No. 16-341

In The Supreme Court of the United States

TC HEARTLAND LLC,
D/B/A HEARTLAND FOOD PRODUCTS GROUP,

Petitioner,

v.

KRAFT FOODS GROUP BRANDS LLC,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF OF PROFESSORS OF PATENT LAW AND CIVIL PROCEDURE AS *AMICI CURIAE* IN SUPPORT OF RESPONDENT

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INTEREST OF *AMICI CURIAE*[1]

The *amici curiae* are law professors who teach and write on civil procedure and/or patent law and policy. As such, *amici* are interested in the effective functioning of the courts and the patent system in general. *Amici* have no stake in the parties or in the outcome of the case. A complete list of *amici* appears at Appendix A.

SUMMARY OF ARGUMENT

Over the past decade, this Court has frequently reversed the Federal Circuit for adopting procedural rules for patent cases that differed from those that apply in other federal cases. See, *e.g.*, *Teva Pharms. USA, Inc.* v. *Sandoz, Inc.*, 135 S. Ct. 831 (2015); *Medtronic, Inc.* v. *Mirowski Family Ventures, LLC*, 134 S. Ct. 843 (2014); *Gunn* v. *Minton*, 133 S. Ct. 1059 (2013); *MedImmune, Inc.* v. *Genentech, Inc.*, 549 U.S. 118 (2007); *eBay, Inc.* v. *MercExchange, L.L.C.*, 547 U.S. 388 (2006). This

[1] Petitioner's counsel of record and respondent's counsel of record both consented to the filing of this brief via electronic mail sent to counsel of record for *amici curiae*. No counsel for any party has authored this brief in whole or in part. The printing and filing of this brief was paid for by the *amici curiae* and The Catholic University of America, Columbus School of Law. No other person or entity, or its counsel, has made a monetary contribution to the preparation or submission of this brief.

case, too, concerns the Federal Circuit's approach to a procedural issue in patent cases, namely, venue. However, unlike in the prior cases before this Court, the Federal Circuit is *not* an outlier on this issue. Rather, the Federal Circuit's interpretation of the venue statute is consistent with the statute's plain language and with broader historical trends in venue law. While the petitioner and *amici* in support of petitioner raise important policy questions about forum choice in patent cases, Congressional legislation or alterations to personal jurisdiction doctrine by this Court are more appropriate avenues of reform. See generally Paul R. Gugliuzza & Megan M. La Belle, *The Patently Unexceptional Venue Statute*, 66 AM. U. L. REV. (forthcoming 2017), *available at* https://ssrn.com/abstract=2914091.

Accordingly, for the reasons set forth below, this Court should affirm the Federal Circuit's decision denying the petition for writ of mandamus because venue is proper in the U.S. District Court for the District of Delaware.

ARGUMENT

I. The Federal Circuit's interpretation of the patent venue statute is supported by the statute's plain language.

The question in this case is whether the term "resides" in the patent venue statute, 28 U.S.C. § 1400(b), should be defined by 28 U.S.C. § 1391(c), a provision of the general venue statute that says corporations reside

in districts where they are subject to personal jurisdiction. This Court held in *Fourco Glass Co.* v. *Transmirra Prods. Corp.*, 353 U.S. 222 (1957), that the general venue statute – as it read at the time – did not supplement the patent venue statute. However, substantial changes in the relevant statutes over the past sixty years make clear that the Federal Circuit's current interpretation is correct.

The patent venue statute provides: "Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." 28 U.S.C. § 1400(b). Although § 1400(b) does not define "resides," the general venue statute has included a definition of that term since 1948, when Congress adopted the following provision: "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." 28 U.S.C. § 1391(c) (1948). As this Court has acknowledged, the purpose of this broadened definition of residence was to allow corporations to be sued wherever they were "creating liabilities." *Pure Oil Co.* v. *Suarez*, 384 U.S. 202, 204 n. 3 (1966).

Because *Fourco* held that the patent venue statute should not be supplemented by § 1391(c), the petitioner argues that the question in this case is "precisely the same" as in *Fourco*. See Brief for Petitioner

at i. But when this Court decided *Fourco*, the 1948 version of § 1391(c) was still in effect. Today, the language of § 1391(c) is markedly different as a result of significant amendments to the general venue statute in 1988 and 2011.

Congress first amended § 1391(c) in 1988 to read: "For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced." This amendment is critical to the interpretation of the patent venue statute for at least two reasons.

First, Congress added the language "[f]or purposes of venue *under this chapter*," 28 U.S.C. § 1391(c) (1988) (emphasis added), which makes clear that the definition of "resides" applies to *all* provisions of Chapter 87, including § 1400(b). Nothing in the statutory language provides any hint that the definition of "residence" in § 1391(c) should not apply to neighboring provisions of the U.S. Code, such as § 1400(b). Nor does anything in the legislative history suggest that Congress intended to preclude the definition plainly set forth in § 1391(c) from applying to venue in patent cases.

