The Supreme Court Severely Limits Venue in Patent Infringement Cases: Will *TC Heartland* Similarly Affect Copyright and Trademark Cases?

by Martha A. Weis

In a unanimous decision delivered by Associate Justice Clarence Thomas, the US Supreme Court reversed nearly thirty years of Federal Circuit precedent and ruled that 28 U.S.C. § 1400(b) remains a stand-alone patent venue statute and that under that statute “resides” means “incorporated.” For the most part, this decision will require patent owners to sue those infringing their patents in a district court in the state where the infringer is incorporated, but does *TC Heartland* have any implications for copyright and trademark infringement cases?

**TC Heartland: Background and Holding**

TC Heartland LLC (TC Heartland), a limited liability company organized and headquartered in Indiana, is a direct competitor of Kraft Foods Group Brands LLC (Kraft) in the field of flavored drink enhancer products: think Crystal Light. Kraft is incorporated in Delaware, but has its principal place of business in Illinois. Kraft brought a patent infringement action against TC Heartland in Delaware, relying on personal jurisdiction in that state as the basis for venue under § 1391(c), the general venue statute. TC Heartland is not registered to conduct business in Delaware and has no meaningful local presence there. Citing the Supreme Court’s *Fourco* decision, TC Heartland moved to transfer the action to a district court in Indiana.

The *Fourco* decision held that 28 U.S.C. § 1400(b), the patent venue statute, constitutes the exclusive provision controlling venue in patent infringement proceedings and was not supplemented or modified by 28 U.S.C. § 1391. In pertinent part, 28 U.S.C. § 1391 states: “[e]xcept as otherwise provided by law” and “[f]or all venue purposes,” a corporation “shall be deemed to reside, if a defendant, in any judicial district in which a defendant is subject to the court’s personal jurisdiction with respect to the civil action in question.”

Section 1400(b), on the other hand, lays venue where the “defendant resides, or where the defendant has committed acts of infringement and has a regular and established place
of business.” In *Fourco*, the Supreme Court ruled that § 1400(b), not § 1391 was the appropriate venue statute in the context of a patent infringement suit, and that for purposes of § 1400(b), the term “resides” should be interpreted as “incorporated.”

One would presume from the *Fourco* decision that the venue conflict between § 1391(c) and § 1400(b) had been resolved, but in 1990 the Federal Circuit held in *VE Holding* that Congress’s 1988 amendments to § 1391 supplanted *Fourco’s* interpretation of § 1400(b) as a stand-alone patent venue statute. Specifically, Congress amended § 1391 to include the underlined additions: “[f]or all venue purposes under this chapter.” Since §1400(b) is in the same chapter as § 1391, the Federal Circuit held in *VE Holding* that the definition of “resides” as outlined in *Fourco* was superseded by the broader personal jurisdiction-based definition in 28 U.S.C. § 1391.

The Supreme Court declined to review *VE Holding*, and for the next twenty-some years the federal circuit’s opinion allowed patent infringement actions to be filed against corporate defendants selling or distributing allegedly infringing products in almost any judicial district.

Subsequently, in 2011, Congress again amended § 1391 by inserting the phrase “[e]xcept as otherwise provided by law” and removing the phrase “under this chapter” from § 1391(a), possibly bringing into question the Federal Circuit’s reasoning in *VE Holdings*. Nevertheless, citing *VE Holdings*, both the district court and Federal Circuit rejected TC Heartland’s venue challenge. The Federal Circuit concluded that subsequent statutory amendments had modified § 1400(b) as construed in *Fourco*, with the result that § 1391(c) now supplied the definition of “resides” in § 1400(b): namely, “[e]xcept as otherwise provided by law” and “[f]or all venue purposes,” a corporation “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 questions.” Therefore, under this logic, since Delaware could exercise personal jurisdiction, TC Heartland’s incorporation and sale of the allegedly infringing product within Delaware fulfilled the minimum contact requirement. Petitioner “resided” in Delaware for the purposes of § 1391(c), and, therefore, under § 1400(b).

The Supreme Court granted TC Heartland’s petition for *certiorari* with a question presented nearly identical to that reviewed in *Fourco*; specifically, whether the definition of “resides” announced in *Fourco* (e.g., a domestic corporation “resides” only in its state of incorporation for purposes of § 1400(b), the patent venue statute) is supplanted by §§ 1391(a) and (c), the general venue statute, which allows a plaintiff to bring a patent infringement lawsuit against a corporate defendant in any district in which the corporation is subject to personal jurisdiction.

TC Heartland argued that under *Fourco* venue should be transferred, as it was not incorporated in Delaware and had no “regular and established place of business” there. Referring to the current language of § 1400(b), e.g., “[f]or all venue purposes,” Kraft argued that “‘all venue purposes’ means ‘all venue purposes’ — not ‘all venue purpose except for patent venue.’” The Court pointed out that the plaintiff in *Fourco* made much the same argument to no avail. The Court also noted that this argument was particularly weak in light of Congress’s 2011 addition of “otherwise provided by law” as a clear savings clause.

