

No. 16-

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 PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

JOHN F. DUFFY	JAMES W. DABNEY
RICHARD M. KOEHL	<i>Counsel of Record</i>
EMMA L. BARATTA	HUGHES HUBBARD & REED LLP
	One Battery Park Plaza
	New York, New York 10004
	(212) 837-6803
<i>Of Counsel</i>	james.dabney@hugheshubbard.com
	<i>Counsel for Petitioner</i>

267237



COUNSEL PRESS

(800) 274-3321 • (800) 359-6859

QUESTION PRESENTED

The patent venue statute, 28 U.S.C. § 1400(b), provides that patent infringement actions “may be brought in the judicial district where the defendant resides” The statute governing “[v]enue generally,” 28 U.S.C. § 1391, has long contained a subsection (c) that, where applicable, deems a corporate entity to reside in multiple judicial districts.

In *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222 (1957), this Court held that § 1400(b) is not to be supplemented by § 1391(c), and that as applied to corporate entities, the phrase “where the defendant resides” in § 1400(b) “mean[s] the state of incorporation only.” *Id.* at 226. The Court’s opinion concluded: “We hold that 28 U.S.C. § 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions, and that it is not to be supplemented by the provisions of 28 U.S.C. § 1391 (c).” *Id.* at 229.

Federal Circuit precedent holds to the contrary. Although Congress has not amended § 1400(b) since *Fourco*, the Federal Circuit has justified its departure from *Fourco*’s interpretation of § 1400(b) based on amendments to § 1391(c). As stated in the decision below, Federal Circuit precedent holds that “the definition of corporate residence in the general venue statute, § 1391(c), applie[s] to the patent venue statute, 28 U.S.C. § 1400” (App. 4a) and that “*Fourco* was not and is not the prevailing law” (App. 8a) on where venue is proper in patent infringement actions under § 1400(b).

The question in this case is thus precisely the same as the issue decided in *Fourco*:

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).

RULE 29.6 STATEMENT

Petitioner states that its parent company is Heartland Consumer Products Holdings LLC and no publicly held company owns 10% or more of Petitioner's stock.

TABLE OF CONTENTS

	<u>Page</u>
QUESTION PRESENTED.....	i
RULE 29.6 STATEMENT	ii
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES.....	v
OPINIONS BELOW	1
JURISDICTION	1
STATUTORY PROVISIONS INVOLVED.....	1
STATEMENT OF THE CASE	1
The Court’s Prior Construction of § 1400(b)	2
The 1988 Amendment of 28 U.S.C. § 1391(c).....	3
The Federal Circuit’s Abrupt Rejection of <i>Fourco</i>	4
The 2011 Amendment of 28 U.S.C. § 1391(c).....	5
The Proceedings Below	6
REASONS FOR GRANTING THE PETITION	8

I.	THE DECISION BELOW OPENLY CONFLICTS WITH THIS COURT'S PATENT VENUE PRECEDENTS.....	9
A.	The Statutory Predecessors of § 1400(b)	9
B.	The Enactment of § 1400(b) in 1948	11
C.	The Circuit Split Resolved in <i>Fourco</i>	12
D.	The Federal Circuit Rejects <i>Fourco</i>	14
II.	THE PROPER INTERPRETATION OF 28 U.S.C. § 1400(b) IS IMPORTANT AND WORTHY OF THIS COURT'S ATTENTION.	15
III.	THE DECISION BELOW IS CLEARLY WRONG AND SHOULD BE REVERSED.	23
IV.	THIS CASE PROVIDES A GOOD VEHICLE FOR RAISING THE QUESTION PRESENTED.	30
	CONCLUSION	30

TABLE OF AUTHORITIES

Cases	Page(s)
<i>Agostini v. Felton</i> , 521 U.S. 203 (1997)	14
<i>Anderson v. Pac. Coast S.S. Co.</i> , 225 U.S. 187 (1912)	24
<i>Atlantic Marine Construction Co. v. United States District Court for the Western District of Texas</i> , 134 S. Ct. 568 (2013)	7, 26, 28
<i>Bilski v. Kappos</i> , 561 U.S. 593 (2010)	27
<i>Brunette Mach. Works, Ltd. v. Kockum Indus., Inc.</i> , 406 U.S. 706 (1972)	2, 14, 24, 26
<i>Chisom v. Roemer</i> , 501 U.S. 380 (1991)	24
<i>Commil USA, LLC v. Cisco Sys., Inc.</i> , 135 S. Ct. 1920 (2015)	27
<i>In re Cordis Corp.</i> , 769 F.2d 733 (Fed. Cir. 1985)	2
<i>D. Ginsberg & Sons, Inc. v. Popkin</i> , 285 U.S. 204 (1932)	25
<i>Dickinson v. Zurko</i> , 527 U.S. 150 (1999)	28
<i>Doelcher Prods., Inc. v. Hydrofoil Int'l, Inc.</i> , 735 F. Supp. 666 (D. Md. 1989)	4
<i>Eli Lilly & Co. v. Sav-on-Drugs, Inc.</i> , 366 U.S. 276 (1961)	23

<i>Erlenbaugh v. United States</i> , 409 U.S. 239 (1972)	25
<i>Finley v. United States</i> , 490 U.S. 545 (1989)	24
<i>Fourco Glass Co. v. Transmirra Prods. Corp.</i> , 353 U.S. 222 (1957)	<i>passim</i>
<i>Gen. Elec. Co. v. Marvel Rare Metals Co.</i> , 287 U.S. 430 (1932)	10
<i>Goodyear Dunlop Tires Operations, S.A. v. Brown</i> , 564 U.S. 915 (2011)	29
<i>Halo Elecs., Inc. v. Pulse Elecs., Inc.</i> , 136 S. Ct. 1923 (2016)	27
<i>Hoffman v. Blaski</i> , 363 U.S. 335 (1960)	8, 14, 26
<i>In re Hoffmann-La Roche Inc.</i> , 587 F.3d 1333 (Fed. Cir. 2009)	23
<i>Joslyn Mfg. Co. v. Amerace Corp.</i> , 729 F. Supp. 1219, 1223 (N.D. Ill. 1990)	4
<i>In re Keasbey & Mattison Co.</i> , 160 U.S. 221 (1895)	10
<i>KSR Int'l Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007)	27
<i>Limelight Networks, Inc. v. Akamai Techs., Inc.</i> , 134 S. Ct. 2111 (2014)	27
<i>In re Link_A_Media Devices Corp.</i> , 662 F.3d 1221 (Fed. Cir. 2011)	22

<i>MedImmune, Inc. v. Genentech, Inc.</i> , 549 U.S. 118 (2007)	28
<i>In re Microsoft Corp.</i> , 630 F.3d 1361 (Fed. Cir. 2011)	22
<i>Nautilus, Inc. v. Biosig Instruments, Inc.</i> , 134 S. Ct. 2120 (2014)	27
<i>In re Nintendo of Am., Inc.</i> , 756 F.3d 1363 (Fed. Cir. 2014)	22
<i>Octane Fitness, LLC v. Icon Health & Fitness, Inc.</i> , 134 S. Ct. 1749 (2014)	27
<i>Palmer v. BRG of Ga., Inc.</i> , 498 U.S. 46 (1990)	30
<i>Petrella v. Metro-Goldwyn-Mayer, Inc.</i> , 134 S. Ct. 1962 (2014)	29
<i>Quanta Computer, Inc. v. LG Elecs., Inc.</i> , 553 U.S. 617 (2008)	27
<i>Rodriguez de Quijas v. Shearson/Am. Express, Inc.</i> , 490 U.S. 477 (1989)	14
<i>Schnell v. Peter Eckrich & Sons, Inc.</i> , 365 U.S. 260 (1961)	10, 14, 22, 26
<i>Shaw v. Quincy Mining Co.</i> , 145 U.S. 444 (1892)	9, 23
<i>State Oil Co. v. Khan</i> , 522 U.S. 3 (1997)	9, 14

<i>Transmirra Prods. Corp. v. Fourco Glass Co.</i> , 233 F.2d 885 (2d Cir. 1956), <i>rev'd</i> , 353 U.S. 222 (1957).....	13
<i>VE Holding Corp. v. Johnson Gas Appliance Co.</i> , 917 F.2d 1574 (Fed. Cir. 1990).....	<i>passim</i>
<i>Wachovia Bank v. Schmidt</i> , 546 U.S. 303 (2006).....	25
<i>Walden v. Fiore</i> , 134 S. Ct. 1115 (2014).....	29
<i>Whitman v. Am. Trucking Ass'ns, Inc.</i> , 531 U.S. 457 (2001).....	24
Statutes and Rules	
10 Del. C. § 3104.....	29
5 U.S.C. § 706.....	28
28 U.S.C. § 109 (1940).....	2
28 U.S.C. § 1254(1).....	1
28 U.S.C. § 1338(a).....	1
28 U.S.C. § 1391.....	<i>passim</i>
28 U.S.C. § 1400.....	<i>passim</i>
28 U.S.C. § 1404.....	22
28 U.S.C. § 1406.....	7
28 U.S.C. § 1694.....	1, 12, 25, 29

35 U.S.C. § 101	27
35 U.S.C. § 103	28
35 U.S.C. § 112	27
35 U.S.C. § 271(b).....	27
35 U.S.C. § 284	27
35 U.S.C. § 285	27
35 U.S.C. § 321 (2012).....	28
Fed. R. Civ. P. 4(k)(1)(A)	29
Federal Courts Jurisdiction and Clarification Act of 2011, Pub. L. No. 112-63, § 202, 125 Stat. 758, 763 (2011).....	6
Judicial Improvements and Access to Justice Act of 1988, Pub. L. No. 100- 702, § 1013, 102 Stat. 4642, 4669 (1988).....	3
Judiciary Act of 1911, Chapter 231, 36 Stat. 1100 (1911).....	11
Judiciary Act of 1948, 62 Stat. 936, 945 (1948).....	12
Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(c), 129 Stat. 284, 331 (2011).....	28

Legislative and Administrative Proceedings

- 29 CONG. REC. 1900 (daily ed. Feb. 16, 1897) 11
- H.R. REP. NO. 100-889, at 66 (1988),
reprinted in 1988 U.S.C.C.A.N. 5982..... 3, 24