In fact, some evidence suggests that the purpose of the prefatory phrase added to § 1391(c) was to make clear that § 1391(c) defined "residence" as the term is used in specialized venue statutes such as § 1400(b). For instance, the reporter for the Judicial Conference's

Subcommittee on Federal Jurisdiction, Professor Edward Cooper, stated in a memorandum that § 1391(c)'s revised definition of residence applies "to the venue provisions gathered in Chapter 87 of the Judicial Code, 28 U.S.C. §§ 1391 through 1412," which, obviously, includes § 1400(b). Memoranda on Venue and Changes to 28 U.S.C. § 1391(c), 39 PAT., COPYRIGHT & TRADEMARK J. 435, 438 (Mar. 29, 1990).[2] That evidence undermines the petitioner's claim that, if Congress were relying on the prefatory phrase, "[f]or purposes of venue under this chapter," to apply § 1391(c) to the patent venue statute, it would amount to hiding "a huge [statutory] elephant . . . in the smallest of mouseholes." Brief for Petitioner at 31.

Second, there was a marked change in the structure of § 1391(c) between *Fourco* and the 1988 amendments. The 1948 version of § 1391(c) not only defined where corporations "reside," it also set forth substantive rules about where venue lies in cases filed against corporations. Thus, at the time of *Fourco*, there were

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[2] In addition, the subcommittee's initial proposal for § 1391(c) apparently began with the prefatory language, "[f]or purposes of Subsections (A) and (B)," which would have limited the applicability of § 1391(c)'s definition of corporate residence to the general venue statute. But the subcommittee replaced that language with "[f]or purposes of venue *under this chapter*" before submitting the proposal to Congress, leading contemporaneous commentators to conclude that "[t]his evolution is convincing evidence that the drafters intended the new definition to apply to all of chapter 87, including section 1400(b)." Alan B. Rich et al., *The Judicial Improvements and Access to Justice Act: New Patent Venue, Mandatory Arbitration and More*, 5 HIGH TECH. L.J. 311, 317-19 (1990).

two substantive provisions potentially governing venue in patent cases: (1) § 1391(c), which said that corporations could be sued in judicial districts where they were incorporated, licensed to do business, or doing business; and (2) § 1400(b), which said that defendants could be sued where they resided or where they committed acts of infringement and had a regular and established place of business.

On their face, these provisions were arguably inconsistent. Venue based on merely "'doing business'" or merely being "licensed to do business," as permitted under § 1391(c), was broader than venue based on "infringement" plus "a regular and established place of business" under § 1400(b). See, *e.g.*, *Mastantuono* v. *Jacobsen Mfg. Co.*, 184 F. Supp. 178, 180 (S.D.N.Y. 1960) ("Mere 'doing business' in a district is not of itself sufficient to confer venue in patent suits. Something more is required. It must appear that a defendant is regularly engaged in carrying on a substantial part of its ordinary business on a permanent basis in a physical location within the district over which it exercised some measure of control."). Because of this inconsistency, it is easy to understand why the *Fourco* Court decided that the narrower, more specific statute, § 1400(b), was the sole provision controlling venue in patent infringement actions.

With the 1988 amendments, however, Congress removed the substantive provisions of § 1391(c) and made that subsection purely definitional. The updated version of § 1391(c), unlike the version at issue in

Fourco, said nothing about where venue lies in civil actions. Instead, after the amendments, only § 1391(a)-(b) included substantive provisions. Consequently, the amended version of § 1391(c) could now be read in perfect harmony with § 1400(b) by defining "resides" – a term used in, but left undefined by, § 1400(b). See John B. Oakley, *Prospectus for the American Law Institute's Federal Judicial Code Revision Project*, 31 U.C. DAVIS L. REV. 855, 966 (1998) ("The Federal Circuit harmonized subsection 1400(b)'s corporate residency requirements with subsection 1391(c)'s requirements in *VE Holding Corp. v. Johnson Gas Appliance Co.*").

Congress's 2011 amendments to the venue statute are also critical to the Federal Circuit's interpretation of § 1400(b). The current version of § 1391(c) states, in relevant part:

> (c) Residency. – *For all venue purposes* –
>
> . . .
>
> (2) an entity with the capacity to sue and be sued in its common name . . . 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. . . .

28 U.S.C. § 1391(c) (2011) (emphasis added). Whereas § 1391(c) used to define residence "[f]or purposes of venue under this chapter," it now defines residence "[f]or all venue purposes." The statute continues to be

clear on its face: § 1391(c) applies to ***all*** venue provisions, including § 1400(b).[3]

The legislative history of the 2011 amendments bolsters this conclusion by stating explicitly that the definitions in § 1391(c) apply "universally," meaning "to all venue statutes, including venue provisions that appear elsewhere in the United States Code." H.R. REP. NO. 112-10 at 17 (2011). The American Law Institute – whose work on the Federal Judicial Code Revision Project was the basis for the 2011 amendments – likewise acknowledged that "all of the definitions set forth in new § 1391(c) apply globally to all venue statutes, whether of general or special applicability." ALI, *Federal Judicial Code Revision Project* 188-89 (2003).

