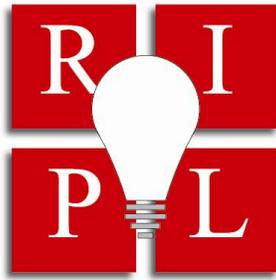


# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



## *TC HEARTLAND LLC v. KRAFT FOODS GROUP BRANDS* AND THE BIG DEBATE ABOUT EAST TEXAS: HOW A DELAWARE CASE LEAVES PATENT VENUE UNSETTLED AND PRESAGES AS APPLIED CHALLENGES TO THE CONSTITUTIONALITY OF NARROW VENUE INTERPRETATIONS

JESSE SNYDER

### ABSTRACT

Lack of sanguinity for patent holders was manifest after the Supreme Court’s May 22, 2017, opinion in *TC Heartland LLC v. Kraft Foods Group Brands LLC*. Yet whether *TC Heartland*—a case from the U.S. District Court for the District of Delaware—represents a *fait accompli* against forum shopping remains debatable. Writing for the Court in a unanimous opinion, Justice Clarence Thomas rejected the U.S. Court of Appeals for the Federal Circuit’s interpretation that an intervening amendment to the general venue statute broadened the scope of venue for patent cases. The patent venue statute, 28 U.S.C. § 1400(b), provides that “[a]ny 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.” The Court held that the Federal Circuit’s opinion from 1990, *VE Holding Corporation v. Johnson Gas Appliance Company*, erred in concluding that the general venue statute, 28 U.S.C. § 1391(c), superseded and redefined the meaning of “resides” to include any district in which the defendant is subject to personal jurisdiction. Without mentioning the import of the second basis for proper venue—“where the defendant has committed acts of infringement and has a regular and established place of business”—the Court determined that a U.S. corporation can only reside in its state of incorporation.

As unpropitious as *TC Heartland* is for many patent holders, the case ends only one debate while sparking others on where a defendant can be sued for patent infringement. *TC Heartland* did not decide how to determine venue for foreign corporations. It did not decide where unincorporated entities—including individuals—reside. And it made no mention of how to interpret the second clause in 28 U.S.C. § 1400(b): “where the defendant has committed acts of infringement and has a regular and established place of business.” Although lawyers can shape the contours of these issues, only the courts with time can discern their meaning. No one knows the import of *TC Heartland* yet—not even the courts until cases arrive and decisions are made.

This paper argues that *TC Heartland* begins—rather than ends—a more nuanced inquiry into what is proper venue in patent cases. In three parts, the paper describes the rise of East Texas as a nexus for patent litigation, reviews *TC Heartland*, and discusses the litigation-tactic implications of the

case. If the perceived trajectory of limiting patent rights remains unabated, a narrow interpretation of the clause could result in U.S. corporations being subject to patent lawsuits in one of only two venues: their state of incorporation or principal place of business. Upon threat of such a restrictive interpretation, for a small business or individual patent holder without the ability to finance litigation in a distant forum, as-applied challenges surface to vindicate the unconstitutional denial of the right to access to courts. Left unbridled, *TC Heartland* could be a double-edged sword for small businesses, enabling them to avoid defending lawsuits in supposedly prejudicial venues while dissuading them from filing their own lawsuits for fear of financial ruin in a defendant's hometown. The Constitution demands better and offers a salutary solution for patentees asserting public rights.

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*TC HEARTLAND LLC v. KRAFT FOODS GROUP BRANDS AND THE BIG DEBATE ABOUT EAST TEXAS: HOW A DELAWARE CASE LEAVES PATENT VENUE UNSETTLED AND PRESAGES AS APPLIED CHALLENGES TO THE CONSTITUTIONALITY OF NARROW VENUE INTERPRETATIONS*

JESSE SNYDER\*

I. INTRODUCTION

“Forum shopping in patent litigation is over,” declared one bay-area practitioner.<sup>1</sup> A “seismic shift” and “severe blow to non-practicing entities or ‘patent trolls,’” observed another from Boston.<sup>2</sup> A “staggering blow to the patent assertion entities and practitioners that had built their business models around exacting settlement leverage over domestic corporations by forcing them to litigate in perceived plaintiff-friendly venues,” celebrated a Milwaukee lawyer.<sup>3</sup> “[M]any regular patent defendants can’t be blamed if they start dreaming of staying home the next time they are sued,” offered a New Yorker.<sup>4</sup> The “most significant Supreme Court decision in patent law in 20 years,” surmised a lawyer from Silicon Valley.<sup>5</sup> “The decision is not unexpected considering the court’s recent track record in overturning the Federal Circuit,” noted a Virginia-based advocate.<sup>6</sup>

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\* © Jesse Snyder 2017. 2016–2017 to the Honorable Eugene E. Siler Jr. of the United States Court of Appeals for the Sixth Circuit; 2015–2016 Law Clerk to the Honorable Jimmie V. Reyna of the United States Court of Appeals for the Federal Circuit; 2012–2013 Law Clerk to the Honorable Jorge A. Solis of the United States District Court for the Northern District of Texas. I earned my J.D., *summa cum laude*, from Texas Wesleyan University and my B.S. from the United States Air Force Academy. While in law school, I served as editor in chief of the *Texas Wesleyan Law Review*. Thank you for your time and consideration toward publishing my paper. I would like to thank Kaylee Willis, Deidre Davis, Paul Sanders, and the entire staff of the *John Marshall Law School Review of Intellectual Property Law*. I also would like to thank my wife, Amy, for all her support.

<sup>1</sup> Adam Liptak, *Supreme Court Ruling Could Hinder ‘Patent Trolls’*, THE NEW YORK TIMES (May 22, 2017), [https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream\\_unit&version=latest&contentPlacement=1&pgtype=collection&\\_r=0](https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream_unit&version=latest&contentPlacement=1&pgtype=collection&_r=0); Robert Barnes, *Supreme Court limits locations of patent lawsuits*, THE WASHINGTON POST, (May 22, 2017), [https://www.washingtonpost.com/politics/courts\\_law/supreme-court-makes-it-harder-for-patent-trolls-to-find-friendly-court/2017/05/22/7dba0426-3f20-11e7-adba-394ee67a7582\\_story.html?utm\\_term=.3756d16b69b9](https://www.washingtonpost.com/politics/courts_law/supreme-court-makes-it-harder-for-patent-trolls-to-find-friendly-court/2017/05/22/7dba0426-3f20-11e7-adba-394ee67a7582_story.html?utm_term=.3756d16b69b9).

<sup>2</sup> *Attorneys React To Supreme Court Patent Venue Ruling*, LAW360 (May 22, 2017), <https://www.law360.com/articles/926933/attorneys-react-to-supreme-court-patent-venue-ruling>.

<sup>3</sup> *Id.*

<sup>4</sup> Gaston Kroub, *TC Heartland LLC v. Kraft Foods Group Brands*, 581 U.S. \_\_\_ (2017) (Thomas, J.), GEO. WASH. L. REV. ON THE DOCKET (Oct. Term 2016), available at <http://www.gwlr.org/tc-heartland-v-kraft-foods-patent-venue-comes-home/>.

<sup>5</sup> *Attorneys React To Supreme Court Patent Venue Ruling*, LAW360 (May 22, 2017), <https://www.law360.com/articles/926933/attorneys-react-to-supreme-court-patent-venue-ruling>.

<sup>6</sup> *Id.*

Lack of sanguinity for patent holders was manifest after the Supreme Court's May 22, 2017, opinion in *TC Heartland LLC v. Kraft Foods Group Brands LLC*.<sup>7</sup> Yet whether *TC Heartland*—a case from the U.S. District Court for the District of Delaware—represents a *fait accompli* against forum shopping remains debatable.

Writing for the Court in a unanimous opinion, Justice Clarence Thomas rejected the U.S. Court of Appeals for the Federal Circuit's interpretation that an intervening amendment to the general venue statute broadened the scope of venue for patent cases, concluding that "a domestic corporation 'resides' only in its State of incorporation."<sup>8</sup> The patent venue statute, 28 U.S.C. § 1400(b), provides that "[a]ny 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>9</sup> The Court held that the Federal Circuit's opinion from 1990, *VE Holding Corporation v. Johnson Gas Appliance Company*,<sup>10</sup> erred in concluding that the general venue statute, 28 U.S.C. § 1391(c), superseded and redefined the meaning of "resides" to include any district in which the defendant is subject to personal jurisdiction.<sup>11</sup> Without mentioning the import of the second basis for proper venue—"where the defendant has committed acts of infringement and has a regular and established place of business"<sup>12</sup>—the Court determined that a U.S. corporation can only reside in its state of incorporation.<sup>13</sup> And with that, the foothold for venue in that case (and many others) gave way as the Court reversed and remanded for further proceedings.<sup>14</sup>

Although *TC Heartland* seems like an innocuous opinion about venue, the past two decades demonstrate why attorneys and litigants care about the outcome.<sup>15</sup> Since the Federal Circuit applied the general venue statute to patent law in *VE Holding*, for various complicated reasons, the U.S. District Court for the Eastern District of Texas has become the epicenter for trial-level patent litigation.<sup>16</sup> Single-digits patent filings in 1999 gave way to hundreds of cases by 2007.<sup>17</sup> East Texas carried 23% of new patent cases filed in 2012, 25% in 2013, 29% in 2014, 45% in

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<sup>7</sup> See, e.g., Greg Stohr & Susan Decker, *U.S. Supreme Court Puts New Curbs on Locations of Patent Suits*, BLOOMBERG POLITICS (May 22, 2017), <https://www.bloomberglaw.com/politics/articles/2017-05-22/u-s-supreme-court-puts-new-curbs-on-locations-of-patent-suits> ("The Supreme Court decision won't eliminate arguments over where lawsuits should be filed but will 'change the conversation,' said Mark Whitaker, a patent lawyer with Morrison & Foerster in Washington and president of the American Intellectual Property Law Association.")

<sup>8</sup> *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 197 L. Ed. 2d 816, 820 (2017).

<sup>9</sup> 28 U.S.C. § 1400(b).

<sup>10</sup> *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990).

<sup>11</sup> *TC Heartland*, 197 L. Ed. 2d at 823–24 (citation omitted).

<sup>12</sup> 28 U.S.C. § 1400(b).

<sup>13</sup> *TC Heartland*, 197 L. Ed. 2d at 824–25 (citation omitted).

<sup>14</sup> See *id.*; *Attorneys React To Supreme Court Patent Venue Ruling*, LAW360 (May 22, 2017), available at <https://www.law360.com/articles/926933/attorneys-react-to-supreme-court-patent-venue-ruling>.

<sup>15</sup> Erin Coe, *Texas in the Rearview Mirror? Glory Days Could be Numbered in the Country's Busiest Patent Court*, LAW360 (Mar. 27, 2017), available at <https://www.law360.com/articles/905388/patent-glory-days-could-be-numbered-for-east-texas>; see also *VE Holding*, 917 F.2d at 1578.

<sup>16</sup> See *id.*

<sup>17</sup> See *id.*

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2015, and 38% in 2016.<sup>18</sup> In 2015, Judge James Rodney Gilstrap of East Texas’s Marshall Division presided over more than a quarter of all new cases, totaling 1,686 of the 5,819 new cases nationwide.<sup>19</sup> A 2015 study adumbrated East Texas as more likely to decide in a patentee’s favor than other courts.<sup>20</sup>

To many who sensed unfairness in East Texas, *TC Heartland* represented a reprieve from forced litigation in a distant venue.<sup>21</sup> Hope endures that cleaving a solitary Delaware case might have the boomerang effect of purging East Texas and ricocheting cases back to Delaware.<sup>22</sup> But to declare a nigh moratorium on forum shopping ignores what remains unresolved. Questions indeed remain about whether *TC Heartland* is a valedictory farewell to forum shopping.

As unpropitious as *TC Heartland* is for many patent holders, the case ends only one debate while sparking others on where a defendant can be sued for patent infringement. *TC Heartland* did not decide how to determine venue for foreign corporations.<sup>23</sup> It did not decide where unincorporated entities—including individuals—reside.<sup>24</sup> And it made no mention of how to interpret the second clause in 28 U.S.C. § 1400(b): “where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>25</sup> Although lawyers can shape the contours of these issues, only the courts with time can discern their meaning. No one knows the import of *TC Heartland* yet—not even the courts until cases arrive and decisions are made.

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<sup>18</sup> *See id.*

<sup>19</sup> Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation’s Patent Cases*, MOTHERBOARD (May 5, 2016), available at [https://motherboard.vice.com/en\\_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases](https://motherboard.vice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases).

<sup>20</sup> Brian Fung, *The Supreme Court’s big ruling on ‘patent trolls’ will rock businesses everywhere*, THE WASHINGTON POST (May 23, 2017), [https://www.washingtonpost.com/news/the-switch/wp/2017/05/23/the-supreme-court-just-undercut-patent-trolls-in-a-big-way/?hpid=hp\\_regional-hp\\_cards\\_rhp-card-technology%3Ahomepage%2Fcard&utm\\_term=.e133e7adb4c2](https://www.washingtonpost.com/news/the-switch/wp/2017/05/23/the-supreme-court-just-undercut-patent-trolls-in-a-big-way/?hpid=hp_regional-hp_cards_rhp-card-technology%3Ahomepage%2Fcard&utm_term=.e133e7adb4c2).

<sup>21</sup> *Attorneys React To Supreme Court Patent Venue Ruling*, LAW360 (May 22, 2017), <https://www.law360.com/articles/926933/attorneys-react-to-supreme-court-patent-venue-ruling>.