Treatises and Periodical Materials

- J. Jonas Anderson, *Court Competition for Patent Cases*, 163 U. PA. L. REV. 631 (2015) 18, 21
- Colleen V. Chien & Michael Risch, *A Patent Reform We Can All Agree On*, WASH. POST, Nov. 20, 2015 19
- Julie Creswell, *So Small a Town, So Many Patent Suits*, N.Y. TIMES, Sep. 24, 2006 21
- Theodore H. Davis, Jr., *Report 108C*, A.B.A. SEC. INTELL. PROP. L. (2016) 6, 17
- Jeanne C. Fromer, *Patentography*, 85 N.Y.U. L. REV. 1444 (2010) 18
- Brian Howard, *Lex Machina 2015 End-of-Year Trends Fig.3* (Jan. 7, 2016)..... 5
- Daniel Klerman & Greg Reilly, *Forum Selling*, 89 S. CAL. L. REV. 241 (2016)..... 18, 21
- Bruce A. Lehman, *Venue Shopping in Patent Cases Must Stop*, NAT'L L.J., Nov. 16, 2009..... 20, 22

Yan Leychkis, <i>Of Fire Ants and Claim Construction: An Empirical Study of the Meteoric Rise of the Eastern District of Texas as a Preeminent Forum for Patent Litigation</i> , 9 YALE J. L. & TECH. 193 (2007).....	19
Elizabeth P. Offen-Brown, <i>Forum Shopping and Venue Transfer in Patent Cases: Marshall's Response to TS Tech and Genentech</i> , 25 BERKELEY TECH. L.J. 61 (2010).....	19
Bruce Sewell, <i>Patent Nonsense</i> , WALL STREET J., July 12, 2007	20
Ranganath Sudarshan, <i>Nuisance-Value Patent Suits: An Economic Model and Proposal</i> , 25 SANTA CLARA. COMPUTER & HIGH TECH. L.J. 159 (2008).....	6, 19

TC Heartland LLC hereby petitions for a writ of certiorari to review the final decision of the United States Court of Appeals for the Federal Circuit entered in this action on April 29, 2016.

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 821 F.3d 1338 and is reproduced in Appendix A. The opinions of the District Court are unreported and are reproduced in Appendix B.

JURISDICTION

The final decision of the Court of Appeals was entered on April 29, 2016. No petition for rehearing was filed. On July 13, 2016, this Court extended Petitioner's time to file a petition for a writ of certiorari to and including September 12, 2016. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

This civil action is one arising under federal patent law, over which the district court had subject matter jurisdiction under 28 U.S.C. § 1338(a). The Federal Circuit had appellate jurisdiction under the All Writs Act, 28 U.S.C. § 1651.

STATUTORY PROVISIONS INVOLVED

28 U.S.C. § 1400(b) 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.

The full text of 28 U.S.C. § 1694 (concerning service of process in patent infringement actions) and portions of the text of 28 U.S.C. § 1391 ("Venue generally") are reproduced in Appendix C.

STATEMENT OF THE CASE

This case raises a question of broad and general importance: What is the proper interpretation of the patent venue statute, 28 U.S.C. § 1400(b)? The an-

swer to this question is a matter of concern to every domestic corporate manufacturer, distributor, retailer, service provider, or end user that is potentially subject to suit for alleged patent infringement.

The Court's Prior Construction of § 1400(b)

Section 1400(b) prescribes that civil actions for alleged patent infringement may be brought in “*the* judicial district where the defendant *resides*” (emphasis added). Shortly after § 1400(b) was codified in Title 28, this Court held that its phrase, “*the* judicial district where the defendant *resides*” (emphasis added), was synonymous with the pre-codification phrase, “*the* district of which the defendant is an *inhabitant*” (28 U.S.C. § 109 (1940) (emphasis added)); and that as applied to a corporate defendant, the phrase referred to “the state of incorporation only.” *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 226 (1957). *Accord Brunette Mach. Works, Ltd. v. Kockum Indus., Inc.*, 406 U.S. 706, 707 n.2 (1972) (“the residence of a corporation for purposes of § 1400(b) is its place of incorporation”).

In reaching that result, *Fourco* specifically considered whether to follow *Stonite Products Co. v. Melvin Lloyd Co.*, 315 U.S. 561 (1942), which had interpreted the pre-codification version of the patent venue statute as being “complete, independent and alone controlling in its sphere.” 353 U.S. at 228 (describing *Stonite*’s holding). After extensively analyzing the text, structure and history of § 1400(b) and its pre-codification predecessor, the Court adhered to *Stonite* and concluded: “We hold that 28 U.S.C. § 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions, and that it is not to be supplemented by the provisions of 28 U.S.C. § 1391(c).” 353 U.S. at 229. That interpretation of § 1400(b) was accepted and unquestioned law for more than three decades. *See, e.g., In re Cordis Corp.*, 769 F.2d 733, 736 (Fed. Cir. 1985) (“The Supreme Court has held that § 1400(b) is the sole and exclusive provision controlling venue in patent in-

fringement actions, and that it is not to be supplemented by the provisions of 28 U.S.C. § 1391(c), having to do with general corporation venue.”).

The 1988 Amendment of 28 U.S.C. § 1391(c)

In 1988, the first sentence of § 1391(c) was revised as indicated below (emphasis added):

Pre-1988 Text of § 1391(c) 1988 Text of § 1391(c)

<p>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 <i>for venue purposes</i>.</p>	<p><i><u>For purposes of venue under this chapter</u></i>, 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.</p>
---	--

As shown above, between 1952 and 1988 the first sentence of § 1391(c) had provided that certain districts would be “regarded as the residence of such corporation *for venue purposes*” (emphasis added), whereas in 1988 this sentence was re-written to say that corporations would be “deemed to reside” in certain districts “[*For purposes of venue under this chapter*,” with “this chapter” referring to chapter 87 entitled “District Courts; Venue.” See Judicial Improvements and Access to Justice Act of 1988, Pub. L. No. 100-702, § 1013, 102 Stat. 4642, 4669 (1988) (the “1988 Act”). The section of the 1988 Act which amended § 1391(c) was located in a “Miscellaneous Amendments” title and characterized in a contemporaneous House Report as being one of a series of “miscellaneous provisions dealing with relatively minor discrete proposals.” H.R. REP. NO. 100-889, at 66 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5982, 6027.

Shortly following the enactment of the 1988 Act, the question arose whether the 1988 Act had effected a change in patent infringement case venue. One district court noted, “the recent amendment to § 1391(c)

in no way indicates that an alteration was intended in the operation of § 1400(b).” *Doelcher Prods., Inc. v. Hydrofoil Int’l, Inc.*, 735 F. Supp. 666, 668 (D. Md. 1989). “Not only is the language of the statute itself silent in this respect, the legislative history behind the amendment of § 1391(c) is devoid of any indication that an amendment to § 1400(b) was intended or even contemplated.” *Id. Accord Joslyn Mfg. Co. v. Amerace Corp.*, 729 F. Supp. 1219, 1223 (N.D. Ill. 1990) (“Because the congressional history shows no clear intent to change settled law, we conclude that the 1988 amendment of § 1391(c) had no effect on the exclusivity of § 1400(b)”).

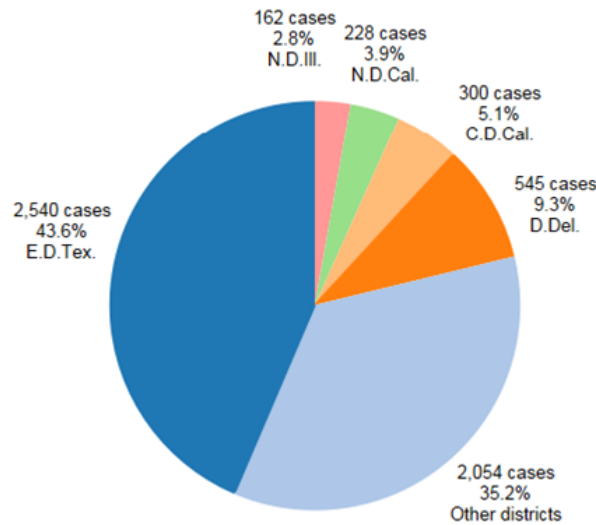
The Federal Circuit’s Abrupt Rejection of *Fourco*

Rejecting the reasoning of the district court decisions cited above, the Federal Circuit in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990), held that the change in the wording of § 1391(c) noted on p. 3, *supra*, created a situation in which “[s]ection 1391(c) as it was in *Fourco* is no longer” and “[t]he issue is, what, as a matter of first impression, should we conclude the Congress *now* intends by this new language in the venue act.” 917 F.2d at 1579.

The court acknowledged that the legislative history of the 1988 Act gave no indication of any congressional intent to change the patent case venue statute. *Id.* at 1580-81. The court reasoned, however, that “Congress’ silence on this issue does not support a negative inference that the 1988 amendment was not intended to affect § 1400(b).” *Id.* at 1581. In modifying the language of § 1391(c) from “for venue purposes” to “[f]or purposes of venue under this chapter” (where that chapter was entitled “District Court; Venue”), Congress had changed § 1391(c) so that it “clearly applies to § 1400(b)” and thus, the court believed, Congress had “redefine[d] the meaning of the term “resides” in [§ 1400(b)].” *Id.* at 1578.

VE Holding concluded that the § 1400(b) phrase, “the judicial district where the defendant resides,”

means “any district where there would be personal jurisdiction over the corporate defendant.” *Id.* at 1583. Under the color of this ruling, corporate defendants were suddenly exposed to patent infringement suits in almost any judicial district. An enormous amount of forum shopping ensued, with the result being that in 2015 more than 43% of patent infringement cases were brought in a single district (E.D. Tex.) as illustrated in the chart below (Brian Howard, Lex Machina 2015 End-of-Year Trends Fig.3 (Jan. 7, 2016), *available at* <http://www.lexmachina.com/lex-machina-2015-end-of-year-trends>):



The 2011 Amendment of 28 U.S.C. § 1391(c)

The Federal Courts Jurisdiction and Clarification Act of 2011, Pub. L. No. 112-63, § 202, 125 Stat. 758, 763 (2011) (the “2011 Act”), completely overhauled 28 U.S.C. § 1391 and added a new subparagraph (a) headed “Applicability of Section.” In its current form, 28 U.S.C. § 1391(a)(1) (2012) states in part: “*Except as otherwise provided by law . . .* (1) this section shall govern the venue of all civil actions brought in dis-

trict courts of the United States” (emphasis added). In *Atlantic Marine Construction Co. v. United States District Court for the Western District of Texas*, 134 S. Ct. 568 (2013), this Court noted: “Section 1391 governs ‘venue generally,’ that is, in cases where a more specific venue provision does not apply.” *Id.* at 577 n.2. To illustrate this point, *Atlantic Marine* cited 28 U.S.C. § 1400 as “identifying proper venue for copyright and patent suits.” *Id.*

Even though the 2011 Act eliminated from § 1391(c) the very phrase (“[f]or purposes of venue under this chapter”) that *VE Holding* had relied on to justify its rejection of *Fourco*, the Federal Circuit has remained adamant in its view that this Court’s interpretation of § 1400(b) in *Fourco* purportedly is “no longer the law because in the 1988 amendments Congress had made the definition of corporate residence applicable to patent cases.” App. 6a (emphasis added).

