118–23.

197. 28 U.S.C. § 2075 (2012). Congress granted the Supreme Court rulemaking authority for bankruptcy cases in 1964 by amending the Rules Enabling Act to provide the Court with “the power to prescribe by general rules, the forms of process, writs, pleadings, and motions, and the practice and procedure in cases under title 11,” the Bankruptcy Code. *Id.*; see Alan N. Resnick, *The Bankruptcy Rulemaking Process*, 70 AM. BANKR. L.J. 245, 246 (1996). Pursuant to that authority, the Federal Rules of Bankruptcy Procedure were first promulgated in 1973 and govern most procedural questions in bankruptcy cases. *Id.* at 245–46.

198. See Jonas Anderson, *Judge Shopping in the Eastern District of Texas*, 48 LOY. U. CHI. L.J. 539, 557 (2016).

199. *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558 (Fed. Cir. 1994).

200. See 377 P.3d 874, 878 (Cal. 2016), *cert. granted*, 137 S. Ct. 827 (2017).

201. *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 414 (1984).

202. *In re TC Heartland LLC*, 821 F.3d 1338, 1343–44 (Fed. Cir. 2016), *cert. granted sub nom.* *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 614 (2016).

## CONCLUSION

Venue provides a rare example of a controversial area of procedural law in which the Federal Circuit has not engaged in any sort of exceptionalism. The court's expansive interpretation of the venue statute, though perhaps not ideal as a matter of policy, is well-grounded in doctrine and is consistent with a long trend of expanding venue options. To overturn *VE Holding* would require an interpretation of the venue statute that is questionable at best. Consequently, it is better to reform the law of forum selection in patent cases through careful and considered legislative reform, either of the patent venue statute or of other aspects of patent procedure that district courts have used to forum sell. Alternatively, impending changes to the law of personal jurisdiction could constrain plaintiffs' forum choices in patent cases without any action from Congress.