<sup>22</sup> Erin Coe, *Texas in the Rearview Mirror? Glory Days Could be Numbered in the Country’s Busiest Patent Court*, LAW360 (Mar. 27, 2017), <https://www.law360.com/articles/905388/patent-glory-days-could-be-numbered-for-east-texas>.

<sup>23</sup> *TC Heartland*, 197 L. Ed. 2d at 824 n.2 (“The parties dispute the implications of petitioner’s argument for foreign corporations. We do not here address that question, nor do we express any opinion on this Court’s holding in *Brunette Machine Works, Ltd. v. Kockum Industries, Inc.*, 406 U.S. 706 (1972) (determining proper venue for foreign corporation under then existing statutory regime).”).

<sup>24</sup> *Id.* at 821 n.1

The complaint alleged that petitioner is a corporation, and petitioner admitted this allegation in its answer. Similarly, the petition for certiorari sought review on the question of “corporate” residence. In their briefs before this Court, however, the parties suggest that petitioner is, in fact, an unincorporated entity. Because this case comes to us at the pleading stage and has been litigated on the understanding that petitioner is a corporation, we confine our analysis to the proper venue for corporations. We leave further consideration of the issue of petitioner’s legal status to the courts below on remand.

(internal citations omitted).

<sup>25</sup> 28 U.S.C. § 1400(b).

This paper argues that *TC Heartland* begins—rather than ends—a more nuanced inquiry into what is proper venue in patent cases. In three parts, the paper describes the rise of East Texas as a nexus for patent litigation, reviews *TC Heartland*, and discusses the litigation-tactic implications of the case. Over twenty years of permissive venue interpretations have transformed a sleepy town in East Texas into something unforeseen.<sup>26</sup> Yet reshuffling cases to New York, California, and Delaware may or may not be in the offing.<sup>27</sup> The immediate effects will be realized when courts settle on an interpretation of the ancillary (and now likely primary) clause “where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>28</sup> If the perceived trajectory of limiting patent rights remains unabated,<sup>29</sup> a narrow interpretation of the clause could result in U.S. corporations being subject to patent lawsuits in one of only two venues: their state of incorporation or principal place of business.<sup>30</sup> Upon threat of such a restrictive interpretation, for a small business or individual patent holder without the ability to finance litigation in a distant forum, as-applied challenges surface to vindicate the unconstitutional denial of the right to access to courts.<sup>31</sup> Left unbridled, *TC Heartland* could be a double-edged sword for small businesses, enabling them to avoid defending lawsuits in supposedly prejudicial venues while dissuading them from filing their own lawsuits for fear of financial ruin in a defendant’s hometown. The Constitution demands better and offers a salutary solution for patentees asserting public rights.

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<sup>26</sup> Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation’s Patent Cases*, MOTHERBOARD (May 5, 2016), [https://motherboardvice.com/en\\_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases](https://motherboardvice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases).

<sup>27</sup> Adam Liptak, *Supreme Court Ruling Could Hinder ‘Patent Trolls’*, THE NEW YORK TIMES (May 22, 2017), [https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream\\_unit&version=latest&contentPlacement=1&pgtype=collection&\\_r=0](https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream_unit&version=latest&contentPlacement=1&pgtype=collection&_r=0); Robert Barnes, *Supreme Court limits locations of patent lawsuits*, THE WASHINGTON POST, (May 22, 2017), [https://www.washingtonpost.com/politics/courts\\_law/supreme-court-makes-it-harder-for-patent-trolls-to-find-friendly-court/2017/05/22/7dba0426-3f20-11e7-adba-394ee67a7582\\_story.html?utm\\_term=.3756d16b69b9](https://www.washingtonpost.com/politics/courts_law/supreme-court-makes-it-harder-for-patent-trolls-to-find-friendly-court/2017/05/22/7dba0426-3f20-11e7-adba-394ee67a7582_story.html?utm_term=.3756d16b69b9).

<sup>28</sup> 28 U.S.C. § 1400(b).

<sup>29</sup> Ronald Mann, *Opinion analysis: Justices rein in Federal Circuit’s lax rules on patent venue*, SCOTUSBLOG (May. 23, 2017, 10:16 AM), <http://www.scotusblog.com/2017/05/opinion-analysis-justices-rein-federal-circuits-lax-rules-patent-venue/> (“Where have I read this before: U.S. Court of Appeals for the Federal Circuit – patent-holding plaintiffs win; Supreme Court – corporate defendants win.”); Adam Feldman, *The Year of the Patent*, EMPIRICAL SCOTUS (May 24, 2017), <https://empiricalscotus.com/2017/05/24/year-of-the-patent/> (“As the Court has in the past, this term the decisions so far predominately move against increased rights for patent holders.”).

<sup>30</sup> See *BNSF Ry. Co. v. Tyrrell*, No. 16-405, 2017 U.S. LEXIS 3395, at \*21 (May 30, 2017) (Sotomayor, J., concurring in part and dissenting in part) (“The majority’s approach grants a jurisdictional windfall to large multistate or multinational corporations that operate across many jurisdictions. Under its reasoning, it is virtually inconceivable that such corporations will ever be subject to general jurisdiction in any location other than their principal places of business or of incorporation.”).

<sup>31</sup> See *Tennessee v. Lane*, 541 U.S. 509, 533–34 (2004).

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II. EAST TEXAS AS THE FULCRUM OF TRIAL-LEVEL PATENT LITIGATION

Skating rinks sponsored by Samsung.<sup>32</sup> Foreign corporations awarding scholarships to high-school students.<sup>33</sup> Hotels acquiring PACER subscriptions to entice hotel guests.<sup>34</sup> Far from dystopia, those factoids describe Marshall, Texas, circa 2017.<sup>35</sup> That a small town in the Piney Woods of East Texas became a leviathan venue for patent disputes is no accident.<sup>36</sup>

*A. Interpretation and Reinterpretation of Proper Venue Under Patent Law*

At the founding, the Judiciary Act of 1789 permitted plaintiffs to sue in federal district courts if the defendant was “an inhabitant” of that district or could be “found” for service of process in that district.<sup>37</sup> That law covered patent cases and other civil lawsuits.<sup>38</sup> Almost one-hundred years later, in 1887, Congress amended the statute to permit lawsuits in the district of which the defendant was an inhabitant or, in diversity cases, either district of which the plaintiff or defendant was an inhabitant.<sup>39</sup>

In 1897, Congress enacted a patent-specific venue statute, which the Supreme Court described as an act that “placed patent infringement cases in a class by themselves, outside the scope of general venue legislation.”<sup>40</sup> The forerunner to 28 U.S.C. § 1400(b) permitted patent lawsuits in either the district of which the defendant was an “inhabitant” or in which the defendant both maintained a “regular and established place of business” and committed an act of infringement.<sup>41</sup> At the time, U.S. corporations were considered inhabitants of their states of incorporation only.<sup>42</sup>

In *Stonite Products Company v. Melvin Lloyd Company*, Justice Frank Murphy in 1942 construed that patent venue provision as “the exclusive provision controlling venue in patent infringement proceedings,” rebuffing the argument that provisions attendant to general venue supplemented or modified its effects.<sup>43</sup> The patent venue statute, the Court explained, “was adopted to define the exact jurisdiction of the federal courts in actions to enforce patent rights,” a purpose undermined by

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<sup>32</sup> Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation’s Patent Cases*, MOTHERBOARD (May 5, 2016), [https://motherboard.vice.com/en\\_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases](https://motherboard.vice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases).

<sup>33</sup> *Id.*

<sup>34</sup> Matthew Bultman, *Patent Venue’s Big Day In Court: What You Need To Know*, LAW360 (Mar. 23, 2017), <https://www.law360.com/articles/904976/patent-venue-s-big-day-in-court-what-you-need-to-know>.

<sup>35</sup> *Id.*

<sup>36</sup> Ronald Mann, *Argument preview: Justices to consider venue for patent litigation*, SCOTUSBLOG (Mar. 20, 2017, 5:04 PM), <http://www.scotusblog.com/2017/03/argument-preview-justices-consider-venue-patent-litigation/>.

<sup>37</sup> *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 197 L. Ed. 2d 816, 821–22 (2017) (citation omitted).

<sup>38</sup> *Id.* (citation omitted).

<sup>39</sup> *Id.* (citation omitted).

<sup>40</sup> *Brunette Machine Works, Ltd. v. Kockum Industries, Inc.*, 406 U.S. 706, 713 (1972).

<sup>41</sup> *TC Heartland*, 197 L. Ed. 2d at 822 (citation omitted).

<sup>42</sup> *Shaw v. Quincy Mining Co.*, 145 U.S. 444, 449–50 (1892).

<sup>43</sup> *Stonite Products Co. v. Melvin Lloyd Co.*, 315 U.S. 561, 563 (1942).

interpreting it “to dovetail with the general provisions relating to the venue of civil suits.”<sup>44</sup> Justice Murphy emphasized that the patent statute “alone should control venue in patent infringement proceedings.”<sup>45</sup>

In 1948, Congress recodified the patent venue statute as 28 U.S.C. § 1400(b).<sup>46</sup> With its original language still intact, § 1400(b) prescribes “[a]ny 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>47</sup> At the same time, Congress enacted the general venue statute, 28 U.S.C. § 1391, which defined “residence” for corporate defendants: “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>48</sup> Following the 1948 legislation, a split of authority developed on whether “resides” as found in § 1400(b) assimilated § 1391(c)’s definition of “residence.”<sup>49</sup>

In *Fourco Glass Company v. Transmirra Products Corporation*, the Supreme Court reviewed a 1957 appeal from the U.S. Court of Appeals for the Second Circuit, reiterating the rationale of *Stonite* and concluding that § 1400(b) “is the sole and exclusive provision controlling venue in patent infringement actions, and . . . is not to be supplemented by . . . § 1391(c).”<sup>50</sup> Justice Charles Evans Whittaker explained that Congress enacted § 1400(b) as a standalone venue statute with nothing in the 1948 recodification evincing intent to alter that status.<sup>51</sup> That § 1391(c) by “its terms” embraced “all actions,” Justice Whittaker observed, did not overcome the design of § 1400(b) as “complete, independent and alone controlling in its sphere.”<sup>52</sup> The Court concluded that “resides” in § 1400(b) bore the same meaning as “inhabit[s]” in the pre-1948 version: U.S. corporations reside for venue purposes only in their states of incorporation.<sup>53</sup>

In 1988, Congress again amended the general venue statute, adding the prefatory phrase “[f]or purposes of venue under this chapter” and directing “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>54</sup> Two years later, in 1990, the Federal Circuit—newly constituted with exclusive jurisdiction over appeals unique to patent law<sup>55</sup>—heard a case on how this amendment affected the meaning of the patent venue statute.<sup>56</sup>

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<sup>44</sup> *Id.* at 565–66.

<sup>45</sup> *Id.* at 566.

<sup>46</sup> *TC Heartland*, 197 L. Ed. 2d at 822 (citation omitted).

<sup>47</sup> 28 U.S.C. § 1400(b) (1952).

<sup>48</sup> *TC Heartland*, 197 L. Ed. 2d at 822–23 (citation omitted).

<sup>49</sup> *Id.* (citation omitted).

<sup>50</sup> *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222, 224 (1957).

<sup>51</sup> *Id.* at 228 (citation omitted).

<sup>52</sup> *Id.* (citation omitted).

<sup>53</sup> *Id.* at 226 (citation omitted).

<sup>54</sup> *TC Heartland*, 197 L. Ed. 2d at 823–24 (citation omitted).

<sup>55</sup> *See* 28 U.S.C. § 1295.

<sup>56</sup> *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (1990). Those who visit and attend oral argument at the Federal Circuit can find Judge Plager’s commissioned portrait in Courtroom 403.

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In *VE Holding*, Judge S. Jay Plager wrote for the appeals court that the 1988 amendment to § 1391(c) displaced previous conceptions of the patent venue statute.<sup>57</sup> Judge Plager reasoned that the phrase “[f]or purposes of venue under this chapter” was “exact and classic language of incorporation,”<sup>58</sup> establishing the prevailing definition for all other venue statutes under the same chapter.<sup>59</sup> Judge Plager explained that § 1391(c) “on its face . . . clearly applies to § 1400(b),” “redefin[ing] the meaning of the term ‘resides’ in that section.”<sup>60</sup> By that read, according to the Federal Circuit, the “first test for venue under § 1400(b) with respect to a defendant that is a corporation, in light of the 1988 amendment to § 1391(c), is whether the defendant became subject to personal jurisdiction in the district of suit at the time the action commenced.”<sup>61</sup>

Following *VE Holding*, congressional developments on patent venue stalled until Congress amended § 1391 in 2011, leaving § 1400(b) unaltered yet again.<sup>62</sup> During that time, Congress made substantial substantive amendments to the Patent Act.<sup>63</sup> Section 1391(a) begins with the phrase “[e]xcept as otherwise provided by law,” before prescribing that “this section shall govern the venue of all civil actions brought in district courts of the United States.”<sup>64</sup> Congress replaced “under this chapter” from § 1391(c), amending the section to read “[f]or all venue purposes,” certain entities, “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 action in question.”<sup>65</sup>

Although the language of § 1400(b) has remained selfsame for almost a century, interpretations and reinterpretations of that statute have produced exceptional results.<sup>66</sup> Among those included the emergence of East Texas as a prominent venue for patent litigation.

### *B. The Spark that Ignited Patent Cases in East Texas*

The influx of patent litigation in East Texas surprised Judge T. John Ward as much as anyone: “I did not anticipate, in any way, that it would create such a large attraction. I adopted those rules for one purpose and one unexpected consequence was eighteen months from filing to trial was very attractive to a lot of people. I did not anticipate that.”<sup>67</sup>

Marshall, home of football icon Earl Campbell, sits at the intersection I-20 (the interstate between Dallas and Atlanta) and Texas Highway 59 (the highway between

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<sup>57</sup> *Id.* at 1583.