The Proceedings Below

Petitioner is a limited liability company organized and existing under the laws of Indiana. Petitioner is not registered to do business in Delaware and does not have any regular or established place of business in Delaware.

Respondent sued Petitioner for alleged patent infringement in the District of Delaware. Respondent alleges that certain liquid water enhancer (“LWE”) products made and sold by Petitioner embody alleged inventions claimed in three patents owned by Respondent. The accused LWE products were designed and are manufactured by Petitioner in Indiana. In the year ending December 31, 2014, approximately 2% of Petitioner’s LWE sales were shipped by common carrier to destinations in Delaware on the instructions of a customer based in Arkansas.

Petitioner moved to dismiss or transfer this action under 28 U.S.C. § 1406. Petitioner argued that (i) the District of Delaware was not “the judicial district where the defendant [Petitioner] resides” within

the meaning 28 U.S.C. § 1400(b); and (ii) insofar as the *VE Holding* decision suggested otherwise, it was subordinate to controlling precedents of this Court and in any event, the 2011 Act had repealed the statutory language that *VE Holding* had relied on to justify its departure from this Court's interpretation of § 1400(b) in *Fourco* and subsequent cases.

The district court denied Petitioner's motion, considering itself bound by *VE Holding*. App. 16a. Petitioner then timely petitioned the Federal Circuit for a writ of mandamus under 28 U.S.C. § 1651, which authorizes appellate courts to review whether a district court has wrongly refused to dismiss or transfer a case where venue is improper. *See Hoffman v. Blaski*, 363 U.S. 335, 336–44 (1960) (affirming order granting writ of mandamus directing transfer of patent infringement action).

The Federal Circuit affirmed the district court's order. The court stated that “[t]he arguments raised concerning venue have been firmly resolved by *VE Holding*, a settled precedent for over 25 years.” App. 4a. The court further stated:

The venue statute was amended in 1988 and in *VE Holding*, this court held that those amendments rendered the statutory definition of corporate residence found in § 1391 applicable to patent cases. In *VE Holding*, we found that the Supreme Court's decision in *Fourco* with regard to the appropriate definition of corporate residence for patent cases in the absence of an applicable statute to be no longer the law because in the 1988 amendments Congress had made the definition of corporate residence applicable to patent cases. 28 U.S.C. § 1391(c) (1988) (“For the purposes of venue under this chapter”). In 1988, the common law definition of corporate residence for patent cases was superseded by a Congressional one. Thus, in 2011, there was no established governing Supreme Court common law ruling which Congress could even arguably have

been codifying in the language “except otherwise provided by law.”

App. 6a-7a. This petition followed.

REASONS FOR GRANTING THE PETITION

The Court should grant certiorari in this case for four basic reasons:

First, the decision below openly rejects the interpretation of 28 U.S.C. § 1400(b) that this Court announced in *Fourco* and asserts that “the Supreme Court’s decision in *Fourco* . . . [is] no longer the law.” App. at 6a. But “it is this Court’s prerogative alone to overrule one of its precedents.” *State Oil Co. v. Khan*, 522 U.S. 3, 20 (1997). Whether this Court’s precedents interpreting § 1400(b) are “no longer the law” (App. at 6a) is a question that only this Court can resolve, and it should do so.

Second, the Federal Circuit’s departure from this Court’s holding in *Fourco* has dramatically expanded venue in patent cases, producing a plague of forum shopping that has been extensively documented, discussed, and debated in law reviews, legal journals and even leading newspapers such as *The New York Times*, *The Washington Post*, and *The Wall Street Journal*. The current practice has engendered widespread criticism and calls for reform. Indeed, the issue has such importance and prominence that in August 2016 the American Bar Association’s House of Delegates passed a resolution specifically disagreeing with the Federal Circuit’s precedent on patent venue and calling for a restoration of this Court’s interpretation of § 1400(b). See ABA House of Delegates, Resolution 108C (August 2016), available at http://www.americanbar.org/news/reporter_resources/annual-meeting-2016/house-of-delegates-resolutions/108c.html.

Third, the decision below is clearly wrong and should be reversed. When § 1400(b) was enacted, the law was well-settled that: “the domicile, the habitat, the residence, the citizenship of the corporation can

only be in the state by which it was created, although it may do business in other states whose laws permit it.” *Shaw v. Quincy Mining Co.*, 145 U.S. 444, 450 (1892). *Fourco* held that that the term “resides” in § 1400(b) has that traditional meaning, *see* 353 U.S. at 226 (citing *Shaw*), and rejected the very contrary argument that the Federal Circuit has accepted. Under the original meaning of the statute’s language (as authoritatively construed by this Court in *Fourco*) § 1400(b) plainly precludes the district court from hearing this action.

Fourth, this case provides a good vehicle for deciding the question presented. The decision below rests entirely on an errant interpretation of the phrase, “the judicial district where the defendant resides,” in 28 U.S.C. § 1400(b). The question presented by the Petition is dispositive of whether Petitioner was subject to suit for alleged patent infringement in the District of Delaware. There is no factual or procedural issue that would prevent the Court from deciding the question presented by the Petition.

**I. THE DECISION BELOW OPENLY
CONFLICTS WITH THIS COURT’S
PATENT VENUE PRECEDENTS.**

A. The Statutory Predecessors of § 1400(b)

Prior to 1897, “a suit for infringement might have been maintained in any district in which jurisdiction of defendant could be obtained.” *Gen. Elec. Co. v. Marvel Rare Metals Co.*, 287 U.S. 430, 434 (1932). This result followed from precedents holding that patent infringement suits, being subject to *exclusive* federal court jurisdiction, were “therefore not affected by general provisions regulating the jurisdiction of the courts of the United States, *concurrent* with that of the several states.” *In re Keasbey & Mattison Co.*, 160 U.S. 221, 230 (1895) (emphasis added).

“Congress adopted the predecessor to § 1400(b) as a special venue statute in patent infringement actions to eliminate the ‘abuses engendered’ by previous venue provisions allowing such suits to be

brought in any district in which the defendant could be served.” *Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260, 262 (1961) (quoting *Stonite*, 315 U.S. at 563). That predecessor statute was the Act of March 3, 1897, ch. 395, 29 Stat. 695 (1897) (the “1897 Act”), which contained only two sentences.

The first sentence in the 1897 Act authorized patent infringement suits to be brought either “[i] in *the district* of which the defendant is an inhabitant, or [ii] in *any district* in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business.” *Id.* (emphases and numerals added). As shown by the contrasting uses of the words “the district” and “any district,” Congress plainly contemplated that a defendant could be an inhabitant of only one district but that there might be multiple districts in which a defendant might have a “regular and established place of business.”

The second sentence of the 1897 Act authorized plaintiffs to serve process on defendants outside the district in which the defendant was an inhabitant, and that authorization was limited to places where the defendant had “a regular and established place of business”:

If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought.

The 1897 Act “was intended to define the exact limits of venue in patent infringement suits” and “was a restrictive measure, limiting a prior, broader venue.” *Stonite*, 315 U.S. at 566. “Congress did not intend the Act of 1897 to dovetail with the general provisions relating to the venue of civil suits, but ra-

ther that it alone should control venue in patent infringement proceedings.” *Id.* “The main purpose” of the 1897 Act, according to its principal sponsor, was “to give original jurisdiction to the court where a permanent agency transacting the business is located, and that business is engaged in the infringement of the patent rights of someone who has such rights anywhere in the United States.” 29 CONG. REC. 1900 (daily ed. Feb. 16, 1897) (statement of Rep. Lacey). “Isolated cases of infringement would not confer this jurisdiction, but only where a permanent agency is established.” *Id.*

The 1897 Act was re-enacted in § 48 of the Judiciary Act of 1911, ch. 231, 36 Stat. 1087, 1100 (1911) (the “1911 Act”), without change except that an outdated reference to “circuit courts” was changed to “district courts.”

In *Stonite*, this Court held that § 48 of the 1911 Act was “the exclusive provision controlling venue in patent infringement proceedings.” *Stonite*, 315 U.S. at 563. *Stonite* held that a corporate defendant could not be sued for patent infringement in a district where venue was improper under the special patent venue statute, notwithstanding that venue might appear to be proper under provisions in a general venue statute. *Id.* at 563–67.

B. The Enactment of § 1400(b) in 1948

In 1948, Congress enacted title 28 of the United States Code as positive law. *See* Act of June 25, 1948, 62 Stat. 869. As part of that codification, the first and second sentences of § 48 of the 1911 Act were revised and codified in § 1400(b) and § 1694 of the new title 28. *See* 62 Stat. at 936, 945. The revised sections used the words “resides” and “resident” in place of the word “inhabitant,” which was used in both sentences in the pre-codification version. The texts of current 28 U.S.C. §§ 1400(b) and 1694 are identical to their original form in the 1948 codification.

28 U.S.C. § 1400(b) 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. § 1694 provides:

In a patent infringement action commenced in a district where the defendant is not a resident but has a regular and established place of business, service of process, summons or subpoena upon such defendant may be made upon his agent or agents conducting such business.

The codified title 28 also included a new § 1391 headed “Venue generally” whose full text was:

(a) A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside.

(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, except as otherwise provided by law.

(c) 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.

(d) An alien may be sued in any district.

C. The Circuit Split Resolved in *Fourco*

Following the codification of title 28, a circuit split developed over whether the new definition of corporate “residence” in § 1391(c) should be applied to the term “resides” found in § 1400(b). *See Fourco*, 353 U.S. at 224 n.3. This Court accordingly granted

review to consider “whether 28 U.S.C. § 1400(b) is the sole and exclusive provision governing venue in patent infringement actions, or whether that section is supplemented by 28 U.S.C. § 1391(c).” *Id.* at 222.

The Second Circuit in *Fourco* had reasoned that the “plain meaning of the two statutes” requires that the definition of corporate residence be incorporated into § 1400(b), “just as that definition is properly to be incorporated into other sections of the venue chapter, e.g., §§ 1392, 1393, 1395, 1396, 1397, 1400, etc.” *Transmirra Prods. Corp. v. Fourco Glass Co.*, 233 F.2d 885, 886 (2d Cir. 1956), *rev’d*, 353 U.S. 222 (1957). This Court rejected the Second Circuit’s reasoning and reversed the Second Circuit’s judgment holding that the *Fourco* petitioner “reside[d]” in a district located outside the state of its incorporation.