II. The Federal Circuit's interpretation of the patent venue statute is consistent with venue practice in other federal civil cases.

As noted above, in recent years, the Federal Circuit has adopted – and this Court has struck down – several patent-specific procedural rules. See generally Peter Lee, *The Supreme Assimilation of Patent Law*,

[3] Petitioner argues that § 1391(c)'s definition of residency does not apply to the patent venue statute because § 1391(a)(1) states: "Except as provided by law . . . this section shall govern the venue of all civil actions brought in district courts of the United States." This introductory proviso, which was also included in the previous version of § 1391, simply means that special venue statutes like § 1400(b) continue to apply, but does not preclude the terms used in those special venue statutes from being defined by § 1391(c), which, on its face, applies "[f]or all venue purposes." See ALI, *Federal Judicial Code Revision Project* 167-68, 188-89 (2003).

114 MICH. L. REV. 1413 (2016). But the Federal Circuit's rule on venue in patent cases does not fit this pattern. To the contrary, the Federal Circuit's interpretation of § 1400(b), which provides that venue is proper in judicial districts where corporate defendants are subject to personal jurisdiction, is completely in line with mainstream jurisprudence.

Both the general venue statute and the patent venue statute say that venue is proper where defendants reside. See 28 U.S.C. § 1391(b)(1) ("A civil action may be brought in a judicial district in which any defendant resides, if all defendants are residents of the State in which the district is located."); *id.* § 1400(b) ("Any civil action for patent infringement may be brought in the judicial district where the defendant resides. . . ."). Since 1988, § 1391(c) has provided that corporate defendants "reside" wherever they are subject to personal jurisdiction. Accordingly, in all cases governed by the general venue statute – that is, the vast majority of cases in federal court – corporate defendants can be sued in any judicial district in which personal jurisdiction exists.[4] Thus, Federal Circuit law treats corporate defendants in patent cases like corporate defendants in any other federal civil action.

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[4] See, *e.g.*, Elizabeth Chamblee Burch, *Disaggregating*, 90 WASH. U. L. REV. 667, 699 n. 126 (2013) ("Venue will typically not be an issue in mass-tort cases with corporate defendants. For corporations, venue is proper where the defendant resides, which is where the defendant is subject to personal jurisdiction when the case commenced.").

There is no reason to believe that Congress intended to protect corporate defendants in patent cases more than in other types of civil cases. The opposite, in fact, is true. When Congress enacted the first patent venue statute in 1897, the goal was to make venue *less restrictive*, not more restrictive, in patent cases as compared to other types of civil actions. See Gugliuzza & La Belle, *supra*, at 7-8. Before 1897, there was a split among lower courts as to whether venue in patent cases was governed by the Judiciary Act of 1789 – which provided that venue was proper in the district where the defendant was an inhabitant *and* in any district where the defendant could be found and served – or the Judiciary Act of 1887 – which provided that venue in federal question cases was proper *only* in the district in which the defendant was an inhabitant. Compare Judiciary Act of 1789 § 11, 1 Stat. 73, 79, with Act of March 3, 1887 § 1, 24 Stat. 552-53. When Congress enacted the patent venue statute to resolve this conflict, it could have said simply that patent cases would, like other federal question cases, be governed by the Act of 1887, limiting venue to where the defendant was an inhabitant. But instead, Congress enacted a statute that made venue in patent infringement cases *broader* than in other federal question cases. See *Brunette Mach. Works, Ltd.* v. *Kockum Indus., Inc.*, 406 U.S. 706, 712-13 (1972) ("[T]he new provision . . . was rather less restrictive than the general venue provision then applicable to claims arising under federal law."); Richard C. Wydick, *Venue in Actions for Patent Infringement*, 25 STAN. L. REV. 551, 554 (1973) (explaining that the patent venue statute "was intended

to give plaintiffs in patent infringement actions a *broader* choice of forums than was available in ordinary federal question cases under the general venue statute as it had existed since 1887") (emphasis in original).

III. Forum selection in patent cases should be addressed through other avenues of reform.

While the petitioner's legal arguments are unpersuasive, this case raises important policy questions about the consequences of having most patent litigation occur in a small number of districts, such as the Eastern District of Texas. Those concerns, however, are better addressed through alternative avenues of reform. See Gugliuzza & La Belle, *supra*, at 25-30. Congress, for example, has already considered amending the patent venue statute to restrict forum choice. See, *e.g.*, Venue Equity and Non-Uniformity Elimination (VENUE) Act of 2016, S. 2733, 114th Cong. Alternatively, because venue for corporate defendants is linked to personal jurisdiction, reforms to that doctrine – including through this Court's impending decision in *Bristol-Myers Squibb Co.* v. *Superior Court*, No. 16-466 (U.S. cert. granted Jan. 19, 2017) – could have an impact on forum selection in patent litigation.

CONCLUSION

For the foregoing reasons, this Court should affirm the Federal Circuit's decision denying the petition for

writ of mandamus because venue is proper in the U.S. District Court for the District of Delaware.

Dated: March 8, 2017

Respectfully submitted,

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