<sup>58</sup> *Id.* at 1579.

<sup>59</sup> *Id.* at 1580.

<sup>60</sup> *Id.* at 1578.

<sup>61</sup> *Id.* at 1583.

<sup>62</sup> *TC Heartland*, 197 L. Ed. 2d at 823–24 (2017) (citation omitted).

<sup>63</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016) (“In 2011, Congress enacted the statute before us.”).

<sup>64</sup> 28 U.S.C. § 1391(a).

<sup>65</sup> *Id.* at § 1391(c)(2).

<sup>66</sup> *Supra* note 19.

<sup>67</sup> *Id.*

Houston and Texarkana).<sup>68</sup> It is one division within the Eastern District of Texas, and it encompasses six counties and fourteen cities.<sup>69</sup> Next door to Marshall is Tyler, the headquarters of the Eastern District of Texas.<sup>70</sup>

From the 1970s through 1990s, high-stakes litigation in East Texas was commonplace and lucrative for personal-injury attorneys.<sup>71</sup> “Marshall-based plaintiffs’ lawyers generated tens of millions of dollars in fees—and grabbed the national spotlight—by pursuing class-action lawsuits against companies that used asbestos and silica, and against the pharmaceutical and tobacco industries.”<sup>72</sup> As the 1990s closed, however, Texas had enacted tort reform measures, capping medical malpractice, punitive damages, and the availability of attorney’s fees.<sup>73</sup> The number of personal-injury cases filed in East Texas has since plummeted.<sup>74</sup> Still, as one judge commented, “historically anyway [East Texas] is a plaintiffs-oriented district.”<sup>75</sup>

Soon after Judge Ward was sworn into the Marshall Division of the Eastern District of Texas in September 1999, the number of patent-infringement lawsuits in Marshall began to climb.<sup>76</sup> One year before assuming office, Judge Ward served as local counsel on a patent case implicating Texas Instruments.<sup>77</sup> Judge Ward would later describe conversations in which his co-counsel from San Francisco lamented that East Texas did not have the same rules they enjoyed in California.<sup>78</sup> After taking the bench, Judge Ward remembered those conversations and sought to rectify the situation by adopting similar practices in his court. He hoped, as he later reflected, to catalyze quick resolutions in patent cases, which he perceived as more burdensome than other civil cases.<sup>79</sup>

In an effort to better manage the docket, Judge Ward oversaw in 2001 the implementation of local patent rules, which streamlined discovery, required disclosure of infringement and invalidity theories early in the case, and forced cases to trial or settlement more quickly.<sup>80</sup> These rules and procedures also had the effect of moving cases in a predictable manner without much judicial involvement or structures to address the merits early.<sup>81</sup> District courts generally assign priority to

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<sup>68</sup> Ronald Mann, *Argument preview: Justices to consider venue for patent litigation*, SCOTUSBLOG (Mar. 20, 2017, 5:04 PM), <http://www.scotusblog.com/2017/03/argument-preview-justices-consider-venue-patent-litigation/>.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> Timothy C. Meece & V. Bryan Medlock, Jr., *Is TS Tech the Death Knell for Patent Litigation in the Eastern District of Texas?*, 16 IP LITIGATOR 6 (Nov./Dec. 2009), available at [https://bannerwitcoff.com/\\_docs/library/articles/IPTLJ%20Medlock%20Meece.pdf](https://bannerwitcoff.com/_docs/library/articles/IPTLJ%20Medlock%20Meece.pdf).

<sup>72</sup> *Id.* (citation omitted).

<sup>73</sup> *Id.* (citation omitted).

<sup>74</sup> *Id.* (citation omitted).

<sup>75</sup> *Id.* (citation omitted).

<sup>76</sup> *Id.* (citation omitted).

<sup>77</sup> Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation’s Patent Cases*, MOTHERBOARD (May 5, 2016), [https://motherboard.vice.com/en\\_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases](https://motherboard.vice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases).

<sup>78</sup> *Id.*

<sup>79</sup> *Id.*

<sup>80</sup> Erin Coe, *Texas in the Rearview Mirror? Glory Days Could be Numbered in the Country’s Busiest Patent Court*, LAW360 (Mar. 27, 2017), <https://www.law360.com/articles/905388/patent-glory-days-could-be-numbered-for-east-texas>.

<sup>81</sup> *Id.*

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criminal cases, rescheduling the civil docket as necessary to accommodate criminal trials.<sup>82</sup> With a low-by-comparison criminal docket amounting to 10% of its caseload, Marshall had greater flexibility to attend to civil cases than other courts.<sup>83</sup> Although local rules promoting efficiency helped courts in California manage large caseloads, consonant rules in Marshall had the effect of propelling the guarantee of trial within two years.<sup>84</sup>

The upshot of the new procedures was a rise from single-digit patent cases in 1999 to 369 by 2007.<sup>85</sup> As patent cases flocked in, the goal of getting to trial within eighteen months became aspirational.<sup>86</sup> That metric edged closer to three years when Judge Ward retired in 2011, but by then, East Texas had established itself as the de facto patent venue.<sup>87</sup> The local market reacted, stimulating catering businesses, hotels and restaurants attuned to lawyers, foreign sponsorships for local activities, and attention by national firms with otherwise attenuated connections to the forum.<sup>88</sup> Judge Gilstrap assumed Judge Ward's seat in 2011, continuing the practices adopted by his predecessor.<sup>89</sup>

In each year from 2012 to 2016, East Texas drew the most new patent filings of all district courts, with Delaware coming in second.<sup>90</sup> East Texas carried 23% of new patent cases filed in 2012, 25% in 2013, 29% in 2014, 45% in 2015, and 38% in 2016.<sup>91</sup> In 2015, Judge Gilstrap presided over more than a quarter of all new cases, totaling 1,686 of the 5,819 new cases nationwide—twice as many as the next most active judge.<sup>92</sup> Against conventional wisdom, from 2007 to 2016, 67% of jury and bench trials favored patentees in East Texas, while 68% of trials came out in their favor in Delaware.<sup>93</sup> Median jury awards were \$12.3 million and \$14 million, respectively.<sup>94</sup> Reports extrapolating and interpreting this information conclude that, while East Texas does not disproportionately favor plaintiffs on the merits when compared to

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<sup>82</sup> Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation's Patent Cases*, MOTHERBOARD (May 5, 2016), [https://motherboard.vice.com/en\\_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases](https://motherboard.vice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases).

<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> Erin Coe, *Texas in the Rearview Mirror? Glory Days Could be Numbered in the Country's Busiest Patent Court*, LAW360 (Mar. 27, 2017), <https://www.law360.com/articles/905388/patent-glory-days-could-be-numbered-for-east-texas>.

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> *Id.*; Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation's Patent Cases*, MOTHERBOARD (May 5, 2016), [https://motherboard.vice.com/en\\_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases](https://motherboard.vice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases).

<sup>89</sup> *Id.*

<sup>90</sup> Erin Coe, *Texas in the Rearview Mirror? Glory Days Could be Numbered in the Country's Busiest Patent Court*, LAW360 (Mar. 27, 2017), <https://www.law360.com/articles/905388/patent-glory-days-could-be-numbered-for-east-texas>.

<sup>91</sup> *Id.*

<sup>92</sup> Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation's Patent Cases*, MOTHERBOARD (May 5, 2016), [https://motherboard.vice.com/en\\_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases](https://motherboard.vice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases).

<sup>93</sup> Erin Coe, *Texas in the Rearview Mirror? Glory Days Could be Numbered in the Country's Busiest Patent Court*, LAW360 (Mar. 27, 2017), <https://www.law360.com/articles/905388/patent-glory-days-could-be-numbered-for-east-texas>.

<sup>94</sup> *Id.*

<sup>94</sup> *Id.*

other districts, far more of its cases appear to result in settlements, which likely has to do with defendants having a harder time winning at summary judgment.<sup>95</sup>

Practitioners bemoaned East Texas as solicitous to the litigation strategies of plaintiffs:

Speed is not good for defendants. Plaintiffs can research an entire case before filing their complaint, but defendants can't do all the research, and invalidity arguments are difficult to come up with on the fly. Plus, they face the threat of having to go to trial and face a jury. Defendants don't like that either.<sup>96</sup>

They point to the propensity of judges in that district to deny motions to transfer as evidence of a pro-patentee reputation.<sup>97</sup> Critics of East Texas also suggest that its rules and practices enable and encourage patent trolls—otherwise known as non-practicing entities—whose business models include purchasing patents for the purpose of filing patent lawsuits.<sup>98</sup> A hackneyed view of these entities is that they acquire older patents with broad terms and exact settlements on threat of litigation.<sup>99</sup> In 2011, just as Judge Gilstrap succeeded Judge Ward, activities attributed to patent trolls cost U.S. companies \$29 billion.<sup>100</sup> Still some note an upward trend starting 2012 of greater in frequency defense victories at summary judgment and trial.<sup>101</sup>

Judge Gilstrap has maintained that local practices do not affect fairness or impartiality: “I try to make sure both sides get a fair trial. I don't have a client in the case, other than seeing that rules are applied equally and fairly and you'll get a fair trial. That's what I strive to do.”<sup>102</sup> While some suggest that the numbers imply complicity to stimulate the local economy through attractive incentives for large verdicts,<sup>103</sup> no one can credibly argue that East Texas had any say in the Federal Circuit's opinion in *VE Holding* or the actual decisions by plaintiffs on where to file lawsuits. Perhaps a more apt assessment is that East Texas built on what it was provided.

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<sup>95</sup> *Id.*

<sup>96</sup> *Id.*

<sup>97</sup> Gaston Kroub, *TC Heartland LLC v. Kraft Foods Group Brands*, 581 U.S. \_\_\_ (2017) (Thomas, J.), GEO. WASH. L. REV. ON THE DOCKET (Oct. Term 2016), available at <http://www.gwlr.org/tc-heartland-v-kraft-foods-patent-venue-comes-home/>.

<sup>98</sup> Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation's Patent Cases*, MOTHERBOARD (May 5, 2016), [https://motherboard.vice.com/en\\_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases](https://motherboard.vice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases).

<sup>99</sup> *See id.*

<sup>100</sup> *See id.*

<sup>101</sup> Erin Coe, *Texas in the Rearview Mirror? Glory Days Could be Numbered in the Country's Busiest Patent Court*, LAW360 (Mar. 27, 2017), <https://www.law360.com/articles/905388/patent-glory-days-could-be-numbered-for-east-texas>.

<sup>102</sup> Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation's Patent Cases*, MOTHERBOARD (May 5, 2016), [https://motherboard.vice.com/en\\_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases](https://motherboard.vice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases).

<sup>103</sup> *See id.*

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### III. *TC HEARTLAND* ENDS ONE DEBATE WHILE IGNITING NEW ONES

Companies unhappy with the outsized role of East Texas in patent litigation began to agitate for venue reform, pursuing legislative reform in tandem with legal challenges to the extant understanding of patent venue.<sup>104</sup> After Kraft Foods Group Brand, LLC (“Kraft”) sued TC Heartland, LLC (“TC Heartland”) in Delaware for patent infringement, TC Heartland took the latter option.<sup>105</sup> TC Heartland initially pressed before the District Court of Delaware and Federal Circuit that the 2011 amendments to the general venue statute restored *Fourco*.<sup>106</sup> After its position proved unavailing in the lower courts, TC Heartland refined that argument in its petition for writ of certiorari, homing in on the idea that *VE Holding* was incorrect because the 1988 amendments did not supplant *Fourco*.<sup>107</sup> And just like that, a case immediately about Delaware eventually became a case about East Texas.

#### A. *Whether the 2011 Amendments to 28 U.S.C. § 1391 Change the Venue Analysis Under VE Holding*

In 2014, Kraft asserted claims from three patents against TC Heartland in Delaware.<sup>108</sup> TC Heartland, organized under and headquartered in Indiana, developed and manufactured low-calorie sweeteners for water.<sup>109</sup> Kraft accused those products of patent infringement, and TC Heartland moved to transfer the case to Indiana.<sup>110</sup>

TC Heartland asserted that the general venue statute (28 U.S.C. § 1391(c)) had been amended in 2011 with the effect of restoring the patent venue statute (28 U.S.C. § 1400(b)) to its understanding before the Federal Circuit’s opinion in *VE Holding*, whereby reinstating the Supreme Court’s holding in *Fourco*.<sup>111</sup> Under *Fourco*, TC

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<sup>104</sup> Gaston Kroub, *TC Heartland LLC v. Kraft Foods Group Brands*, 581 U.S. \_\_\_ (2017) (Thomas, J.), GEO. WASH. L. REV. ON THE DOCKET (Oct. Term 2016), available at <http://www.gwlr.org/tc-heartland-v-kraft-foods-patent-venue-comes-home/>.

<sup>105</sup> *Kraft Foods Grp. Brands LLC v. TC Heartland, LLC*, No. 14-28-LPS, 2015 U.S. Dist. LEXIS 106515, at \*41 (D. Del. Aug. 13, 2015).

<sup>106</sup> *Kraft Foods Group Brands LLC v. TC Heartland, LLC*, No. 14-28-LPS, 2015 U.S. Dist. LEXIS 127972, at \*4–5 (D. Del. Sept. 24, 2015).