The Court’s ultimate holding is that a domestic corporation “resides” only in its state of incorporation for purposes of the patent venue statute and that § 1400(b) stands unaffected by Congress’s changes to § 1391. The Court explained that its interpretation of § 1400(b) in *Fourco* was dispositive, and that Congress did not clearly indicate an intent to change that precedent when it amended § 1391.

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The *TC Heartland* decision will have a huge impact on patent litigation practice. Prior to this decision, patent owners could file infringement cases in pretty much any district they wanted. In fact, in 2015 more than 40 percent of all patent infringement actions were filed in one court, the Eastern District of Texas. The Court’s holding in *TC Heartland* will likely significantly reduce the filings in
The Supreme Court severely limits venue in patent infringement cases

the Eastern District of Texas, but may, in turn, increase the number of filings in jurisdictions such as California and Delaware, where many corporations are incorporated.

**TC Heartland's Effect on Venue in Copyright Infringement Cases**

The *TC Heartland* holding could have an impact on venue in copyright cases; though, if it does, the impact should be in no way as profound as in patent cases. As in patent cases that fall under § 1400(b)’s special venue rule, venue in copyright cases is dictated by the special venue rule of § 1400(a), not the general venue rule of § 1391. Section 1400(a) provides:

**Copyright Venue — § 1400(a).** Civil actions, suits, or proceedings arising under any Act of Congress relating to copyrights or exclusive rights in mask works or designs may be instituted in the district in which the defendant or his agent resides or may be found.

The Supreme Court’s interpretation of “resides” in § 1400(b) would seem to also apply to the same term in § 1400(a), but even if this is the case, the other provisions of the statute would likely prevent any profound restriction on venue in copyright cases.

Section 1400(a) is broader than § 1400(b) in two important ways. First, unlike § 1400(b), § 1400(a) lays venue in the location of either the defendant or its agent. Therefore, § 1400(a) provides plaintiffs in copyright cases the flexibility to seek redress in a district where the defendant’s place of business is located or where the defendant’s agents are location.

Additionally, unlike § 1400(b), § 1400(a) lays venue in the location where the defendant or his agent may be found. In copyright cases, many circuits have held that a corporate defendant “may be found” in any district in which it is subject to personal jurisdiction. Therefore, even if *TC Heartland*’s “resides” definition is applicable to the same word in the preceding subsection, i.e., § 1400(a), the restrictive result will be counteracted by the broad reading afforded to the “may be found” language.

**TC Heartland's Effect on Venue in Trademark Infringement Cases**

Unlike in patent and copyright cases, there is no special statute governing venue for trademark infringement claims. Accordingly, the venue provisions of 28 U.S.C. § 1391, the general venue statute, apply to such claims. Therefore, *TC Heartland* should have no effect on venue in the trademark infringement arena.

**Conclusion**

While *TC Heartland* signals a dramatic shift in venue for patent cases, and could possibly have some effect in copyright cases, it does not portend a similarly dramatic shift for trademark cases. Going forward, in-house and outside counsel to corporate clients at risk of patent infringement suits should begin considering steps they can take to best position themselves to avoid unwanted jurisdictions in a post-EC Heartland environment.

**Endnotes:**

3. Id.
4. 28 U.S.C. §§ 1391(a), (c).
5. 28 U.S.C. § 1400(b)
7. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990)
8. 28 U.S.C. §§ 1391(a) (emphasis added).
10. The text of § 1400(b) has remained unchanged since 1948.
12. Id.
13. §§ 1391(a), (c).
15. Id.
16. Id. at 8.
THE SUPREME COURT SEVERELY LIMITS VENUE IN PATENT INFRINGEMENT CASES

17 Id.
18 Id. at 9.
19 Id.
20 Id.
23 See, e.g., Brayton Purcell LLP v. Recordon & Recordon, 606 F.3d 1124, 1128 (9th Cir. 2010) (affirming that "the Ninth Circuit interprets this statutory provision to allow venue in any judicial district in which the defendant would be amenable to personal jurisdiction if the district were a separate state."); Milwaukee Concrete Studios, Ltd. v. Fjeld Mfg. Co., 8 F.3d 441, 446 (7th Cir. 1993) (holding that "section 1400(a) itself requires that a defendant be found in particular judicial district, rather than merely in the state in which the district court sits."); see also Time, Inc. v. Manning, 366 F.2d 690, 695 (5th Cir. 1966) (interpreting the prior version of § 1391(c), and stating that it would indeed be anomalous to hold that a corporate defendant sufficiently present in a district to meet the residence requirements, as defined by § 1391(c), for general federal question venue is not sufficiently there to meet the less restrictive standard than §1400(a)"); Editorial Musical Latino Americana v. Mar Int'l. Records, Inc., 829 F. Supp. 62, 66 (S.D.N.Y. 1993) (holding that "it is well-established that a defendant 'may be found' in any district in which he is subject to personal jurisdiction; thus venue and jurisdiction are coextensive.").

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