As this Court framed the issue, “[t]he question is not whether § 1391(c) is clear and general, but, rather, it is, pointedly, whether § 1391(c) supplements § 1400(b), or, in other words, whether the latter is complete, independent and alone controlling in its sphere as was held in *Stonite*, or is, in some measure, dependent for its force upon the former.” *Fourco*, 353 U.S. at 228. After considering the long history of patent venue legislation, the Court’s interpretation of § 1400(b)’s immediate predecessor in *Stonite*, and applicable canons of statutory construction, the Court in *Fourco* held that “28 U.S.C. § 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions” and “it is not to be supplemented by the provisions of 28 U.S.C. § 1391(c).” 353 U.S. at 229.

This Court has never wavered from that holding. *See Schnell*, 365 U.S. at 262–64; *Hoffman*, 363 U.S. at 340–44. In *Brunette* the Court stated: “it is fair to say, as the Court did in *Stonite* and *Fourco*, that in 1897 Congress placed patent infringement cases in a class by themselves, outside the scope of general venue legislation.” 406 U.S. at 713.

D. The Federal Circuit Rejects *Fourco*

As shown by the decision below, the Federal Circuit openly rejects the interpretation of § 1400(b) that this Court adopted in *Fourco* and has gone so far as to assert that *Fourco* is “no longer the law.” App. 6a. Under Federal Circuit precedent, the statutory phrase, “*the* judicial district where the defendant *resides*,” 28 U.S.C. § 1400(b) (emphasis added), purportedly means *any and every* judicial district where a corporate defendant is *deemed* to reside in 28 U.S.C. § 1391(c)(2). In embracing that interpretation of § 1400(b), the Federal Circuit has purported to expand patent case venue in the very manner that this Court rejected in *Fourco*. Indeed, the Federal Circuit’s reasoning for rejecting *Fourco*—that § 1391(c) includes “exact and classic language of incorporation: ‘For purposes of venue under this chapter . . .’” (*VE Holding*, 917 F.2d at 1579)—is almost identical to the reasoning in the court of appeals opinion reversed by the *Fourco* Court. *See Transmira*, 233 F.2d at 886 (reasoning that the definition of residence in § 1391(c) must be read into § 1400(b) “just as that definition is properly to be incorporated into other sections of the venue chapter, e. g., §§ 1392, 1393, 1395, 1396, 1397, 1400, etc.”).

“[I]t is this Court’s prerogative alone to overrule one of its precedents.” *State Oil*, 522 U.S. at 20. “[I]f a precedent of this Court has direct application in a case, . . . the Court of Appeals should follow the case which directly controls, leaving to this Court the prerogative of overruling its own decisions.” *Agostini v. Felton*, 521 U.S. 203, 237 (1997) (quoting *Rodriguez de Quijas v. Shearson/Am. Express, Inc.*, 490 U.S. 477, 484 (1989)). The Court of Appeals did not follow this principle here.

In interpreting § 1400(b) in a manner that is directly contrary to this Court’s interpretation of that same statute in *Fourco*, and in asserting that *Fourco* purportedly is “no longer the law” (App. 6a), the Federal Circuit has exceeded its authority and created

an extreme divergence in statutory interpretations that warrants this Court's review.

**II. THE PROPER INTERPRETATION OF
28 U.S.C. § 1400(B) IS IMPORTANT AND
WORTHY OF THIS COURT'S ATTENTION.**

Numerous objective indications demonstrate that the question presented by this Petition is an extremely important issue for the patent system.

1. The Historical Attention of Congress and This Court to Patent Venue. Perhaps the best gauge of the importance of the question presented is the consistent and longstanding approach of both Congress and this Court to the issue.

Patent venue was important enough in 1897 to merit its own special statute wherein Congress sought "to define the exact jurisdiction of the federal courts in actions to enforce patent rights . . ." *Stonite*, 315 U.S. at 565. For nearly one hundred years, that statute was followed in the lower courts in part because this Court repeatedly granted certiorari to reverse lower court decisions that threatened to undermine the sensible limitations that Congress imposed on patent venue.

Thus, in *Stonite*, this Court granted certiorari and reversed a Third Circuit opinion that had expanded patent venue beyond the limits imposed by Congress in the 1911 Act. The *Stonite* Court interpreted the statute as being "the exclusive provision controlling venue in patent infringement proceedings." 315 U.S. at 563. Similarly, this Court in *Fourco* granted certiorari and reversed the Second Circuit on the same issue presented in this petition.

The question of where civil actions for alleged patent infringement may rightly be brought is no less important now than it was in 1897 when Congress acted, in 1942 when *Stonite* was decided, and in 1957 when *Fourco* adopted the interpretation of § 1400(b) that the Federal Circuit rejects. Then as now, the issue is a matter of concern to every domestic corpo-

rate manufacturer, distributor, retailer, service provider, or end user that is potentially subject to suit for alleged patent infringement.

2. *The 2016 ABA Resolution.* The ABA is the largest voluntary professional membership organization and the leading organization of legal professionals in the United States. *See* Brief for the American Bar Association as Amicus Curiae in Support of Petitioner, *Moore v. Texas*, No. 15-797 (Aug. 4, 2016), 2016 WL 4151449 at *1. Its nearly 400,000 members come from all fifty states and include judges, legislators, law professors, and law students. *Id.* at *1-2.

On August 8, 2016, on the recommendation of the ABA Section of Intellectual Property Law, the ABA House of Delegates adopted Resolution 108C concerning the question presented in this case. The resolution states:

RESOLVED, That the American Bar Association supports an interpretation of the special patent venue statute, 28 U.S.C. § 1400(b), that does not adopt the definition of “resides” in the separate, general venue statute, 28 U.S.C. § 1391(c), to ascertain the meaning of “resides” in § 1400(b); and

FURTHER RESOLVED, That the American Bar Association supports an interpretation of 28 U.S.C. § 1400(b) such that venue in a patent infringement case involving a business entity defendant is proper only in a judicial district (1) located in the state under whose laws the business entity was formed or (2) where the business entity has committed acts of infringement and has a regular and established place of business.

ABA House of Delegates, Resolution 108C (August 2016), *available* at http://www.americanbar.org/news/reporter_resources/annual-meeting-2016/house-of-delegates-resolutions/108c.html

The mere existence of that Resolution provides a significant measure of importance, but the content of the accompanying report confirms another aspect of importance. That report—submitted by the Chair of the ABA Section of Intellectual Property Law—states that the Federal Circuit’s decisions in *VE Holding* and this case “misinterpret the venue statutes and *do not follow Supreme Court precedent*.”¹ “The [ABA] Resolution,” the report summarizes, “disfavors the Federal Circuit precedent and favors applying Supreme Court precedent for reading the special patent venue statute as it stands alone and not supplemented by the definition of corporate residence found in §1391(c).”²

The ABA report thus confirms that the stakes here involve not only patent venue, but also the very relationship between the Federal Circuit and this Court. For if a large number of sophisticated practicing attorneys can reasonably believe that the Federal Circuit is “not follow[ing] Supreme Court precedent” and that a Resolution is needed to “favor[] applying Supreme Court precedent” on an important statutory issue, that belief itself can have significant consequences for attorneys’ confidence in the actual allocation of judicial power between the two courts.

3. The Vast Amount of Literature on Patent Venue and Forum Shopping. The Federal Circuit’s expansion of patent venue has produced such a profound change in patent infringement litigation that it has generated its own vein of literature in law journals as well as in the nation’s leading newspa-

¹ Theodore H. Davis, Jr., *Report 108C*, A.B.A. SEC. INTELL. PROP. L. 2 (2016) (emphasis added), available at http://www.americanbar.org/news/reporter_resources/annual-meeting-2016/house-of-delegates-resolutions/108c.html.

² *Id.*

pers. Four points about this literature are worthy of special attention.

First, the literature provides thorough documentation of the “extensive”³ and “rampant forum shopping due to permissive venue rules”⁴ that has allowed patent litigation to become an “astounding proportion” of certain district court dockets.⁵

Second, the literature confirms that such rampant forum shopping is directly traceable to the Federal Circuit’s decision in *VE Holding* rejecting this Court’s interpretation of the patent venue statute. For example, Professor Fromer has noted that, while this Court had consistently interpreted the concept of corporate residence in § 1400(b) “narrowly” such that “a corporation resides only in its state of incorporation,” “[i]n 1990, the Federal Circuit held that corporate residency ought to be determined more broadly”⁶ Other commentators also trace responsibility for extensive patent forum shopping to the Federal Circuit’s 1990 decision in *VE Holding* to expand patent venue.⁷

³ Daniel Klerman & Greg Reilly, *Forum Selling*, 89 S. CAL. L. REV. 241, 248 (2016).

⁴ Jeanne C. Fromer, *Patentography*, 85 N.Y.U. L. REV. 1444, 1449 (2010).

⁵ J. Jonas Anderson, *Court Competition for Patent Cases*, 163 U. PA. L. REV. 631, 633 (2015) (setting forth data concerning the dockets of Eastern District of Texas and the District of Delaware).

⁶ Fromer, *supra* note 4, at 1453 (citing *VE Holding*, 917 F.2d at 1583).

⁷ *See, e.g.*, Klerman and Reilly, *supra* note 3, at 247–48 (noting that “forum shopping in patent cases has been extensive since

Footnote continued

Third, the literature shows pervasive dissatisfaction with the Federal Circuit’s broad patent venue, with a large number of commentators criticizing current practices in the lower courts and calling for change.⁸

Footnote continued from previous page

at least the late 1990s” and tracing the trend to *VE Holding*); Elizabeth P. Offen-Brown, *Forum Shopping and Venue Transfer in Patent Cases: Marshall’s Response to TS Tech and Genentech*, 25 BERKELEY TECH. L.J. 61, 65 (2010) (“Though the patent venue statute was historically distinct from the more general venue provision, the Federal Circuit held in *VE Holding Corp. v. Johnson Gas Appliance Co.* that the meaning of the term ‘resides’ as defined in the patent statute should be interpreted in accordance with the general venue statute”); Ranganath Sudarshan, *Nuisance-Value Patent Suits: An Economic Model and Proposal*, 25 SANTA CLARA COMPUTER & HIGH TECH. L.J. 159, 165 (2009) (citing *VE Holding* as the precedent that allows “nuisance plaintiffs” to file “suit in far-flung, perceivably-plaintiff-friendly ‘magnet jurisdictions’” and thereby “subject[] defendants to the cost and inconvenience of having to litigate in a distant location”); Yan Leychkis, *Of Fire Ants and Claim Construction: An Empirical Study of the Meteoric Rise of the Eastern District of Texas as a Preeminent Forum for Patent Litigation*, 9 YALE J.L. & TECH. 193, 197 (2007) (also citing *VE Holding* as the reason why “most large national corporations may now be sued for patent infringement in virtually *any* of the ninety-four federal district courts”).