The Report also correctly concluded that the 2011 Jurisdiction and Venue Clarification Act’s amendment of 28 U.S.C. § 1391 did not undo the Federal Circuit’s decision in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1575, 1579–84 (Fed. Cir. 1990), that ‘Section 1391(c) applies to all of chapter 87 of title 28, and thus to § 1400(b)’ and venue is appropriate for a defendant in a patent infringement case where personal jurisdiction exists. Plaintiff cites Federal Circuit and other district court decisions post-dating the 2011 amendment and reaffirming the vitality of the holding of *VE Holding*.

<sup>107</sup> Kate Howard, *Petition of the day*, SCOTUSBLOG (Oct. 17, 2016, 11:23 PM), <http://www.scotusblog.com/2016/10/petition-of-the-day-1013>.

<sup>108</sup> *TC Heartland*, 2015 U.S. Dist. LEXIS 106515, at \*2–4 (citation omitted).

<sup>109</sup> *Id.* at \*2 (citation omitted); Adam Liptak, *Supreme Court Considers Why Patent Trolls Love Texas*, THE NEW YORK TIMES (Mar. 27, 2017), <https://www.nytimes.com/2017/03/27/business/supreme-court-patent-trolls-tc-heartland-kraft.html>.

<sup>110</sup> *TC Heartland*, 2015 U.S. Dist. LEXIS 106515, at \*2–4.

<sup>111</sup> *Id.* at \*22–24.

Heartland asserted, venue is proper in its residence of Indiana.<sup>112</sup> Conceding that § 1400(b) has remained unaltered since its enactment, TC Heartland argued that the 2011 amendments added to § 1391(a) the prefatory phrase “[e]xcept as otherwise provided by law” and changed the introduction of § 1391(c) from “[f]or the purposes of venue under this chapter . . . .” to “[f]or all venue purposes . . . .”<sup>113</sup> Adding an exception to a provision otherwise applicable for all venue interpretations, said TC Heartland, brought back the meaning of § 1400(b) under *Fourco*.<sup>114</sup>

In 2015, Magistrate Judge Christopher J. Burke recommended denying the motion to transfer because *VE Holding* controlled and the 2011 amendments to § 1391(c) furthered that precedent by confirming that that provision should apply “[f]or all venue purposes.”<sup>115</sup> Judge Burke suggested that the sections “can be read to be in harmony” without conflict because the supplanted language of § 1400(b) remained unaltered during the 2011 amendments.<sup>116</sup> District Judge Leonard Stark adopted the recommendation in full, concluding that the 2011 amendments “did not undo the Federal Circuit’s decision.”<sup>117</sup> In 2015, TC Heartland filed a petition for a writ of mandamus in the Federal Circuit, requesting that the appellate court direct the District of Delaware to dismiss or transfer the case to the Southern District of Indiana.<sup>118</sup>

The Federal Circuit heard oral argument on the petition for writ of mandamus in March 2016. Professor John Duffy, on behalf of *TC Heartland*, contended at oral argument that “the language that the court relied on in *VE Holding* has been repealed by Congress.”<sup>119</sup> Professor Duffy exhorted that the 2011 amendments displaced *VE Holding*, while refraining from any argument that *VE Holding* was decided incorrect *ab initio* in view of *Fourco*.<sup>120</sup> He conceded that *VE Holding* controlled before that 2011 amendments and that the phrase “except as otherwise provided by law” implicitly referenced *VE Holding* as binding caselaw.<sup>121</sup> Circuit Judge Kimberly Ann Moore made clear her view that that phrase could only reference *VE Holding*, removing any force from the 2011 amendments.<sup>122</sup> Judge Moore also suggested that Professor Duffy’s argument was “attenuated,” noting that congressional reports had discussed *VE Holding* and yet never amended the reticulated statutory scheme to alter the status quo ante.<sup>123</sup> Judge Moore colored the congressional reports on venue as instances where “it’s like you make a mess in your

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<sup>112</sup> *Id.* at \*25–26.

<sup>113</sup> *See In re TC Heartland LLC*, 821 F.3d 1338, 1341 (Fed. Cir. 2016).

<sup>114</sup> *See id.*

<sup>115</sup> *TC Heartland*, 2015 U.S. Dist. LEXIS 106515, at \*26.

<sup>116</sup> *Id.* at \*27.

<sup>117</sup> *Kraft Foods Group Brands LLC v. TC Heartland, LLC*, No. 14-28-LPS, 2015 U.S. Dist. LEXIS 127972, at \*4 (D. Del. Sept. 24, 2015).

<sup>118</sup> *See In re TC Heartland LLC*, No. 2016-105, 2015 U.S. App. LEXIS 19469 (Fed. Cir. Oct. 26, 2015).

<sup>119</sup> *Oral Argument Search*, UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, [http://www.cafc.uscourts.gov/oral-argument-recordings/search/audio.html?title=TC+Heartland&field\\_case\\_number\\_value=&field\\_date\\_value2%5Bvalue%5D%5Bdate%5D=](http://www.cafc.uscourts.gov/oral-argument-recordings/search/audio.html?title=TC+Heartland&field_case_number_value=&field_date_value2%5Bvalue%5D%5Bdate%5D=).

<sup>120</sup> *See id.*

<sup>121</sup> *See id.*

<sup>122</sup> *See id.*

<sup>123</sup> *See id.*

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bed and then blame it on your sibling,” suggesting that Congress has castigated *VE Holding* but has never done anything about it.<sup>124</sup>

In 2016, the Federal Circuit denied the petition for writ of mandamus, concluding that TC Heartland “failed to show that its right to mandamus is clear and indisputable.”<sup>125</sup> Writing for the panel—all of whom appointees from different presidents, none of whom were court members during *VE Holding*<sup>126</sup>—Judge Moore observed that a writ of mandamus “is an extraordinary remedy appropriate only in exceptional circumstances,”<sup>127</sup> concluding that TC Heartland “has presented no evidence which supports its view that Congress intended to codify *Fourco* in its 2011 amendments.” “Even if Congress’ 2011 amendments were meant to capture existing federal common law,” Judge Moore continued, “*Fourco* was not and is not the prevailing law that would have been captured.”<sup>128</sup> The court made no reference to any argument challenging *VE Holding*, and TC Heartland did not petition for rehearing en banc to overturn *VE Holding*.

*B. Venue Dispute Redux: The Efficacy of VE Holding in View of the 1988 Amendments*

TC Heartland filed a petition for writ of certiorari, arguing that the Federal Circuit’s interpretation of the patent venue statute has “dramatically expanded venue in patent cases, producing a plague of forum shopping.”<sup>129</sup> TC Heartland pivoted from its argument about the import of the 2011 amendments, reframing the question presented as whether 28 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>130</sup> The Supreme Court granted certiorari to the Federal Circuit in December 2016.<sup>131</sup>

Ahead of oral argument, Professor Ronald Mann noted that “[t]he case is significant because it throws a spotlight on the bizarre and accelerating concentration of patent litigation in the Piney Woods of East Texas.”<sup>132</sup> TC Heartland argued that the patent statute reflects the specialized realities of patent litigation,

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<sup>124</sup> *See id.*

<sup>125</sup> *In re TC Heartland LLC*, 821 F.3d 1338, 1345 (Fed. Cir. 2016).

<sup>126</sup> *Richard Linn, Circuit Judge*, UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, <http://www.cafc.uscourts.gov/judges/richard-linn-circuit-judge>; *Kimberly A. Moore, Circuit Judge*, UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, <http://www.cafc.uscourts.gov/judges/kimberly-moore-circuit-judge>; *Evan J. Wallach, Circuit Judge*, UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, <http://www.cafc.uscourts.gov/judges/evan-j-wallach-circuit-judge>.

<sup>127</sup> *In re TC Heartland LLC*, 821 F.3d at 1341, 1343 (citation omitted).

<sup>128</sup> *Id.* at 1343 (citation omitted).

<sup>129</sup> Amy Howe, *Justices grant review in four new cases*, SCOTUSBLOG (Dec. 14, 2016, 5:54 PM), <http://www.scotusblog.com/2016/12/justices-grant-review-in-four-new-cases/>.

<sup>130</sup> Kate Howard, *Petition of the day*, SCOTUSBLOG (Oct. 17, 2016, 11:23 PM), <http://www.scotusblog.com/2016/10/petition-of-the-day-1013>.

<sup>131</sup> *TC Heartland LLC v. Kraft Food Brands Grp. LLC*, 137 S. Ct. 614 (2016) (“Petition for writ of certiorari to the United States Court of Appeals for the Federal Circuit granted.”).

<sup>132</sup> Ronald Mann, *Argument preview: Justices to consider venue for patent litigation*, SCOTUSBLOG (Mar. 20, 2017, 5:04 PM), <http://www.scotusblog.com/2017/03/argument-preview-justices-consider-venue-patent-litigation/>.

urging that trivial alterations to § 1391 did not upend *Fourco*.<sup>133</sup> Kraft countered that a natural tie exists between residence under § 1391(c) and § 1400(b), explaining that Congress has considered many times whether to solve this venue problem but has never acted despite adopting other important revisions to the Patent Act.<sup>134</sup>

The case generated over 30 amicus briefs on the issue of venue.<sup>135</sup> Aside from filings on the abusive nature of forum shopping, certain of the briefs espoused the value of a small number of courts developing expertise in patent matters, while others suggested that pharmaceutical companies should be free to sue generic drug manufacturers in a singular court.<sup>136</sup> Professor Mann predicted that the law is “malleable enough to support a rejection of the status quo,” while cautioning that the Court’s “level of outrage may have to be pretty high to persuade them to step in where Congress has declined to tread.”<sup>137</sup>

The Court heard oral argument in March 2017, with many commentators reserving predictions and slating the case “for a long period of deliberation.”<sup>138</sup> Justice Thomas was taciturn, while Justice Stephen G. Breyer dominated the air time among the justices.<sup>139</sup> Justice Anthony M. Kennedy asked if “generous jury verdicts enter into this, or is that something we shouldn’t think about?” William M. Jay, representing Kraft, responded that the record was inconclusive on verdict values, warning that “the rule that my friends on the other side are proposing” would overcrowd courts in Delaware.<sup>140</sup> Jay stressed that complaints about East Texas “are problems that should be dealt with on their own terms” through localized action.<sup>141</sup>

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<sup>133</sup> *Id.*

<sup>134</sup> *Id.*

<sup>135</sup> *Id.*

<sup>136</sup> See *id.*; Adam Liptak, *Supreme Court Considers Why Patent Trolls Love Texas*, THE NEW YORK TIMES (Mar. 27, 2017), <https://www.nytimes.com/2017/03/27/business/supreme-court-patent-trolls-tc-heartland-kraft.html>.

<sup>137</sup> Ronald Mann, *Argument preview: Justices to consider venue for patent litigation*, SCOTUSBLOG (Mar. 20, 2017, 5:04 PM), <http://www.scotusblog.com/2017/03/argument-preview-justices-consider-venue-patent-litigation/>.

<sup>138</sup> See, e.g., Ronald Mann, *Argument analysis: Justices hear horror stories about venue for patent litigation*, SCOTUSBLOG (Mar. 29, 2017, 7:48 AM), <http://www.scotusblog.com/2017/03/argument-analysis-justices-hear-horror-stories-venue-patent-litigation/>; Andrew Chung, *U.S. top court considers changing where patent cases may be filed*, FOX NEWS (Mar. 27, 2017), <http://www.foxbusiness.com/features/2017/03/27/us-top-court-considers-changing-where-patent-cases-may-be-filed.html> (“The U.S. Supreme Court on Monday struggled over whether to upend nearly 30 years of law governing patent lawsuits that critics say allows often-baseless litigants to sue in friendly courts, giving them the upper hand over high-technology companies such as Apple Inc. and Alphabet Inc.’s Google.”).

<sup>139</sup> Adam Feldman, *Opinion Stats: TC Heartland LLC v. Kraft Foods Group Brands LLC*, EMPIRICAL SCOTUS (May 22, 2017), <https://empiricalsctus.com/2017/05/22/tc-heartland/>; Adam Feldman, *The Justices in Oral Arguments 2016*, EMPIRICAL SCOTUS (May 2, 2017), <https://empiricalsctus.com/2017/05/02/oral-arguments-2016/>.

<sup>140</sup> Adam Liptak, *Supreme Court Considers Why Patent Trolls Love Texas*, THE NEW YORK TIMES (Mar. 27, 2017), <https://www.nytimes.com/2017/03/27/business/supreme-court-patent-trolls-tc-heartland-kraft.html>.

<sup>141</sup> *Id.*

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James Dabney, representing TC Heartland, encountered little interest in the “horror stories about the concentration of venue in the Eastern District of Texas.”<sup>142</sup> Justice Ruth Bader Ginsburg pressed Dabney on how to construe proper venue: “Is there any other . . . venue provision in which venue for a corporation is only the place of incorporation? . . . Principal place of business counts. It doesn’t count under 1400!”<sup>143</sup> Justice Elena Kagan seemed insouciant about the state of affairs: “For 30 years the Federal Circuit has been ignoring our decision, and the law has effectively been otherwise. . . . Sometimes we have accidental theme days at the Supreme Court. So today’s accidental theme is: When 30 years of practice goes against you, what happens?”<sup>144</sup> Dabney reminded that “[t]his Court has again and again and again stood up for its authority to declare what the law is.”<sup>145</sup> Justice Breyer expressed no preoccupation about forum shopping: “[T]hese amici briefs . . . they’re filled with this thing about a Texas district which they think has too many cases. What’s th[at] got to do with this?”<sup>146</sup> Justice Breyer seemed inclined to ignore the controversy: “As far as I can see, if we’re supposed to decide what’s good or bad, maybe you’d lose. But I don’t know whether that’s good, bad or indifferent.”<sup>147</sup> If anyone seemed disturbed about forum shopping, it was Chief Justice John G. Roberts Jr.: “So we shouldn’t worry that 25% of the nationwide cases are there?”

