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Supreme Court Significantly Narrows Reach Of Patent Venue Statute

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The Supreme Court's Decision. *TC Heartland* arose out of a patent infringement action brought by Kraft Foods against TC Heartland, a corporation organized under Indiana law and headquartered in Indiana. Kraft sued in Delaware federal court, and TC Heartland argued that Indiana federal court was the proper venue. The district court concluded that the case should stay in Delaware, and the Federal Circuit agreed because personal jurisdiction could be asserted over TC Heartland in Delaware.

Focusing on the text of Section 1400(b) (and its predecessor statutes) as interpreted in its prior decisions, the Supreme Court reversed. It reasoned that the original 1893 patent-specific venue statute—requiring that suit be brought in the district (i) where the defendant was an "inhabitant," or (ii) where the defendant both maintained a "regular and established place of business" and committed an act of infringement—"alone . . . control[led] venue in patent infringement proceedings." Section 1400(b), enacted in 1948, changed "inhabitant" to "resides." However, in *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222 (1957), the Court clarified that "resides" still refers to the place of incorporation and that the general venue provision's more expansive definition of corporate residence (found at 28 U.S.C. § 1391(c)) does not affect the patent-specific scope of Section 1400(b). In view of that historical context and precedent, the Court held that none of the more recent amendments to the general venue statute supports the Federal Circuit's determination that Congress expanded the meaning of "resides" for purposes of Section 1400(b) beyond the State of incorporation.

In a footnote, the Court expressly declined to address the implications of its ruling on foreign corporations.

Practical Impact. The upshot of the Supreme Court's ruling is that patentees can no longer claim for venue purposes that a domestic-corporation defendant "resides" wherever personal jurisdiction can be established. That presumably will curtail patent litigation in certain popular venues (such as the Eastern District of Texas), while increasing patent filings in the District of Delaware, where more than half of publicly traded U.S. companies are incorporated.

Because the "resides" language has been the primary ground on which plaintiffs have based proper venue for their suits, all commentators agree that the Court's new construction of that term will have a venue-narrowing effect. The ultimate extent to which forum shopping in particular judicial districts will be curbed, however, may depend on the interpretation of the second prong of Section 1400(b), which makes venue proper "where the defendant has committed acts of infringement and has a regular and established place of business." As such, increased attention will likely be devoted to fleshing out not only the contours of the statutory language, but also the particular business contacts of a domestic corporation in a particular judicial district.

In anticipation of a shift in patent venue law, some plaintiffs have already started to include or supplement their complaints with lengthy paragraphs about defendants' actions within the judicial district where suit was filed. In pending cases where venue was based on a now-abrogated notion of corporate residence and not challenged in a motion to dismiss, courts may need to grapple with a threshold procedural question about whether the argument under *TC Heartland* was "available to the party but omitted from its earlier motion" under Federal Rule of Civil Procedure 12. Short of outright dismissal, courts may also be faced with a wave of transfer motions.

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