⁸ See, e.g., Klerman and Reilly, *supra* note 3, at 308 (summarizing the reasons why “forum selling” is undesirable and recommending that “the simplest way to prevent forum selling is to constrict jurisdictional choice”); Fromer, *supra* note 4, at 1507 (recommending “constraining venue rules” as a solution to forum shopping); Colleen V. Chien & Michael Risch, *A Patent Reform We Can All Agree On*, WASH. POST, Nov. 20, 2015, <http://www.washingtonpost.com/news/in-theory/wp/2015/11/20/>

Footnote continued

Fourth and perhaps most importantly, the literature shows that the intensity of forum shopping in patent cases is so extreme that it poses perceived threats to the very integrity of the federal judicial system. For example, in the article *Forum Selling*, Professors Klerman and Reilly extensively document the degree to which a few federal district judges have “sought to attract patent plaintiffs to their district and have distorted the rules and practices relating to case assignment, joinder, discovery, transfer, and summary judgment in a pro-patentee (plaintiff) direction.”⁹ The authors cite public statements in which past and present federal judges *acknowledge* that they are intentionally trying to attract patent

Footnote continued from previous page

[why-do-patent-lawyers-like-to-file-in-texas/](#) (arguing that the “staggering concentration of patent cases in just a few federal district courts is bad for the patent system” and that “changing where patent lawsuits can be filed will solve many of the problems”); Bruce Sewell, *Patent Nonsense*, WALL ST. J. July 12, 2007, <http://www.wsj.com/articles/SB118420277223364135> (noting that companies putting “products into the stream of commerce can be sued for patent infringement virtually anywhere in the U.S. that the product is sold,” and arguing that “[t]his encourages lawsuits in venues with little relationship to the actual alleged acts of infringement or the parties in the suit”); Bruce A. Lehman, *Venue Shopping in Patent Cases Must Stop*, NAT’L L.J. Nov. 16, 2009, <http://www.nationallawjournal.com/id=1202435438325/Venue-shopping-in-patent-cases-must-stop> (former head of the Patent & Trademark Office arguing for change because “[v]enue shopping in patent cases is rampant, with plaintiff-friendly jurisdictions rendering verdicts that are outsized to the point of being perverse”).

⁹ Klerman and Reilly, *supra* note 3, at 243.

cases because they find such cases “interesting” and “enjoyed the intellectual challenge.”¹⁰

There is also, however, at least the possible perception that the judicial encouragement of forum shopping is influenced by a variety of reputational and economic incentives.¹¹ That perception is not dispelled when, in a *N.Y. Times* article describing the economic benefits of patent infringement litigation to local businesses in the Eastern District of Texas, a then-sitting federal judge in the district is quoted as asserting that his judicial district “is, historically anyway, a plaintiffs-oriented district.”¹²

Yet even if federal judges are fostering forum shopping merely because of their personal intellectual interest in patent cases, that practice is still not especially healthy for the federal judicial system for it can lead to “inefficient distortions of substantive law, procedure, and trial management practices”¹³ and “plaintiff-friendly” rules and practices that “in-avoidabl[y]” raise “questions of judicial neutrality.”¹⁴

Articles and editorials such as *Forum Selling, Court Competition for Patent Cases*, and *Venue*

¹⁰ *Id.* at 271.

¹¹ Anderson, *supra* note 5, at 651–66 (documenting the personal and professional incentives for judges to try to attract patent infringement cases and the extent to which patent-friendly judicial districts profit from such litigation).

¹² Julie Creswell, *So Small a Town, So Many Patent Suits*, N.Y. TIMES, Sep. 24, 2006, <http://www.nytimes.com/2006/09/24/business/24ward.html>.

¹³ Klerman and Reilly, *supra* note 3, at 246.

¹⁴ Anderson, *supra* note 5, at 645.

Shopping in Patent Cases Must Stop demonstrate even by their very titles that the dramatic expansion of patent venue is an issue worthy of this Court’s attention and not a matter to be left solely to the Federal Circuit. The issue falls outside whatever specialized expertise the Federal Circuit possesses in matters of substantive patent law and affects a subject for which this Court bears ultimate responsibility under Article III of the Constitution—the public’s perception of, and ultimate confidence in, the federal judicial system.

4. *Support of Amici.* Urging the Court of Appeals to follow this Court’s precedents on patent venue, twenty-four corporate amici described how forum shopping is now such a “serious problem in U.S. patent litigation” that it is undermining “core public policies of our patent system.” Brief of Acushnet et al. as Amici Curiae in Support of Petitioner, *In re TC Heartland LLC*, 2015 WL 8387461, at *2, *10. Similarly, amici the Electronic Frontier Foundation, Public Knowledge, and Engine Advocacy have observed that VE Holding has “led to one of the worst, most notorious situations of forum shopping in recent history.” Brief of Electronic Frontier Foundation et al., *In re TC Heartland LLC*, 2015 WL 8387460, at *2.

In sum, the amici described how history has repeated itself—how the Federal Circuit’s revisionist interpretation of § 1400(b) has brought back “the ‘abuses engendered’ by previous venue provisions allowing such [patent] suits to be brought in any district in which the defendant could be served.” *Schnell*, 365 U.S. at 262 (quoting *Stonite*, 315 U.S. at 564).

5. *Entrenchment of VE Holding.* The Federal Circuit’s misinterpretation of 28 U.S.C. § 1400(b) has generated an explosion of motions for discretionary transfers of venue under 28 U.S.C. § 1404 and petitions for appellate review of such orders. *See, e.g., In re Nintendo of Am., Inc.*, 756 F.3d 1363 (Fed. Cir. 2014) (granting petition for review of order denying venue transfer motion); *In re Link_A_Media Devices*

Corp., 662 F.3d 1221 (Fed. Cir. 2011) (same); *In re Microsoft Corp.*, 630 F.3d 1361 (Fed. Cir. 2011) (same); *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333 (Fed. Cir. 2009) (same). Yet the decision below states that Petitioner’s questioning of the correctness of the *VE Holding* decision is “utterly without merit or logic.” App. 6a (emphasis added). “The arguments raised regarding venue,” the decision below states, “have been *firmly* resolved by *VE Holding*, a *settled precedent* for over 25 years.” App. at 4a (emphasis added). The Federal Circuit does not view its interpretation of § 1400(b) as erroneous and there is, thus, no foreseeable prospect that the Federal Circuit will change its view.

III. THE DECISION BELOW IS CLEARLY WRONG AND SHOULD BE REVERSED.

The decision below holds that Petitioner is subject to suit for alleged patent infringement in Delaware because the District of Delaware purportedly is “*the* judicial district where the defendant *resides*.” 28 U.S.C. § 1400(b) (emphasis added). This holding is clearly wrong and should be reversed.

The definite article, “the,” connotes a *particular* district. When the special patent venue statute was first enacted in 1897, the law as well-settled that: “the domicil, the habitat, the residence, the citizenship of the corporation can only be in the State by which it was created, although it may do business in other States whose laws permit it.” *Shaw v. Quincy Mining Co.*, 145 U.S. 444, 450 (1892). *Fourco* held that that this traditional meaning of “resides” was carried over in § 1400(b). *See* 353 U.S. at 226 (citing *Shaw*). The law has long distinguished between resident and non-resident corporate entities. *Cf. Eli Lilly & Co. v. Sav-on-Drugs, Inc.*, 366 U.S. 276, 276–84 (1961) (New Jersey door closing statute barred suit by non-resident corporation that was not registered to do business in New Jersey).

By 1988, this Court’s construction of § 1400(b) as being “the sole and exclusive provision controlling

venue in patent infringement actions,” *Fourco*, 353 U.S. at 229, and as “not to be supplemented by the provisions of 28 U.S.C. § 1391(c),” *id.*, and as placing “patent infringement cases in a class by themselves, outside the scope of general venue legislation,” *Brunette*, 406 U.S. at 713, had stood as settled law of the land for decades. In these circumstances, the established construction of § 1400(b) could not rightly be held “to be no longer the law” (App. 6a) on the basis of the trivial stylistic language change in § 1391(c) set out on page 3 *supra*.

“Under established canons of statutory construction, ‘it will not be inferred that Congress, in revising and consolidating the laws, intended to change their effect unless such intention is clearly expressed.’” *Finley v. United States*, 490 U.S. 545, 554 (1989) (quoting *Anderson v. Pac. Coast S.S. Co.*, 225 U.S. 187, 199 (1912)). Where Congress wants to change a longstanding and accepted rule of statutory law, it will make the change “explicit in the statute, or at least . . . mention[] it at some point in the . . . legislative history.” *Chisom v. Roemer*, 501 U.S. 380, 396 (1991). Congress “does not, one might say, hide elephants in mouseholes.” *Whitman v. Am. Trucking Ass’ns, Inc.*, 531 U.S. 457, 468 (2001).

Yet here, the decision below assumes the existence of a huge elephant—indeed, a revolution in patent case venue law—in the smallest of mouseholes—an enactment that was *not* amending the patent venue statute; that was expressly labeled as “Miscellaneous” in the text of the legislation; and that was described in the legislative history as “dealing with relatively minor discrete proposals.” H.R. REP. NO. 100-889, at 66 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5982, 6027. But rather than ask whether there was any “clearly expressed” intent *to change* what was then settled law, the Federal Circuit turned the inquiry upside down and asked whether the history or purpose of the 1988 Act revealed any intent *not to change* the law from what the Federal Circuit was then reading the 1988 Act to provide for the first

time. The court stated, “Congress has not clearly expressed that its intent is contrary to the words of the statute.” 917 F.2d at 1580. But under this Court’s precedents, that was not the correct question to ask.

The decision below also conflicts with the canon *in pari materia*, under which “statutes addressing the same subject matter generally should be read ‘as if they were one law.’” *Wachovia Bank v. Schmidt*, 546 U.S. 303, 315–16 (2006) (quoting *Erlenbaugh v. United States*, 409 U.S. 239, 243 (1972)). This canon clearly applies to 28 U.S.C. §§ 1400(b) and 1694, which were originally the first and second sentences of the 1897 Act. Section 1694 authorizes service of process in patent infringement actions commenced “in a district where the defendant is not a resident but has a regular and established place of business” As construed in *Fourco*, the word “resides” in § 1400(b) denotes the same relation between a defendant and a judicial district as does the word “resident” in § 1694. In contrast, the decision below accords the term “resides” in § 1400(b) a different meaning than is accorded the term “resident” in § 1694 (because § 1694 is not a venue statute in the venue chapter of title 28 and thus, even under the reasoning of *VE Holding*, could not have had its meaning changed by the 1988 amendments to § 1391(c)). Thus, under the Federal Circuit position, a judicial district can purportedly be one in which a corporate defendant simultaneously “resides” (§ 1400(b)) but “is not a resident” (§ 1694).