Roughly two months after oral argument, the Supreme Court reversed and remanded, concluding in an unanimous opinion by Justice Thomas that a U.S. corporation “resides,” for purposes of § 1400(b), only in its state of incorporation.<sup>148</sup> Justice Thomas began by noting that § 1400(b) has remained unaltered since *Fourco* and that neither party requested reconsideration of that holding.<sup>149</sup> The Court then observed that “[w]hen Congress intends to effect a change [in how venue is interpreted], it ordinarily provides a relatively clear indication of its intent in the text of the amended provision.”<sup>150</sup> Prefatory phrases like “[f]or purposes of venue under this chapter” in 1988 and “[f]or all venue purposes” in 2011, the Court explained, do not “suggest that Congress intended” reconsideration of *Fourco*.<sup>151</sup> Justice Thomas

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<sup>142</sup> Ronald Mann, *Argument analysis: Justices hear horror stories about venue for patent litigation*, SCOTUSBLOG (Mar. 29, 2017, 7:48 AM), <http://www.scotusblog.com/2017/03/argument-analysis-justices-hear-horror-stories-venue-patent-litigation/>.

<sup>143</sup> *Id.*

<sup>144</sup> Adam Liptak, *Supreme Court Considers Why Patent Trolls Love Texas*, THE NEW YORK TIMES (Mar. 27, 2017), <https://www.nytimes.com/2017/03/27/business/supreme-court-patent-trolls-tc-heartland-kraft.html>.

<sup>145</sup> Robert Barnes, *Supreme Court debating limits on where patent suits can be filed*, THE WASHINGTON POST (Mar. 27, 2017), [https://www.washingtonpost.com/politics/courts\\_law/supreme-court-debating-limits-on-where-patent-suits-can-be-filed/2017/03/27/6cf5c19a-1322-11e7-833c-503e1f6394c9\\_story.html?utm\\_term=.2a2484bbd91e](https://www.washingtonpost.com/politics/courts_law/supreme-court-debating-limits-on-where-patent-suits-can-be-filed/2017/03/27/6cf5c19a-1322-11e7-833c-503e1f6394c9_story.html?utm_term=.2a2484bbd91e).

<sup>146</sup> Ronald Mann, *Argument analysis: Justices hear horror stories about venue for patent litigation*, SCOTUSBLOG (Mar. 29, 2017, 7:48 AM), <http://www.scotusblog.com/2017/03/argument-analysis-justices-hear-horror-stories-venue-patent-litigation/>.

<sup>147</sup> Adam Liptak, *Supreme Court Considers Why Patent Trolls Love Texas*, THE NEW YORK TIMES (Mar. 27, 2017), <https://www.nytimes.com/2017/03/27/business/supreme-court-patent-trolls-tc-heartland-kraft.html>.

<sup>148</sup> *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 197 L. Ed. 2d 816, 824 (2017) (citation omitted).

<sup>149</sup> *Id.* (citation omitted).

<sup>150</sup> *Id.* (citation omitted).

<sup>151</sup> *Id.* at 824–25 (citation omitted).

buttressed the analysis by referencing the saving clause of the 2011 amendment (“otherwise provided by law”), concluding that the clause made “explicit the qualification that [*Fourco*] previously found implicit in the statute.”<sup>152</sup> The effect of no congressional override, the Court clarified, was that *Fourco* controls and that “resides” under § 1400(b) can only mean a U.S. corporation’s state of incorporation.<sup>153</sup> Justice Thomas closed with noting that no indication exists “that Congress in 2011 ratified the Federal Circuit’s decision in *VE Holding*.”<sup>154</sup>

Following the release of *TC Heartland*, Professor Mann reflected that the case demonstrates a broader trend of limiting patent-infringement exposure: “Where have I read this before: U.S. Court of Appeals for the Federal Circuit—patent-holding plaintiffs win; Supreme Court—corporate defendants win.”<sup>155</sup> Professor Mann observed that the appeals court “can’t win even when it decides that patent litigation should follow the well-developed rules of mainstream civil procedure!”<sup>156</sup>

A rule precluding venue in Delaware for the solitary case at bar exemplified, to some, a referendum against East Texas and a possible stimulus for Delaware forum selection.<sup>157</sup> *TC Heartland*’s chief executive celebrated the accomplishment by describing the long road accused infringers have traversed in vindicating their venue rights: “Individuals and businesses in the U.S. have been unfairly required for decades to defend patent suits in far off locales adding cost, complexity and unpredictably to the intellectual property marketplace.”<sup>158</sup> Professor Greg Reilly offered a similar sentiment: “This is a positive step for those who think there is a problem of a lot of poor-quality patents being enforced.”<sup>159</sup> The spokesperson for Kraft was glum: “While we are disappointed in the Supreme Court’s ruling on this procedural matter, we respect the court’s opinion and do not believe it has any impact on the ultimate outcome of our case.”<sup>160</sup> Mark Whitaker, president of the American Intellectual Property Law Association, was more measured, observing that *TC Heartland* will “change the conversation” about venue and require “a more nuanced approach” to venue selection.<sup>161</sup>

As notable as the case was for what it decided, its eventual notoriety may come from what it did not decide. *TC Heartland* did not decide how to determine venue for foreign corporations.<sup>162</sup> It did not decide where unincorporated entities—including

<sup>152</sup> *Id.* at 825 (citation omitted).

<sup>153</sup> *Id.* (citation omitted).

<sup>154</sup> *Id.* (citation omitted).

<sup>155</sup> Ronald Mann, *Opinion analysis: Justices rein in Federal Circuit’s lax rules on patent venue*, SCOTUSBLOG (May. 23, 2017, 10:16 AM), <http://www.scotusblog.com/2017/05/opinion-analysis-justices-rein-federal-circuits-lax-rules-patent-venue/>.

<sup>156</sup> *Id.*

<sup>157</sup> *Attorneys React To Supreme Court Patent Venue Ruling*, LAW360 (May 22, 2017), <https://www.law360.com/articles/926933/attorneys-react-to-supreme-court-patent-venue-ruling>.

<sup>158</sup> Andrew Chung, *U.S. top court tightens patent suit rules in blow to ‘patent trolls’*, REUTERS (May 22, 2017), <http://www.reuters.com/article/us-usa-court-kraft-heinz-idUSKBN1811SZ>.

<sup>159</sup> *Id.*

<sup>160</sup> Greg Stohr & Susan Decker, *U.S. Supreme Court Puts New Curbs on Locations of Patent Suits*, BLOOMBERG POLITICS (May 22, 2017), <https://www.bloomberg.com/politics/articles/2017-05-22/u-s-supreme-court-puts-new-curbs-on-locations-of-patent-suits>.

<sup>161</sup> *Id.*

<sup>162</sup> *TC Heartland*, 197 L. Ed. 2d at 824 n.2 (“The parties dispute the implications of petitioner’s argument for foreign corporations. We do not here address that question, nor do we express any opinion on this Court’s holding in *Brunette Machine Works, Ltd. v. Kockum Industries, Inc.*, 406 U.S.

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individuals—reside.<sup>163</sup> And it made no mention of how to interpret the remaining venue provision in 28 U.S.C. § 1400(b): “where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>164</sup> Professor Mann, unlike many consigning forum shopping to the dustbin of patent litigation,<sup>165</sup> estimated that *TC Heartland* “certainly will pave the way for further litigation about the venue status of the many non-corporate businesses involved in patent litigation, for whom a single-jurisdiction venue rule would be even more remarkable than it is for corporations.”<sup>166</sup>

Amid asymmetric views of forum shopping and venue, *TC Heartland* starts rather than ends the conversation about patent venue.<sup>167</sup> The case left many issues undecided, including how to interpret “where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>168</sup> That question will continue to dominate the venue discussion until its scope is resolved. The erstwhile interpretation of “resides” had its limelight, now fading away as another venue provision comes to the fore.

IV. LINGERING ISSUES: “REGULAR AND ESTABLISHED PLACE OF BUSINESS” FOR U.S. CORPORATIONS AND AS-APPLIED CHALLENGES TO THE CONSTITUTIONALITY OF THE PATENT ACT’S VENUE PROVISION

The aftereffects of *TC Heartland* will take time to register. The debate remains live about where unincorporated entities and foreigners can be sued as well as where U.S. corporations have regular, established businesses. As a result, patentees

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706 (1972) (determining proper venue for foreign corporation under then existing statutory regime.”).

<sup>163</sup> *Id.* at 821 n.1

The complaint alleged that petitioner is a corporation, and petitioner admitted this allegation in its answer. Similarly, the petition for certiorari sought review on the question of “corporate” residence. In their briefs before this Court, however, the parties suggest that petitioner is, in fact, an unincorporated entity. Because this case comes to us at the pleading stage and has been litigated on the understanding that petitioner is a corporation, we confine our analysis to the proper venue for corporations. We leave further consideration of the issue of petitioner’s legal status to the courts below on remand.

(internal citations omitted).

<sup>164</sup> 28 U.S.C. § 1400(b).

<sup>165</sup> See, e.g., Adam Liptak, *Supreme Court Ruling Could Hinder ‘Patent Trolls’*, THE NEW YORK TIMES (May 22, 2017), [https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream\\_unit&version=latest&contentPlacement=1&pgtype=collection&\\_r=0](https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream_unit&version=latest&contentPlacement=1&pgtype=collection&_r=0).

<sup>166</sup> Ronald Mann, *Opinion analysis: Justices rein in Federal Circuit’s lax rules on patent venue*, SCOTUSBLOG (May. 23, 2017, 10:16 AM), <http://www.scotusblog.com/2017/05/opinion-analysis-justices-rein-federal-circuits-lax-rules-patent-venue/>.

<sup>167</sup> *Attorneys React To Supreme Court Patent Venue Ruling*, LAW360 (May 22, 2017), <https://www.law360.com/articles/926933/attorneys-react-to-supreme-court-patent-venue-ruling> (“The Supreme Court’s *TC Heartland* decision is the most significant Supreme Court decision in patent law in 20 years, putting cap on the court’s reshaping of patent litigation over the last decade.”).

<sup>168</sup> 28 U.S.C. § 1400(b).

contemplating filing a lawsuit will hesitate and have to reconfigure their venue stratagem.<sup>169</sup> Lawsuits may shift in greater concretion to corporate-resident states like Delaware, New York, and California.<sup>170</sup> *TC Heartland* could strengthen motions to transfer on the basis that an explicit reference to corporate residence militates in favor of transfer.<sup>171</sup> The case may stimulate a rise in multi-district litigation as lawsuits involving rafts of defendants wane.<sup>172</sup> And perhaps litigation costs (and the concomitant need for patent attorneys) will decrease in some measure.<sup>173</sup> But, really, no one knows for sure. That uncertainty arises in part from the possibility of future legislation.<sup>174</sup> And that uncertainty arises in part because courts and litigants still have to contend with the meaning of the second part of the venue provision facilitating lawsuits “where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>175</sup> To engage *TC Heartland* requires engaging the unresolved language in 28 U.S.C. § 1400(b) and the constitutional implications of a narrow interpretation on an impecunious patentee’s right to access to courts.

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<sup>169</sup> Gaston Kroub, *TC Heartland LLC v. Kraft Foods Group Brands*, 581 U.S. \_\_\_ (2017) (Thomas, J.), GEO. WASH. L. REV. ON THE DOCKET (Oct. Term 2016), <http://www.gwlr.org/tc-heartland-v-kraft-foods-patent-venue-comes-home/>.

<sup>170</sup> Adam Liptak, *Supreme Court Ruling Could Hinder ‘Patent Trolls’*, THE NEW YORK TIMES (May 22, 2017), [https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream\\_unit&version=latest&contentPlacement=1&pgtype=collection&\\_r=0](https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream_unit&version=latest&contentPlacement=1&pgtype=collection&_r=0); Robert Barnes, *Supreme Court limits locations of patent lawsuits*, THE WASHINGTON POST, (May 22, 2017), [https://www.washingtonpost.com/politics/courts\\_law/supreme-court-makes-it-harder-for-patent-trolls-to-find-friendly-court/2017/05/22/7dba0426-3f20-11e7-adba-394ee67a7582\\_story.html?utm\\_term=.3756d16b69b9](https://www.washingtonpost.com/politics/courts_law/supreme-court-makes-it-harder-for-patent-trolls-to-find-friendly-court/2017/05/22/7dba0426-3f20-11e7-adba-394ee67a7582_story.html?utm_term=.3756d16b69b9).

<sup>171</sup> Gaston Kroub, *TC Heartland LLC v. Kraft Foods Group Brands*, 581 U.S. \_\_\_ (2017) (Thomas, J.), GEO. WASH. L. REV. ON THE DOCKET (Oct. Term 2016), <http://www.gwlr.org/tc-heartland-v-kraft-foods-patent-venue-comes-home/>.

<sup>172</sup> Dennis Crouch, *Supreme Court Reins In Patent Venue*, PATENTLYO (May 22, 2017), <https://patentlyo.com/patent/2017/05/supreme-court-reins-patent.html> (“With less concentrated venue, I we can also expect a rise in multi-district litigation.”).

<sup>173</sup> Adam Liptak, *Supreme Court Ruling Could Hinder ‘Patent Trolls’*, THE NEW YORK TIMES (May 22, 2017), [https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream\\_unit&version=latest&contentPlacement=1&pgtype=collection&\\_r=0](https://www.nytimes.com/2017/05/22/business/supreme-court-patent-lawsuit.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream_unit&version=latest&contentPlacement=1&pgtype=collection&_r=0); Robert Barnes, *Supreme Court limits locations of patent lawsuits*, THE WASHINGTON POST, (May 22, 2017), [https://www.washingtonpost.com/politics/courts\\_law/supreme-court-makes-it-harder-for-patent-trolls-to-find-friendly-court/2017/05/22/7dba0426-3f20-11e7-adba-394ee67a7582\\_story.html?utm\\_term=.3756d16b69b9](https://www.washingtonpost.com/politics/courts_law/supreme-court-makes-it-harder-for-patent-trolls-to-find-friendly-court/2017/05/22/7dba0426-3f20-11e7-adba-394ee67a7582_story.html?utm_term=.3756d16b69b9).

<sup>174</sup> Greg Stohr & Susan Decker, *U.S. Supreme Court Puts New Curbs on Locations of Patent Suits*, BLOOMBERG POLITICS (May 22, 2017), <https://www.bloomberg.com/politics/articles/2017-05-22/u-s-supreme-court-puts-new-curbs-on-locations-of-patent-suits> (“Senate Judiciary Committee Chairman Orrin Hatch, a Utah Republican, also applauded the court’s decision and said he plans to introduce legislation ‘in the coming months to address other problems with our current patent litigation system.’”).

<sup>175</sup> 28 U.S.C. § 1400(b) (1976); see also Walter Olson, *Patent Defendants Win a Big One*, CATO AT LIBERTY (May 22, 2017), <https://www.cato.org/blog/patent-defendants-win-big-one> (“From here out, defendants can still be sued in a district such as E.D. Tex. if they have a regular and established place of business in it, but the decision is likely to shrink what I called in my January preview a ‘jackpot patent litigation sector . . . that shifts around billions of dollars.’”).

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*A. The Immediate Question Facing Courts: What is the Meaning of “Regular and  
Established Place of Business”?*

*TC Heartland* resolved part of one axis of a dual-axial inquiry. On one axis of § 1400(b), a patent infringement lawsuit may be filed “in the judicial district where the defendant resides”; on the other axis venue is proper “where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>176</sup> *TC Heartland* interpreted the former as to U.S. corporations, but the case said nothing about the latter.<sup>177</sup> Only interpretation by the courts—including the Supreme Court if (when) discretionary review is granted—can distill what the unresolved second axis means. At least as to U.S. corporations, where courts eventually fall on the issue will depend on the gravitation pull of precedent and the inclination to hew toward a trend established by the Supreme Court about how to view patent law.

In 1985, in *In re Cordis Corp.*, the Federal Circuit had occasion to address the meaning of the second clause within § 1400(b), concluding that “the appropriate inquiry is whether the corporate defendant does its business in that district through a permanent and continuous presence.”<sup>178</sup> The Federal Circuit rejected argument that “a fixed physical presence in the sense of a formal office or store” is required to establish venue.<sup>179</sup> The court was reticent beyond that, leaving future cases to decide what constitutes permanent and continuous as well as the impact of then-unforeseeable global commerce through the advent of the internet.

Cases from the 1960s and 1970s—before the establishment of the Federal Circuit and sophistication modern business transactions—also offer insight into how this clause may apply in patent cases.<sup>180</sup> Those cases, for the most part, are consistent with the Federal Circuit’s interpretation, differing by the degree to which a physical presence is necessary.

The Seventh and Sixth Circuits suggest that something physical and permanent is required. In *Dual Manufacturing and Engineering, Inc. v. Burris Industries, Inc.*, the Seventh Circuit concluded that a “defendant would have a regular and established place of business if it exercised control over the operation of a permanent office.”<sup>181</sup> In that case, a 10-year lease of a “showroom-office” sufficed for venue.<sup>182</sup> The Seventh Circuit has explained that use of a home office may serve as regular and established if the employee “uses his home in that district as a base for his sales activities in promoting his employer’s products.”<sup>183</sup> The circuit has also concluded that a “regular and established place of business” need not exist at the time the complaint is filed, so long as it existed “at the time the cause of action accrued and

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<sup>176</sup> 28 U.S.C. § 1400(b).

<sup>177</sup> *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 197 L. Ed. 2d 816, 825 (2017) (“As applied to domestic corporations, ‘reside[nce]’ in § 1400(b) refers only to the State of incorporation.”).

<sup>178</sup> *In re Cordis Corp.*, 769 F.2d 733, 737 (Fed. Cir. 1985).

<sup>179</sup> *Id.*

<sup>180</sup> Adam Feldman, *The Year of the Patent*, EMPIRICAL SCOTUS (May 24, 2017), <https://empiricalscotus.com/2017/05/24/year-of-the-patent/>.

<sup>181</sup> *Dual Mfg. & Eng’g v. Burris Indus.*, 531 F.2d 1382, 1388 (7th Cir. 1976).

<sup>182</sup> *Id.*

<sup>183</sup> *Grantham v. Challenge-Cook Bros.*, 420 F.2d 1182, 1185–86 (7th Cir. 1969).

suit is filed within a reasonable time thereafter.”<sup>184</sup> The Sixth Circuit may provide the most restrictive view of venue, scrutinizing a “manufacturing plant” within the forum as insufficient.<sup>185</sup>

The First, Fourth, and Fifth Circuits seem less concerned about a physical office presence, concentrating more on the actual commercial activities within the forum. The First Circuit did not explicate a definition for § 1400(b), but it did determine that venue was inappropriate when the only tie to the forum was an “exclusive sales agent” who had not sold products in the area.<sup>186</sup> The circuit also clarified that soliciting orders and sending them to an office outside the forum for processing did not constitute a regular, established business.<sup>187</sup> The Fourth Circuit defined proper venue as “a place where business is regularly carried on.”<sup>188</sup> The circuit has suggested that venue is improper if the only connection is an “employee own[ing] a home in which he carries on some of the work that he does for the defendant.”<sup>189</sup> And in *Gaddis v. Calgon Corporation*, the Fifth Circuit determined following as persuasive for proper venue: a business division within the district, local telephone book listings, authorization to do business within the state, inventory within the district, and capability to fill orders within the district.<sup>190</sup> In a case arising under the Jones Act, the Fifth Circuit, reviewing § 1400(b), further suggested that venue might be proper if “[i]n the doing of substantial business in an area a corporation becomes a part of the mainstream to commerce which affects the welfare of many people including those it may negligently injure.”<sup>191</sup> For that court, limiting venue to a defendant’s principal place of business or state of incorporation would be too restrictive.<sup>192</sup> At least for foreign corporations, the Ninth Circuit suggested, in view of § 1400(b), that any forum may be appropriate if “one can do a lot of business in a foreign state on a rather mobile basis and without having any one particular place of doing the business.”<sup>193</sup>

Doubtless returning to some variant of this precedent could enable patent lawsuits targeting brick-and-mortar retail stores, aggressive local marketers streamlining the ease with which to purchase products, and wholly online businesses with local connections through a forum office. Returning to that precedent, or some variety, begs the question of whether the second axis of the dual-axial inquiry will swallow *TC Heartland*, whereby returning venue to the *VE Holding* epoch. The irony would be that a previous afterthought to the venue analysis could restore the status quo.

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<sup>184</sup> *Welch Scientific Co. v. Human Engineering Institute Inc.*, 416 F.2d 32, 35 (7th Cir. 1969) (citation omitted).

<sup>185</sup> *Johnson & Johnson v. Picard*, 282 F.2d 386, 388 (6th Cir. 1960) (“The manufacturing plant of Shuford cannot be regarded as Winne’s regular and established place of business.”).

<sup>186</sup> *Cordis Corp. v. Cardiac Pacemakers*, 599 F.2d 1085, 1086 (1st Cir. 1979).

<sup>187</sup> *General Radio Co. v. Superior Elec. Co.*, 293 F.2d 949, 951 (1st Cir. 1961).

<sup>188</sup> *Holub Indus. v. Wyche*, 290 F.2d 852, 854 (4th Cir. 1961).

<sup>189</sup> *Am. Cyanamid Co. v. Nopco Chem. Co.*, 388 F.2d 818, 820 (4th Cir. 1968).

<sup>190</sup> *Gaddis v. Calgon Corp.*, 449 F.2d 1318, 1320 (5th Cir. 1971).

<sup>191</sup> *Pure Oil Co. v. Suarez*, 346 F.2d 890, 897 (5th Cir. 1965).

<sup>192</sup> *Id.*

<sup>193</sup> *Bobrick Corp. v. Am. Dispenser Co.*, 377 F.2d 334, 338 (9th Cir. 1967).

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In the face of an outpouring of Supreme Court jurisprudence perceived by some as solicitous to accused infringers,<sup>194</sup> few would fault lower courts for adopting—without the benefit of guidance from the Supreme Court—a narrow interpretation of “regular and established business” for venue purposes. Hewing toward the ineluctable trajectory of Supreme Court cases in this area militates toward the conclusion that a regular, established business is no more than a U.S. corporation’s principal place of business or state of incorporation. Such a result much aligns with conceptions of general jurisdiction for U.S. corporate defendants.<sup>195</sup> A September 2016 study found that 86% of 2015 patent cases were filed outside of the defendant’s principal place of business.<sup>196</sup> If a decision has the de facto effect of limiting venue to where defendants are incorporated or have an established place of business, 58% of those cases would have been filed elsewhere under that refined regime.<sup>197</sup> Understanding how courts could embrace a restrictive view of patent venue *in toto* requires understanding how patent law has evolved in the five years before *TC Heartland*.

*TC Heartland* marks one of many adjustments to supposed traditional views of patent law, gravitating in the main toward a declension of patent rights.<sup>198</sup> In October Term 2016, the Supreme Court, perhaps avoiding contentious cases during the liminal period in which eight justices formed the bench, heard six patent cases—the most of any term in its recorded history.<sup>199</sup> Reviewing broader trends over the past 60 years, the Court seemed to balance rulings in favor of patentees (purportedly progressive decisions) with rulings in favor of accused infringers (purportedly competition- and business-friendly decisions).<sup>200</sup> Since 1983 when the Federal Circuit began to hear cases, the Court’s patent docket has steadily climbed.<sup>201</sup> Before then, regional circuits had a mixed distribution with many cases coming from the Seventh

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<sup>194</sup> Ronald Mann, *Opinion analysis: Justices rein in Federal Circuit’s lax rules on patent venue*, SCOTUSBLOG (May. 23, 2017, 10:16 AM), <http://www.scotusblog.com/2017/05/opinion-analysis-justices-rein-federal-circuits-lax-rules-patent-venue/> (“Where have I read this before: U.S. Court of Appeals for the Federal Circuit—patent-holding plaintiffs win; Supreme Court – corporate defendants win.”).

<sup>195</sup> *BNSF Ry. Co. v. Tyrrell*, No. 16-405, 2017 U.S. LEXIS 3395, at \*21 (May 30, 2017) (Sotomayor, J., concurring in part and dissenting in part) (“The majority’s approach grants a jurisdictional windfall to large multistate or multinational corporations that operate across many jurisdictions. Under its reasoning, it is virtually inconceivable that such corporations will ever be subject to general jurisdiction in any location other than their principal places of business or of incorporation.”).

<sup>196</sup> Erin Coe, *Texas in the Rearview Mirror? Glory Days Could be Numbered in the Country’s Busiest Patent Court*, LAW360 (Mar. 27, 2017), <https://www.law360.com/articles/905388/patent-glory-days-could-be-numbered-for-east-texas>.

<sup>197</sup> *Id.*

<sup>198</sup> Ronald Mann, *Opinion analysis: Justices rein in Federal Circuit’s lax rules on patent venue*, SCOTUSBLOG (May. 23, 2017, 10:16 AM), <http://www.scotusblog.com/2017/05/opinion-analysis-justices-rein-federal-circuits-lax-rules-patent-venue/>; Adam Feldman, *The Year of the Patent*, EMPIRICAL SCOTUS (May 24, 2017), <https://empiricalscotus.com/2017/05/24/year-of-the-patent/> (“As the Court has in the past, this term the decisions so far predominately move against increased rights for patent holders.”).

<sup>199</sup> Adam Feldman, *The Year of the Patent*, EMPIRICAL SCOTUS (May 24, 2017), <https://empiricalscotus.com/2017/05/24/year-of-the-patent/>.

<sup>200</sup> *See id.*

<sup>201</sup> *See id.*

and Ninth Circuits.<sup>202</sup> The increased focus on patent-related issues has stimulated appellate practices writ large, especially for elite law firms and amicus curie groups.<sup>203</sup> Almost all members of the Roberts Court have contributed in this area, with Justice Breyer penning the most opinions.<sup>204</sup> As Professor Mann reflected, the Federal Circuit's record during October Term 2016 was lamentable:

The court has been deciding a steady diet of patent cases for much of the last decade and has been rejecting the U.S. Court of Appeals for the Federal Circuit's rulings in those cases almost routinely; the Federal Circuit is now 0 for 5 in the current term, by far the worst record of any of the federal courts of appeals.<sup>205</sup>

Mann suggested that these rebukes demonstrate a bent "minded to destroy the status quo."<sup>206</sup>

The past five years demonstrate how the Court has reshaped patent law, ushering jurisprudence in a coherent, singular direction.<sup>207</sup> The Court has galvanized accused infringers by concluding that naturally occurring genetic segments are not patent eligible;<sup>208</sup> processes for making natural laws are not patent eligible;<sup>209</sup> patentees must prove infringement even as declaratory-judgment defendants;<sup>210</sup> generic computers do not make abstract ideas patentable;<sup>211</sup> awards of attorney's fees should be more easy to obtain;<sup>212</sup> invalidity on the basis of indefiniteness requires a mere reasonableness showing;<sup>213</sup> patentees cannot collect royalties after patent

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<sup>202</sup> *See id.*

<sup>203</sup> *See id.*

<sup>204</sup> *See id.*

<sup>205</sup> Ronald Mann, *Opinion analysis: Federal Circuit loses again, as justices categorically reject enforcement of post-sale patent restrictions*, SCOTUSBLOG (May. 30, 2017, 4:35 PM), <http://www.scotusblog.com/2017/05/opinion-analysis-federal-circuit-loses-justices-categorically-reject-enforcement-post-sale-patent-restrictions/>.