The decision below also conflicts with the “settled” canon that, “[h]owever inclusive may be the general language of a statute, it ‘will not be held to apply to a matter specifically dealt with in another part of the same enactment. . . . Specific terms prevail over the general in the same or another statute which otherwise might be controlling.’” *Fourco*, 353 U.S. at 228–29 (quoting *D. Ginsberg & Sons, Inc. v. Popkin*, 285 U.S. 204, 208 (1932)). Section 1400(b) is, as *Fourco* held, a statute that specifically deals with venue in patent infringement actions, over which

federal courts have exclusive original jurisdiction; whereas 28 U.S.C. § 1391 is a general statute that applies to civil actions invoking diversity jurisdiction and federal court question jurisdiction that is concurrent with that of state courts.

Further, as is pointed out in the report which accompanies the 2016 ABA Resolution, the 2011 Act removed any possible basis for arguing that the 1988 Act had hidden an elephant-sized patent venue revolution in the mousehole of a stylistic wording change from “for venue purposes” to “for purposes of venue under this chapter.” *See* p. 3 *supra*. Not only did the 2011 Act repeal the statutory language of the 1988 Act that *VE Holding* and the decision below treated as having nullified this Court’s *Fourco* decision and rendered it “no longer the law” (App. 6a), but current 28 U.S.C. § 1391 (2012) also includes a new subsection (a) titled “Applicability of Section” which reads in pertinent part: “*Except as otherwise provided by law*—(1) this section shall govern the venue of all civil actions brought in district courts of the United States” (emphasis added). *Cf. Atlantic Marine*, 134 S. Ct. at 577 n.2 (stating that “Section 1391 governs ‘venue generally,’ that is, in cases where a more specific venue provision does not apply” and citing 28 U.S.C. § 1400 as “identifying proper venue for copyright and patent suits”).

The decision below rejects the 2011 Act as a basis for following this Court’s interpretation of § 1400(b) in *Fourco* on two grounds, neither of which has merit. First, the decision below characterizes *Fourco* as having announced “federal common law” and, as such, was not a type of “law” referred to by “[e]xcept as otherwise provide by law” in current § 1391. App. 6a–7a. In fact, *Fourco*, *Schnell*, *Hoffman*, and *Brunette* are all cases in which this Court construed the meaning of statutory language. The proper meaning of the phrase, “the judicial district in which the defendant resides,” 28 U.S.C. § 1400(b), is not a matter of “federal common law,” but rather is a matter of construing the meaning of “resides” and “resident” in

28 U.S.C. §§ 1400(b) and 1694 in a manner that accords with applicable canons of statutory construction and is consistent with the scheme for directing the filing of patent infringement suits that those two statutes prescribe.

The decision below alternatively holds that, even if case law interpreting a statute is “law” within the meaning of the phrase “[e]xcept as otherwise provided by law” in 28 U.S.C. § 1391 (2012), the relevant case “law” that existed at the time of the 2011 Act was not the law stated by this Court in *Fourco*, but rather was the “law” stated by the Federal Circuit in its 1990 *VE Holding* decision. The decision below states: “Even if Congress’ 2011 amendments were meant to capture existing federal common law, . . . *Fourco* was not and is not the prevailing law that would have been captured. We reject [Petitioner’s] argument that in 2011 Congress codified the common law regarding venue in patent suits as described in *Fourco*.” App. 8a.

In support of this last conclusion, the court cited three scattered legislative reports that purportedly “recognized that *VE Holding* is the prevailing law.” *Id.* But the Federal Circuit has no authority to overrule precedents of this Court and it is, thus, irrelevant whether a legislative report may have “recognized that *VE Holding* is the prevailing law.” *Id.* In recent years, this Court has disapproved a number of Federal Circuit precedents that district courts or legislators might have “recognized” as “law” until this Court intervened.¹⁵ *Cf. Dickinson v. Zurko*, 527 U.S.

¹⁵ *Cf. Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016) (disapproving Federal Circuit precedent interpreting 35 U.S.C. § 284); *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920 (2015) (disapproving Federal Circuit precedent interpreting 35 U.S.C. § 271(b)); *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014) (disapproving Federal Circuit precedent interpreting 35 U.S.C. § 112); *Limelight Networks, Inc. v.*

Footnote continued

150, 162 (1999) (disapproving longstanding Federal Circuit precedent interpreting 5 U.S.C. § 706 and stating: “This Court, however, has not previously settled the matter.”).

The dubious status of *VE Holding* is suggested by the Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(c), 129 Stat. 284, 331 (2011) (reproduced in note to 35 U.S.C. § 321 (2012)), which provides:

(c) In an action for infringement under section 281 of title 35, United States Code, of a covered business method patent, an automated teller machine shall not be deemed to be a regular and established place of business for purposes of section 1400(b) of title 28, United States Code.

The above-quoted provision makes no sense unless *Fourco* remains good law; for if *VE Holding* were correct, a corporate owner of an ATM would be

Footnote continued from previous page

Akamai Techs., Inc., 134 S. Ct. 2111 (2014) (disapproving Federal Circuit precedent interpreting 35 U.S.C. § 271(b)); *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014) (disapproving Federal Circuit precedent interpreting 35 U.S.C. § 285); *Bilski v. Kappos*, 561 U.S. 593 (2010) (disapproving Federal Circuit precedent interpreting 35 U.S.C. § 101); *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617 (2008) (disapproving Federal Circuit precedent interpreting patent “exhaustion” doctrine); *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) (disapproving Federal Circuit precedent interpreting 35 U.S.C. § 103). Under 28 U.S.C. § 1295(a)(1), the Federal Circuit since October 1, 1982, has had exclusive jurisdiction of appeals from final decisions of district courts in civil actions “arising under” federal patent law, but this Court has continued to exercise its plenary authority over the proper interpretation of federal statutes governing patent infringement actions.

deemed to “reside” wherever the machine’s use or operation infringed a patent, and it would make no difference whether the machine were deemed to be “a regular and established place of business” for purposes of 28 U.S.C. § 1400(b). Similarly, in *Atlantic Marine*, this Court showed its belief that § 1391 is not applicable to patent cases, and § 1400(b) is. 134 S. Ct. at 577 n.2.

Finally, as shown in this case, the Federal Circuit’s interpretation of § 1400(b) destroys the historic relationship between § 1400(b) and § 1694. Respondent sought to circumvent the limitations on service of process in § 1694 by serving Petitioner in Indiana under the purported authority of the Delaware “long-arm statute, 10 Del. C. § 3104” (App. 23a).

Where, however, a plaintiff relies on *state* law to authorize service of a summons on a defendant, such service of process can establish specific personal jurisdiction over the defendant only if the defendant would be subject to the personal jurisdiction of the state court with respect to the action (Federal Rule of Civil Procedure 4(k)(1)(A)), and constitutional limitations on personal jurisdiction require that the action must arise from “an activity or an occurrence that takes place in the forum state.” *Walden v. Fiore*, 134 S. Ct. 1115, 1121 n.6 (2014) (internal quotation omitted). In this case, the Respondent’s complaint is not restricted to alleged acts of patent infringement that took place in Delaware, but rather seeks relief for alleged acts that occurred in Indiana, California, Florida, and other non-Delaware locations. Because each act of alleged infringement gives rise to a discrete claim, *see Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1969 (2014), Respondent has needed to rely on expansive and ahistorical Federal Circuit theories to justify relying on *Delaware’s* long-arm statute to generate personal jurisdiction over a nationwide set of claims, the vast majority of which have no connection to Delaware.

A restoration of this Court’s interpretation of § 1400(b) would eliminate the occasion for such ex-

pansive jurisdictional theories, because venue under § 1400(b) would be proper over non-resident corporate entities only in districts where the federal statute § 1694 allows service of process and thereby establishes specific jurisdiction on a nationwide basis in the manner specifically authorized by Congress.

IV. THIS CASE PROVIDES A GOOD VEHICLE FOR RAISING THE QUESTION PRESENTED.

As noted above, the facts relevant to this petition are undisputed and sharply frame the question of statutory interpretation raised.

It is undisputed that Petitioner is not incorporated in Delaware and has no regular or established or indeed any place of business in Delaware. If 28 U.S.C. § 1400(b) continues to have the meaning that this Court held that it had in *Fourco*, this is an easy case and the Court can and should summarily reverse and remand. *Cf. Palmer v. BRG of Ga., Inc.*, 498 U.S. 46, 50 (1990) (granting certiorari and summarily reversing judgment of non-liability for anti-trust law violation, where challenged agreement “was unlawful on its face”).

If this Court grants certiorari, the undisputed facts of this case ensure that the Court will be able to reach and decide the question presented without the risk of some disputed fact or procedural default intervening. The decision below rests entirely on the Federal Circuit’s errant interpretation of § 1400(b). The issue presented here was fully briefed and considered by the Federal Circuit, and the Court accordingly has the benefit of the Federal Circuit’s views on the subject which, as quoted above, are quite adamant. The question presented by this Petition has generated a vigorous debate that is fully joined. It is ripe for a decision by this Court.

CONCLUSION

For the reasons set forth above, this Petition for a Writ of Certiorari should be granted.

Respectfully submitted,

James W. Dabney
Counsel of Record
HUGHES HUBBARD & REED
LLP
One Battery Park Plaza
New York, New York 10004
(212) 837-6000

John F. Duffy
Richard M. Koehl
Emma L. Baratta

Of Counsel

Attorneys for Petitioner

APPENDIX

TABLE OF APPENDICES

	<i>Page</i>
APPENDIX A — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED APRIL 29, 2016.....	1a
APPENDIX B — MEMORANDUM ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, FILED SEPTEMBER 24, 2015.....	13a
APPENDIX C — RELEVANT STATUTORY PROVISIONS	55a

1a

**APPENDIX A — ORDER OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, FILED APRIL 29, 2016**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2016-105

IN RE: TC HEARTLAND LLC,

Petitioner.

April 29, 2016, Decided

On Petition for Writ of *Mandamus* to the United States District Court for the District of Delaware in No. 1:14-cv-00028-LPS, Chief Judge Leonard P. Stark.