<sup>206</sup> *Id.*

<sup>207</sup> *See id.*

<sup>208</sup> *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2111 (2013) ("For the reasons that follow, we hold that a naturally occurring DNA segment is a product of nature and not patent eligible merely because it has been isolated, but that cDNA is patent eligible because it is not naturally occurring.").

<sup>209</sup> *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72 (2012) ("We must determine whether the claimed processes have transformed these unpatentable natural laws into patent eligible applications of those laws. We conclude that they have not done so and that therefore the processes are not patentable.").

<sup>210</sup> *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 846 (2014) ("We hold that, when a licensee seeks a declaratory judgment against a patentee to establish that there is no infringement, the burden of proving infringement remains with the patentee.").

<sup>211</sup> *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2358 (2014) ("These cases demonstrate that the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.").

<sup>212</sup> *Highmark Inc. v. Allcare Health Mgmt. Sys.*, 134 S. Ct. 1744, 1747 (2014); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1753 (2014).

<sup>213</sup> *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2129 (2014) ("Cognizant of the competing concerns, we read [35 U.S.C. § 112, ¶2] to require that a patent's claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty.").

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expiration;<sup>214</sup> petitioners can invalidate patents in administrative proceedings through the broadest reasonable claim construction;<sup>215</sup> liability is limited in certain instances when the accused component is part of a multicomponent invention;<sup>216</sup> and all sales—foreign or domestic—exhaust patent rights.<sup>217</sup>

Even among the cases in which patent rights have been strengthened, the Court has done so with hesitation and on grounds that the Federal Circuit adopted an erroneous standard.<sup>218</sup> In a case where the Court bolstered the rights of patent holders to seek enhanced damages, Chief Justice Roberts acknowledged industry concern over “trolls . . . often exacting outsized licensing fees on threat of litigation.”<sup>219</sup> In another case, the Court rejected the defense of laches but made plain that equitable estoppel could still apply as a defense.<sup>220</sup>

Tangential to reshaping patent rights, yet consistent with a broader theme, the Court has constricted the Federal Circuit’s appellate review. Cases in the past five years have enabled state courts to hear claims of legal malpractice in patent law,<sup>221</sup> established clear-error review for fact-finding during claim construction,<sup>222</sup> required more deference to district courts when they award attorney’s fees,<sup>223</sup> and required federal employees appealing from claims of discrimination and adverse action to seek review from district courts (not the Federal Circuit).<sup>224</sup>

No doubt grounds remain for amalgamating past circuit-court decisions on what constitutes a regular, established business. But if a de facto interpretation develops

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<sup>214</sup> *Kimble v. Marvel Entm’t, LLC*, 135 S. Ct. 2401, 2415 (2015) (“What we can decide, we can undecide. But stare decisis teaches that we should exercise that authority sparingly.”).

<sup>215</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016) (“For one thing, construing a patent claim according to its broadest reasonable construction helps to protect the public.”).

<sup>216</sup> *Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734, 737 (2017); *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429, 435 (2016).

<sup>217</sup> *Impression Prods. v. Lexmark Int’l, Inc.*, No. 15-1189, 2017 U.S. LEXIS 3397, at \*12 (May 30, 2017) (“We conclude that a patentee’s decision to sell a product exhausts all of its patent rights in that item, regardless of any restrictions the patentee purports to impose or the location of the sale.”).

<sup>218</sup> Ronald Mann, *Opinion analysis: Federal Circuit loses again, as justices categorically reject enforcement of post-sale patent restrictions*, SCOTUSBLOG (May. 30, 2017, 4:35 PM), <http://www.scotusblog.com/2017/05/opinion-analysis-federal-circuit-loses-justices-categorically-reject-enforcement-post-sale-patent-restrictions/>.

<sup>219</sup> *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1935 (2016).

<sup>220</sup> *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954, 967 (2017) (“We note, however, as we did in [*Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014)], that the doctrine of equitable estoppel provides protection against some of the problems that First Quality highlights, namely, unscrupulous patentees inducing potential targets of infringement suits to invest in the production of arguably infringing products.”).

<sup>221</sup> *Gunn v. Minton*, 133 S. Ct. 1059, 1968 (2013) (“In this case, although the state courts must answer a question of patent law to resolve Minton’s legal malpractice claim, their answer will have no broader effects.”).

<sup>222</sup> *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 840 (2015) (“Now that we have set forth why the Federal Circuit must apply clear error review when reviewing subsidiary fact-finding in patent claim construction, it is necessary to explain how the rule must be applied in that context.”).

<sup>223</sup> *Highmark Inc. v. Allcare Health Mgmt. Sys.*, 134 S. Ct. 1744, 1747 (2014); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1753 (2014).

<sup>224</sup> *Kloeckner v. Solis*, 568 U.S. 41 (2012) (“Should an employee seeking judicial review then file a petition in the Court of Appeals for the Federal Circuit, or instead bring a suit in district court under the applicable antidiscrimination law? We hold she should go to district court.”).

in which U.S. corporations can be sued for patent infringement only in their states of incorporation or principal places of business, constitutional concerns inure about whether the venue statute, as applied, denies patentees access to courts to assert rights derived from the Constitution.<sup>225</sup>

*B. How a Narrow Interpretation of 28 U.S.C. § 1400(b) Could Invite Constitutional Challenges in Cases Where the Right to Access to Courts Is Denied*

Confronted with an unblemished line of jurisprudence seemingly attendant to constricting patent rights,<sup>226</sup> few would castigate lower courts for following that trend and adopting a narrow interpretation of “regular and established business” for venue purposes.<sup>227</sup> In all instances the Supreme Court will have the final word on the scope of that venue provision if the justices decide to exercise discretionary review on the issue. No doubt *TC Heartland* could shield small businesses from defending against lawsuits in hostile courts, but the case might presage an unconstitutional burden on their right to access to courts.

If an unyielding interpretation develops in which a U.S. corporation can be sued for patent infringement only in its state of incorporation or principal place of business, constitutional concerns metastasize about whether the venue statute, as applied, denies patentees access to courts to assert rights derived from the Constitution.<sup>228</sup> When the financial rigors of litigating in one of two choices for venue become onerous enough to chill a patentee’s ordinary firmness to prosecute, that patentee should consider arguing that the venue statute, as applied, deprives meaningful access to the judiciary. For a struggling West Virginian small business acting in good faith to assert its patents, it should not have to choose between a lawsuit in Cupertino, California, and watching the exploitation of its inventions to pecuniary detriment.<sup>229</sup>

Unlike many federal causes of action, a lawsuit predicted on patent infringement is a creature of statute under an explicit constitutional construct.<sup>230</sup> Article I of the Constitution authorizes Congress “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”<sup>231</sup> Although Congress

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<sup>225</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>226</sup> Ronald Mann, *Opinion analysis: Justices rein in Federal Circuit’s lax rules on patent venue*, SCOTUSBLOG (May. 23, 2017, 10:16 AM), <http://www.scotusblog.com/2017/05/opinion-analysis-justices-rein-federal-circuits-lax-rules-patent-venue/>.

<sup>227</sup> 28 U.S.C. § 1400(b).

<sup>228</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>229</sup> *Cf. Impression Prods. v. Lexmark Int’l, Inc.*, No. 15-1189, 2017 U.S. LEXIS 3397 (May 30, 2017) (involving accused patent infringer Impression Products as a West Virginia small business); Adam Liptak & Vinu Goel, *Supreme Court Rules Patent Laws Can’t Be Used to Prevent Reselling*, THE NEW YORK TIMES (May 30, 2017), [https://www.nytimes.com/2017/05/30/business/supreme-court-patent-rights-lexmark.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream\\_unit&version=latest&contentPlacement=7&pgtype=collection](https://www.nytimes.com/2017/05/30/business/supreme-court-patent-rights-lexmark.html?rref=collection%2Fbyline%2Fadam-liptak&action=click&contentCollection=undefined&region=stream&module=stream_unit&version=latest&contentPlacement=7&pgtype=collection).

<sup>230</sup> See U.S. CONST. art. I, § 8, cl. 8; 35 U.S.C. § 271.

<sup>231</sup> U.S. CONST. art. I, § 8, cl. 8.

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could issue patents as special statutes,<sup>232</sup> the modern approach authorizes the Executive Branch to issue patents when certain statutory requirements are met.<sup>233</sup> Justice Thomas has described a patent as “an official document reflecting a grant by a sovereign that is made public.”<sup>234</sup> A patentee holds a public right to “government-created privileges,”<sup>235</sup> producing the “regulatory effect” of restraining others from practicing the patent for a specified period of time.<sup>236</sup> Dissuading the exercise of a public right benefiting society should be viewed with suspicion, engendering questions about when the right to access to courts is circumscribed.<sup>237</sup>

Under federal common law, the Supreme Court observed in 1947 that “the plaintiff’s choice of forum should rarely be disturbed.”<sup>238</sup> Although much has been said about a defendant’s due-process right to ward off lawsuits filed in distance lands,<sup>239</sup> a plaintiff’s right to access to courts is less developed.<sup>240</sup> In 2002, Justice David H. Souter catalogued cases since Reconstruction, grounding the right to access to courts on the Privileges and Immunities Clause of Article IV, Petition Clause of the First Amendment, Due Process Clause of the Fifth Amendment, Due Process Clause of the Fourteenth Amendment, and Equal Protection Clause of the Fourteenth Amendment.<sup>241</sup> Justice Souter did not suggest that the right to access to courts emanates from “penumbras” of other rights,<sup>242</sup> and the Court made manifest in 2011 that at least “the Petition Clause protects the right of individuals to appeal to courts and other forums established by the government for resolution of legal

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<sup>232</sup> *Bloomer v. McQuewan*, 55 U.S. 539, 14 How. 539, 549–50 (1853).

<sup>233</sup> *See* 35 U.S.C. § 151; *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 847 (2015) (Thomas, J., dissenting) (citation omitted).

<sup>234</sup> *Teva*, 135 S. Ct. at 847 (citation omitted).

<sup>235</sup> *Id.* at 848 n.2 (citation omitted).

<sup>236</sup> *Id.* at 847 (citation omitted).

<sup>237</sup> *See id.* (“Provoked by the Crown’s use of these so-called ‘monopoly patents’ to promote private economic interests over innovation and beneficial commerce, Parliament enacted the Statute of Monopolies in 1624.” (citation omitted)); *CLS Bank Int’l v. Alice Corp. Pty.*, 717 F.3d 1269, 1321 (Fed. Cir. 2013)

Reliable application of legal principles underlies the economic incentive purpose of patent law, in turn implementing the benefits to the public of technology-based advances, and the benefits to the nation of industrial activity, employment, and economic growth. Today’s irresolution concerning section 101 affects not only this court and the trial courts, but also the PTO examiners and agency tribunals, and all who invent and invest in new technology. The uncertainty of administrative and judicial outcome and the high cost of resolution are a disincentive to both innovators and competitors.

<sup>238</sup> *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508 (1947).

<sup>239</sup> *See, e.g., Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 471–72 (1985) (“The Due Process Clause protects an individual’s liberty interest in not being subject to the binding judgments of a forum with which he has established no meaningful ‘contacts, ties, or relations.’” (citation omitted)).

<sup>240</sup> *Christopher v. Harbury*, 536 U.S. 403, 415 (2002) (“However unsettled the basis of the constitutional right of access to courts, our cases rest on the recognition that the right is ancillary to the underlying claim, without which a plaintiff cannot have suffered injury by being shut out of court.” (internal footnote omitted)).

<sup>241</sup> *Id.* at 425 n.12.

<sup>242</sup> *Burnham v. Superior Court of Cal.*, 495 U.S. 604, 627 n.5 (1990) (“The notion that the Constitution, through some penumbra emanating from the Privileges and Immunities Clause and the Commerce Clause, establishes this Court as a Platonic check upon the society’s greedy adherence to its traditions can only be described as imperious.”).

disputes.”<sup>243</sup> While the animating constitutional provision has wavered, the Court has made axiomatic that a “fundamental right of access to the courts” exists.<sup>244</sup>

The Court has often placed the Speech Clause and Petition Clause on similar footing, but the founders believed that the right to petition was different from the right to speak.<sup>245</sup> The right to “petition the Government for redress of grievances” has roots dating back 800 years to the Magna Carta as well as the English Bill of Rights of 1689, both long before the American Revolution.<sup>246</sup> The Declaration of Independence justified the American Revolution, in part, by proclaiming that King George III had repeatedly ignored petitions for redress of colonial grievances: “In every stage of these Oppressions We have Petitioned for Redress in the most humble terms: Our repeated Petitions have been answered only by repeated injury.”<sup>247</sup> As commentators recount, founding-era representatives felt obliged to engage and respond to petitions, which could be submitted not only by eligible voters but also by women, slaves, and aliens:

John Quincy Adams, after being defeated for a second term as President, became elected to the House of Representatives where he provoked a near riot on the House floor by presenting petitions from slaves seeking their freedom. The House leadership responded by imposing a “gag rule” limiting petitions, which repudiated as unconstitutional by the House in 1844.<sup>248</sup>

The Court has “recognized this right to petition as one of ‘the most precious of the liberties safeguarded by the Bill of Rights, and [has] explained that the right is implied by ‘the very idea of a government, republican in form.’”<sup>249</sup> In *United States v. Cruikshank*, the Court observed that the government cannot eliminate access for redress of grievances.<sup>250</sup> In *Borough of Duryea v. Guarnieri*, Justice Kennedy noted that the right to petition is the purest form of seeking recognition of new rights: “The right to petition is in some sense the source of other fundamental rights, for petitions have provided a vital means for citizens to request recognition of new rights and to assert existing rights against the sovereign.”<sup>251</sup> Justice Antonin Scalia’s separate opinion in that case further supports the conception of a right to resolve disputes: “[T]he primary responsibility of colonial assemblies was the settlement of private disputes raised by petitions.”<sup>252</sup> In *Christopher v. Harbury*, Justice Souter explicated that “the essence of the access claim is that official action is presently denying an

<sup>243</sup> *Borough of Duryea v. Guarnieri*, 564 U.S. 379, 387 (2011).