ON PETITION

Before MOORE, LINN, and WALLACH, *Circuit Judges.*

MOORE, *Circuit Judge.*

ORDER

TC Heartland LLC (“Heartland”) petitions for a writ of *mandamus* to direct the United States District Court for the District of Delaware to either dismiss or transfer the patent infringement suit filed against it by Kraft Foods Group Brands LLC (“Kraft”). We deny Heartland’s petition.

*Appendix A***BACKGROUND**

Heartland is a limited liability company organized and existing under Indiana law and headquartered in Indiana. *Kraft Foods Grp. Brands LLC v. TC Heartland, LLC*, No. 14-28-LPS, 2015 U.S. Dist. LEXIS 106515, 2015 WL 4778828, at *1 (D. Del. Aug. 13, 2015) (“Magistrate’s Report”). Respondent Kraft is organized and exists under Delaware law and its principal place of business is in Illinois. *Id.* Kraft filed suit against Heartland in the United States District Court for the District of Delaware alleging that Heartland’s liquid water enhancer products (“accused products”) infringe three of Kraft’s patents. 2015 U.S. Dist. LEXIS 106515, [WL] at *1-2. Heartland moved to dismiss the complaint under Federal Rule of Civil Procedure 12(b)(2) for lack of personal jurisdiction. 2015 U.S. Dist. LEXIS 106515, [WL] at *1. It also moved to either dismiss the action or transfer venue to the Southern District of Indiana under 28 U.S.C. §§ 1404 and 1406. *Id.*

Before the district court, Heartland alleged that it is not registered to do business in Delaware, has no local presence in Delaware, has not entered into any supply contracts in Delaware or called on any accounts there to solicit sales. But Heartland admitted it ships orders of the accused products into Delaware pursuant to contracts with two national accounts. In 2013, these shipments, which contained 44,707 cases of the accused product that generated at least \$331,000 in revenue, were about 2% of Heartland’s total sales of the accused products that year. The Magistrate Judge, applying, *inter alia*, our precedent from *Beverly Hills Fan Co. v. Royal Sovereign*

Appendix A

Corp., 21 F.3d 1558, 1571 (Fed. Cir. 1994), determined that it had specific personal jurisdiction over Heartland for claims involving the accused products. He also rejected Heartland's arguments that Congress' 2011 amendments to 28 U.S.C. § 1391 changed the law governing venue for patent infringement suits in a manner which nullified our holding in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990). The district court adopted the Magistrate Judge's report in all respects and denied Heartland's motions. *Kraft Foods Grp. Brands LLC v. TC Heartland, LLC*, No. 14-28-LPS, 2015 U.S. Dist. LEXIS 127972, 2015 WL 5613160, at *1-2 (D. Del. Sept. 24, 2015) ("District Court Order"). In so doing, the district court specifically stated that the Magistrate Judge correctly concluded that *Beverly Hills Fan* governed the personal jurisdiction analysis and that Congress' 2011 amendments to 28 U.S.C. § 1391 "did not undo" our decision in *VE Holding. Id.* We agree.

DISCUSSION

A writ of *mandamus* is an extraordinary remedy appropriate only in exceptional circumstances, such as those amounting to a judicial "usurpation of power" or a clear abuse of discretion. *Cheney v. U.S. Dist. Court for the Dist. of Columbia*, 542 U.S. 367, 380, 124 S. Ct. 2576, 159 L. Ed. 2d 459 (2004). Three conditions must be satisfied before issuing the writ: 1) the petitioner must have no other adequate means to attain the relief he desires; 2) the petitioner has the burden to show his right to *mandamus* is "clear and indisputable"; and 3) the issuing court must be satisfied that the writ is appropriate under the

Appendix A

circumstances. *Id.* at 380-81. The parties do not address all three parts of the *Cheney* test in their briefing, focusing instead on only the second part. We likewise confine our analysis to only the second part of the *Cheney* test.

Heartland argues that it is entitled to a writ of *mandamus* based on two legal theories. First, it argues that it does not “reside” in Delaware for venue purposes according to 28 U.S.C. § 1400(b). Second, it argues that the Delaware district court lacks specific personal jurisdiction over it for this civil action. We conclude that a writ of *mandamus* is not warranted. The arguments raised regarding venue have been firmly resolved by *VE Holding*, a settled precedent for over 25 years. The arguments raised regarding personal jurisdiction have been definitively resolved by *Beverly Hills Fan*, a settled precedent for over 20 years. As a panel, we are bound by the prior decisions of this court.

A. Venue

With respect to venue, Heartland argues that Congress’ 2011 amendments to 28 U.S.C. § 1391 changed the statutory law in a manner which effectively overruled *VE Holding*: “To be clear, the argument set forth here is that this Court’s holding in *VE Holding* no longer applies given the changed language in §§ 1391(a) and (c).” Pet. 9. We do not agree. In *VE Holding*, this court held that the definition of corporate residence in the general venue statute, § 1391(c), applied to the patent venue statute, 28 U.S.C. § 1400. The 2011 amendments to the general venue statute relevant to this appeal were minor. The language

Appendix A

preceding the definition of corporate residence in § 1391 was changed from “For the purposes of venue under this chapter . . .” to “For all venue purposes . . .” *Compare* 28 U.S.C. § 1391(c) (1988) *with* 28 U.S.C. § 1391(c) (2011). This is a broadening of the applicability of the definition of corporate residence, not a narrowing. This change in no manner supports Heartland’s arguments.

The only other relevant 2011 amendment is the addition of the language in § 1391(a), “Applicability of section.-- Except as otherwise provided by law.” Heartland argues that the “law” otherwise defined corporate residence for patent cases and therefore the statutory definition found in § 1391(c) is no longer applicable to patent cases. As Heartland itself acknowledges, “most special venue statutes have not been held to encompass particular rules about residency, and thus subsection (c) can apply to such statutes wherever they are found in the U.S. Code.” Pet. 7-8. The patent venue statute, 28 U.S.C. § 1400(b), provides in its entirety: “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.” It is undisputed that the patent venue statute itself does not define corporate residence and thus there is no statutory “law” that would satisfy Heartland’s claim that Congress intended in 2011 to render § 1391(c)’s definition of corporate residence inapplicable to venue for patent cases. However, Heartland argues that Congress intended to include federal common law limited to Supreme Court precedent in the law which could otherwise define corporate residence and thus render the statutory

Appendix A

definition of § 1391(c) inapplicable.¹ Accepting without deciding whether Heartland is correct that “except as otherwise provided by law” includes such federal common law, Heartland has not established that federal common law actually supports its position. Heartland asks us to presume that in the 2011 amendments Congress codified the Supreme Court’s decision in *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222, 77 S. Ct. 787, 1 L. Ed. 2d 786 (1957) regarding the patent venue statute that was in effect prior to the 1988 amendments. We find this argument to be utterly without merit or logic. The venue statute was amended in 1988 and in *VE Holding*, this court held that those amendments rendered the statutory definition of corporate residence found in § 1391 applicable to patent cases. In *VE Holding*, we found that the Supreme Court’s decision in *Fourco* with regard to the appropriate definition of corporate residence for patent cases in the absence of an applicable statute to be no longer the law because in the 1988 amendments Congress had made the definition of corporate residence applicable to patent cases. 28 U.S.C. § 1391(c) (1988) (“For the purposes of venue under this chapter”). In 1988, the common law definition of corporate residence for patent cases was superseded by a Congressional one. Thus, in 2011, there was no established governing Supreme Court common law ruling which Congress could even arguably

1. *Dubitante*: Heartland’s briefs cite nothing to support its idea that the general statement “except as otherwise provided by law” was meant to codify Supreme Court common law. And the briefs do not cite a single case holding that Congress codified Supreme Court common law into a statute using such general language like that at issue here.

Appendix A

have been codifying in the language “except otherwise provided by law.”

Heartland cites to a single sentence in a footnote in the Supreme Court’s decision in *Atlantic Marine Construction Co. v. United States District Court for the Western District of Texas*, 134 S. Ct. 568, 577 n.2, 187 L. Ed. 2d 487 (2013), to argue “the Supreme Court showed its belief that § 1391 is not applicable to patent cases, and § 1400 is.” Reply 9. Heartland’s argument misses its mark. The Supreme Court’s footnote states in its entirety: “Section 1391 governs ‘venue generally,’ that is, in cases where a more specific venue provision does not apply. Cf., e.g., § 1400 (identifying proper venue for copyright and patent suits).” *Atl. Marine Constr. Co.*, 134 S. Ct. at 577 n.2. It is undisputed that § 1400 is a specific venue provision pertaining to patent infringement suits. But what Heartland overlooks, and what *Atlantic Marine* does not address, is that § 1400(b) states that venue is appropriate for a patent infringement suit “where the defendant resides” without defining what “resides” means when the defendant is a corporation. The general statement in this footnote is completely accurate, but cannot be transmogrified into the argument made by Heartland. “[T]he general statute, § 1391(c), expressly reads itself into the specific statute, § 1400(b),” “only operates to define a term in § 1400(b),” and does not “conflict with § 1400(b).” *VE Holding*, 917 F.2d at 1580.

Heartland has presented no evidence which supports its view that Congress intended to codify *Fourco* in its 2011 amendments. In fact, before and after these

Appendix A

amendments, in the context of considering amending the patent venue statute, Congressional reports have repeatedly recognized that *VE Holding* is the prevailing law. *See* H.R. Rep. No. 110-314, at 39-40 (2007); S. Rep. No. 110-259, at 25 (2008); H.R. Rep. No. 114-235, at 34 (2015) (stating that “Congress must correct” our holding in *VE Holding* by amending § 1400); *cf.* Venue Equity and Non-Uniformity Elimination Act of 2016, S. 2733, 114th Cong. § 2(a) (2016).² Even if Congress’ 2011 amendments were meant to capture existing federal common law, as Heartland argues, regarding the definition of corporate residence for venue in patent suits, *Fourco* was not and is not the prevailing law that would have been captured. We reject Heartland’s argument that in 2011 Congress codified the common law regarding venue in patent suits as described in *Fourco*.

B. Personal Jurisdiction

Heartland’s argument regarding personal jurisdiction in this case is, as the Magistrate Judge noted, difficult to follow.³ Heartland appears to be arguing that 1) the

2. In fact, the 2007 House Report indicates that the House Judiciary Committee “believes that simply returning to the 1948 venue framework [*i.e.*, that described in *Fourco*] would be too strict for modern patterns of technology development and global commerce.” H.R. Rep. No. 110-314, at 40 (2007).

3. It appears that Heartland does not contest jurisdiction under Delaware’s long-arm statute. As such, we, like the district court, interpret Heartland’s argument to be that the Delaware district court lacks specific personal jurisdiction under the Due Process Clause of the Fourteenth Amendment.