<sup>244</sup> *Tennessee v. Lane*, 541 U.S. 509, 533–34 (2004).

<sup>245</sup> See Burt Neuborne, *Reading the First Amendment As a Whole*, NATIONAL CONSTITUTION CENTER, <http://constitutioncenter.org/interactive-constitution/amendments/amendment-i/assembly-and-petition-neuborne/interp/34> (last visited Sept. 23, 2016).

<sup>246</sup> John Inazu & Burt Neuborne, *Right to Assemble and Petition*, NATIONAL CONSTITUTION CENTER, <http://constitutioncenter.org/interactive-constitution/amendments/amendment-i/assembly-and-petition-joint/interp/34> (last visited Sept. 29, 2016).

<sup>247</sup> *Guarnieri*, 564 U.S. at 396 (citations omitted).

<sup>248</sup> Inazu & Neuborne, *supra* note 246.

<sup>249</sup> *BE&K Constr. Co. v. Nat’l Labor Relations Bd.*, 536 U.S. 516, 524–25 (2002) (internal citations omitted).

<sup>250</sup> *United States v. Cruikshank*, 92 U.S. 542, 552–53 (1876).

<sup>251</sup> *Guarnieri*, 564 U.S. at 388 (citations omitted).

<sup>252</sup> *Id.* at 404 (Scalia, J., concurring in part and dissenting in part).

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opportunity to litigate for a class of potential plaintiffs.”<sup>253</sup> The idea “is to place the plaintiff in a position to pursue a separate claim for relief once the frustrating condition has been removed.”<sup>254</sup>

Governmental obstruction to bringing a lawsuit is one form of denying the right to access to courts, but another rests in the notion of prejudicing impecunious plaintiffs.<sup>255</sup> In the context of patent law, the vulnerable parties unable to file lawsuits in California or Delaware are small businesses or individuals struggling to make ends meet while watching without meaningful recourse possible infringers acquire greater market share.

As Justice Scalia reflected in *Lewis v. Casey*, when discerning impedance on the right to access to courts, “*meaningful* access to the courts is the touchstone.”<sup>256</sup> The contours of meaningful access are elusive, but the Court has not hesitated in setting a low threshold for meaningful access in the context of prisoners seeking to vindicate constitutional violations.<sup>257</sup> The Court reminds that the “injury requirement is not satisfied by just any type of frustrated legal claim,”<sup>258</sup> reasoning that no government should be compelled to provide litigants with “the wherewithal to transform themselves into litigating engines capable of filing everything from shareholder derivative actions to slip-and-fall claims.”<sup>259</sup> Justice Scalia directed that reasoning to assisting prisoners, and its application to an onerous venue provision is uncertain.

Federal common law provides a gloss to understanding when compelling a distant venue for litigation affronts the right to access to courts.<sup>260</sup> Although not constitutional law, the Court’s jurisprudence in the area of forum-selection clauses under federal law informs the types of injuries that patentees must demonstrate when forced to sue in places far removed.<sup>261</sup> Assuming that a contractually mandated forum is given equal footing to a statutorily mandated forum, challenging severely limited options for bringing a lawsuit demands the “heavy burden” of showing “the

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<sup>253</sup> *Christopher v. Harbury*, 536 U.S. 403, 413 (2002).

<sup>254</sup> *Id.*

<sup>255</sup> *Id.* at 420–23 (citations omitted); *Lewis v. Casey*, 518 U.S. 343, 368 (1996) (Thomas, J., concurring)

Prior to [*Bounds v. Smith*, 430 U.S. 817 (1977)], two lines of cases dominated our so-called ‘access to the courts’ jurisprudence. One of these lines, rooted largely in principles of equal protection, invalidated state filing and transcript fees and imposed limited affirmative obligations on the States to ensure that their criminal procedures did not discriminate on the basis of poverty. These cases recognized a right to equal access, and any affirmative obligations imposed (e.g., a free transcript or counsel on a first appeal as of right) were strictly limited to ensuring equality of access, not access in its own right. In a second line of cases, we invalidated state prison regulations that restricted or effectively prohibited inmates from filing habeas corpus petitions or civil rights lawsuits in federal court to vindicate federally protected rights.

(citations omitted).

<sup>256</sup> *Lewis*, 518 U.S. at 351 (majority opinion) (emphasis added).

<sup>257</sup> *Id.* at 353–55.

<sup>258</sup> *Id.* at 354.

<sup>259</sup> *Id.* at 355.

<sup>260</sup> *Carnival Cruise Lines v. Shute*, 499 U.S. 585, 590 (1991) (“We begin by noting the boundaries of our inquiry. First, this is a case in admiralty, and federal law governs the enforceability of the forum-selection clause we scrutinize.”).

<sup>261</sup> *Id.*

chosen forum is seriously inconvenient for the trial of the action.”<sup>262</sup> A plaintiff carries this heavy burden by showing the “forum will be so gravely difficult and inconvenient that he will for all practical purposes be deprived of his day in court.”<sup>263</sup> Good reasons exist that the burden would be less when challenging 28 U.S.C. § 1400(b) because forum-selection clauses are consensual, whereas no patentee agrees in advance against whom its infringers will be in a lawsuit.

Small businesses and individuals holding the right to sue in patent are situated to advance as-applied challenges to narrow interpretations of the patent venue statute. “[A] nascent or struggling” party can bring an as-applied challenge when application of law precludes the particularized exercise of a constitutional right.<sup>264</sup> The proposed machination could materialize as a declaratory-judgment action, requesting the district court to conclude that (1) 28 U.S.C. § 1400(b) is unconstitutional as applied and (2) venue is proper in that forum under 28 U.S.C. § 1391 for a patent-infringement lawsuit.<sup>265</sup> Harmonizing concepts on when a plaintiff can prevail in demonstrating a denial of access to courts, precedent suggests that a patentee could overcome a limiting interpretation of proper venue by demonstrating the financial inability to assert in good faith a public right in an inconvenient forum against an accused infringer flouting asserted claims.

If the prevailing consensus becomes that accused infringers can be sued only in their state of corporation or principal place of business, such a restriction stands apart from all other civil lawsuits involving U.S. defendants.<sup>266</sup> No civil cause of action tips so heavily in favor of defendants, at least in the context of venue selection. Although the Court of International Trade is located in New York, New York, it is a court of exclusive jurisdiction over international transactions and border disputes.<sup>267</sup> Similar logic holds true for the International Trade Commission in Washington, D.C.<sup>268</sup> That Congress has prescribed a limited view of permissible locales for venue in patent disputes does not mollify the constitutional implications of circumscribing a patentee’s willingness to bring a lawsuit for patent infringement.<sup>269</sup> Doubtless Congress has authority to limit venue, but some Article III check must occur when those limitations prevent small businesses or persons of modest means from contemplating assertion of their rights. The advent of contingency-fee representation and pro bono legal assistance does not displace the Court’s jurisprudence that meaningful opportunity to petition the government for redress of grievances must exist.<sup>270</sup> The small business owner who watches the exploitation of her invention to

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<sup>262</sup> *The Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1, 16, 19 (1972).

<sup>263</sup> *Id.* at 18.

<sup>264</sup> *McConnell v. Fed. Election Comm’n*, 540 U.S. 93, 159 (2003) (majority opinion), *overruled on other grounds* by *Citizens United v. Fed. Election Comm’n*, 558 U.S. 310, 366 (2010); *see also Doe v. Reed*, 561 U.S. 186, 194 (2010) (noting that an “as applied” challenge seeks to strike down applications limited to the “particular circumstances of these plaintiffs”).

<sup>265</sup> 28 U.S.C. § 2201; Fed. R. Civ. P. 57 (“The existence of another adequate remedy does not preclude a declaratory judgment that is otherwise appropriate. The court may order a speedy hearing of a declaratory-judgment action.”).

<sup>266</sup> *See generally* 28 U.S.C. § 1391.

<sup>267</sup> *See generally* 28 U.S.C. § 1581.

<sup>268</sup> *See generally* 19 U.S.C. § 1337.

<sup>269</sup> *Stonite Products Co. v. Melvin Lloyd Co.*, 315 U.S. 561, 566 (1942) (“Furthermore, the Act of 1897 was a restrictive measure, limiting a prior, broader venue.”).

<sup>270</sup> U.S. CONST. amend. I.

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pecuniary detriment would take cold comfort in knowing that contingency fees or free legal services might be available for litigation across the country. Our Constitution demands more, and nothing from prior precedent suggests that the availability of alternative-fee arrangements salves a denied constitutional right. A convenient forum accounts for both sides; it should not overly favor the well-heeled.<sup>271</sup>

If courts settle on a narrow interpretation of “regular and established business” for venue purposes,<sup>272</sup> small business and individuals inhibited from exercising legal rights under patent law still have recourse. A struggling business can assert an as-applied challenge to a venue provision that limits forum selection to either of two locations, none of which offering a pragmatic opportunity to obtain relief.

## V. CONCLUSION

Frabjous<sup>273</sup> celebration simpliciter is premature for accused patent infringers in the wake of *TC Heartland*. Semisonic’s admonition in *Closing Time* is more apt: “Every new beginning comes from some other beginning’s end.”<sup>274</sup> *TC Heartland* marks the end of one epoch in patent law, but augurs a revitalized debate about proper venue. The beachhead established by East Texas—amid volleys of mandamus petitions to compel transfer to other venues—has been shaken.<sup>275</sup> Whether the East Texas ramparts endure, or whether New York, California, and Delaware emerge as patent-law epicenters, is not apparent in the immediate aftershock.

The enduring imprints of *TC Heartland* will be both what the case resolved and what remains tabled for additional review. The case interpreted one axis of a dual-axial venue provision. That the Court declined to address foreign entities, unincorporated entities, and the regular-and-established-business clause of 28 U.S.C. § 1400(b) leaves much to learn and discern.<sup>276</sup>

If past is prologue, a narrow interpretation of “regular and established business” could be inexorable.<sup>277</sup> Should that narrow interpretation impose a de facto situation in which U.S. corporate defendants can be sued only in their state of incorporation or principal place of business, small businesses and individuals would

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<sup>271</sup> See *The Bremen*, 407 U.S. at 19.

<sup>272</sup> 28 U.S.C. § 1400(b).

<sup>273</sup> I discovered the word “frabjous” while listening to a podcast in May 2017. *The Talking TED Talks* Edition, SLATE MONEY, (May 6, 2017), [http://www.slate.com/articles/podcasts/moneybox/2017/05/cathy\\_o\\_neil\\_s\\_ted\\_talk\\_what\\_goes\\_on\\_at\\_ted\\_talks\\_conferences\\_and\\_the\\_industry.html](http://www.slate.com/articles/podcasts/moneybox/2017/05/cathy_o_neil_s_ted_talk_what_goes_on_at_ted_talks_conferences_and_the_industry.html). I am now dedicated to promoting its usage. *Frabjous*, MERRIAM-WEBSTER DICTIONARY (11th ed. 2016) (“wonder”; “extraordinary”).

<sup>274</sup> SEMISONIC, *Closing Time*, on FEELING STRANGELY FINE (MCA 1998).

<sup>275</sup> *In re Google Inc.*, No. 2017-107, 2017 U.S. App. LEXIS 4848, at \*8–9 (Fed. Cir. Feb. 23, 2017) (“For the foregoing reasons, it was a clear abuse of discretion for the district court to conclude that the Northern District of California is not clearly the more convenient forum. We therefore grant Google’s requested relief and instruct the district court to transfer the case to the Northern District of California.”).

<sup>276</sup> *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 197 L. Ed. 2d 816, 821 n.1, 824 n.2 (2017).

<sup>277</sup> 28 U.S.C. § 1400(b).

do well to remember the appellation of “Equal Justice Under Law.”<sup>278</sup> *TC Heartland* may shield small businesses from defending against lawsuits in hostile courts, but the case might portend an unconstitutional burden on their right to access to courts. Confronted with the choice between exercising a legal right derived from the Constitution and a financially ruinous position of filing a lawsuit in one of two cost-prohibitive locations, an as-applied impingement arises on the right to access to courts. *TC Heartland* taken to a pernicious degree solves one problem while creating another for vulnerable parties. The patent world will understand in full *TC Heartland* with time, but let us hope that small businesses do not suffer and lose in effect the ability to assert their patent rights.

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<sup>278</sup> *Visitor’s Guide to the Supreme Court*, SUPREME COURT OF THE UNITED STATES, <https://www.supremecourt.gov/visiting/visitorsguide-supremecourt.aspx> (last visited May 11, 2017) (“Its charge, emblazoned over the doors of this building, is to ensure ‘Equal Justice Under Law.’”).