Appendix A

Supreme Court's recent decision in *Walden v. Fiore*, 134 S. Ct. 1115, 1121 n.6, 188 L. Ed. 2d 12 (2014), makes clear that specific personal jurisdiction can only arise from activities or occurrences taking place in the forum state, and 2) Federal Circuit case law makes clear that each act of patent infringement gives rise to a separate cause of action, such that 3) the logical combination of these two points of law means that the Delaware district court has specific personal jurisdiction over Heartland for allegedly infringing acts that occurred in Delaware only, not those occurring in other states.⁴ Applied to the facts of record, under Heartland's argument, the Delaware district court would only have specific personal jurisdiction over the approximately 2% of Heartland's 2013 sales of the accused product (*i.e.*, 44,707 cases of the accused product that generated at least \$331,000 in revenue) that Heartland shipped into Delaware. Thus, to resolve nationwide the same issues as in this Delaware infringement suit, Kraft would have to bring separate suits in all other states in which Heartland's allegedly infringing products are found. Alternatively, under Heartland's argument, Kraft could opt to bring one suit against Heartland in Heartland's state of incorporation.⁵

4. Heartland argues even for the 2% of products it shipped to Delaware it did not "purposefully avail" itself of the privilege of conducting activities in Delaware and thus the due process requirement for specific personal jurisdiction is not met. Heartland has not established that it is clearly and indisputably entitled to relief on this point.

5. In its Reply and its rebuttal at oral argument, Heartland made a new argument that it asserts is a "complete answer:" that Kraft would be able to bring a single suit in a jurisdiction other

Appendix A

Heartland’s arguments are foreclosed by our decision in *Beverly Hills Fan*. In that case, we held that the due process requirement that a defendant have sufficient minimum contacts with the forum was met where a non-resident defendant purposefully shipped accused products into the forum through an established distribution channel and the cause of action for patent infringement was alleged to arise out of those activities. *Beverly Hills Fan*, 21 F.3d at 1565; *see also Acorda Therapeutics Inc. v. Mylan Pharms. Inc.*, Nos. 2015-1456, 817 F.3d 755, 2016 U.S. App. LEXIS 4942, 2015-1460, 2016 WL 1077048, at *7 (Fed. Cir. Mar. 18, 2016) (determining that the minimum contacts requirement was met where a defendant contracted with a network of independent wholesalers and distributors

than where Heartland is incorporated because “[u]nder Federal Rule of Civil Procedure 4(k)(1)(C), a patentee can obtain personal [jurisdiction] by serving process under [28 U.S.C.] § 1694 and thereby obtain complete relief in any district where a defendant ‘has committed acts of infringement and has a regular and established place of business.’” Reply 1 (quoting 28 U.S.C. § 1400(b)). Heartland did not raise this argument before the district court. In fact, Heartland made a contradictory argument before the district court, stating in its opening brief to the Magistrate Judge that “[t]here is no federal statute that authorizes service of originating process in patent cases, so Federal Rule of Civil Procedure 4(k)(1)(C) does not apply.” Heartland’s Opening Br. at 5, *Kraft Foods Grp. Brands LLC v. TC Heartland, LLC*, No. 14-28-LPS (D. Del. June 23, 2014), ECF No. 8. And Heartland did not raise this argument in its petition for a writ of *mandamus*. Thus, Kraft did not have an opportunity to respond to Heartland’s new argument, and, based on Heartland’s arguments before the district court, it would not have expected to face such an argument. Heartland’s belated raising of this new argument is especially inappropriate in the context of a petition for a writ of *mandamus*.

Appendix A

to market the accused product in Delaware, the forum state). Such is the case here. Heartland admits that it shipped orders of the accused products directly to Delaware under contracts with what it characterizes as “two national accounts” that are headquartered outside of Delaware. And Heartland does not dispute that Kraft’s patent infringement claims arise out of or relate to these shipments. This is sufficient for minimum contacts.

We also held in *Beverly Hills Fan* that, even where there are sufficient minimum contacts under a stream of commerce theory or otherwise, due process also requires that a forum’s assertion of jurisdiction be reasonable, considering all the facts and circumstances of a case. *Beverly Hills Fan*, 21 F.3d at 1568; *see also Int’l Shoe Co. v. Washington*, 326 U.S. 310, 316, 66 S. Ct. 154, 90 L. Ed. 95 (1947) (explaining that due process requires that “maintenance of the suit does not offend ‘traditional notions of fair play and substantial justice’”). We explained that the forum state had significant interests in discouraging injuries that occur within the state, such as patent infringement, and in cooperating with other states to provide a forum for efficiently litigating a plaintiff’s cause of action. *Beverly Hills Fan*, 21 F.3d at 1568. We further explained that the plaintiff could seek redress in the forum state for sales of the accused product in other states, thereby sparing other states the burden of also having to provide such a forum and protecting defendants from being harassed with multiple infringement suits. *Id.* And we explained that the burden on the defendant did not appear particularly significant and was not sufficiently compelling to outweigh the plaintiff’s and the forum state’s

Appendix A

interests. *Id.* at 1569. Heartland does not argue that the district court's exercise of jurisdiction is unreasonable, nor does it dispute that the balance of the plaintiff's and forum state's interests against the burdens imposed on it is any different than those in *Beverly Hills Fan*. Instead, it argues that our statement in *Beverly Hills Fan* that a forum state could hear claims for infringing acts occurring outside of the forum state was *dictum*. We do not agree. Heartland also argues that we ought to be guided by the Supreme Court's footnote in *Walden*. We are bound by *Beverly Hills Fan* and the Supreme Court's general statement in Footnote 6 of *Walden* cannot be read to overturn *sub silentio Beverly Hills Fan*.

CONCLUSION

Heartland's arguments are foreclosed by our long standing precedent. Heartland has thus failed to show that its right to *mandamus* is clear and indisputable.

Accordingly,

IT IS ORDERED THAT:

The petition for a writ of *mandamus* is denied.

FOR THE COURT

April 29, 2016

Date

/s/ Daniel E. O'Toole

Daniel E. O'Toole
Clerk of Court

**APPENDIX B — MEMORANDUM ORDER OF
THE UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF DELAWARE, FILED
SEPTEMBER 24, 2015**

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

Civil Action No. 14-28-LPS

KRAFT FOODS GROUP BRANDS LLC,

Plaintiff,

v.

TC HEARTLAND, LLC D/B/A HEARTLAND
FOOD PRODUCTS GROUP AND HEARTLAND
PACKAGING CORPORATION,

Defendants.

September 24, 2015, Decided
September 24, 2015, Filed

MEMORANDUM ORDER

WHEREAS, Magistrate Judge Burke issued a 30-page Report and Recommendations (“Report”) (D.I. 59), dated August 13, 2015, recommending that Defendants TC Heartland, LLC (“TC Heartland”) and Heartland Packaging Corporation’s (“HPC”) (collectively, “Defendants”) Motion to Dismiss Claims for Lack of Personal Jurisdiction and for Transfer of Venue to the Southern District of Indiana (“Motion”) (D.I. 7) be denied;

Appendix B

WHEREAS, on August 27, 2015, Defendants objected to the Report (“Objections”) (D.I. 70), and specifically objected to (1) the Report’s conclusion that this Court has personal jurisdiction with respect to the entirety of this action and, thus, its recommendation that the Motion to Dismiss Claims for Lack of Personal Jurisdiction be denied; and (2) the Report’s findings that 28 U.S.C. § 1391(c) permits venue in this district and, thus, its recommendation that the Motion for Transfer of Venue to the Southern District of Indiana be denied;

WHEREAS, on September 14, 2015, Plaintiff Kraft Foods Group Brands LLC (“Kraft” or “Plaintiff”) responded to the Objections (D.I. 78), arguing that the Report

correctly . . . determined that (1) jurisdiction over Heartland is appropriate as to all of Kraft’s patent infringement claims [because] Heartland purposefully placed infringing products into the stream of commerce knowing full well that such products would be sold in Delaware; and (2) venue in this case is proper in the District of Delaware because it is a court in which jurisdiction exists as to Heartland with respect to this action.

(Id. at 1);

WHEREAS, the Court has considered Defendant’s Motion *de novo*, as it presents case-dispositive issues, *see* 28 U.S.C. § 636(b)(1); Fed. R. Civ. P. 72(b)(3), and has further reviewed all of the pertinent filings;

Appendix B

NOW THEREFORE, IT IS HEREBY ORDERED that:

1. Defendants' Objections (D.I. 70) are OVERRULED, Judge Burke's Report (D.I. 59) is ADOPTED in all respects, and Defendants' Motion (D.I. 7) is DENIED.

2. The Report correctly concluded that the Court's personal jurisdiction analysis is not governed by *Sears, Roebuck & Co. v. Sears plc*, 752 F. Supp. 1223, 1228 (D. Del. 1990), but rather by *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1571 (Fed. Cir. 1994). *Sears* was a district court trademark case finding that because "[e]ach of the alleged trade name infringements by PLC's subsidiaries is a separate and unrelated cause of action occurring in a separate forum," personal jurisdiction only existed over the trade name infringements occurring in the forum state. 752 F. Supp. at 1228-30. *Sears* predates the Federal Circuit's holding in *Beverly Hills Fan Co.* that personal jurisdiction exists **in patent cases** where, as here, the "defendants purposefully shipped the accused [product] into [the forum state] through an established distribution channel." 21 F.3d at 1571. The Supreme Court's recent ruling in *Walden v. Fiore*, 134 S. Ct. 1115, 188 L. Ed. 2d 12 (2014), does not change the Court's conclusion that *Beverly Hills Fan Co.* continues to govern the Due Process analysis in a patent case. The quote from *Walden* (which was also not a patent case) relied on by Defendants — that in order for the Court to have specific personal jurisdiction over a claim, the claim must arise from "an 'activity or an occurrence that takes place in the forum state,'" 134 S. Ct. at 1121 n.6 (quoting *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915, 131 S. Ct. 2846, 2851, 180 L. Ed. 2d 796 (2011))

Appendix B

— does not overrule *Beverly Hills Fan Co.* and in no way suggests that personal jurisdiction in a patent case, once found to exist, is limited to acts of infringement occurring within the forum state.¹

3. 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*. (*See, e.g.*, D.I. 78 at 6-10) (citing cases as well as legislative history).

4. Given the detailed reasoning provided in the Report, and that the parties have not raised any arguments that are not adequately addressed in the Report, the Court finds it unnecessary to discuss Defendant’s Motion (D.I. 7) or Defendants’ Objections (D.I. 70) any further.

1. Defendants’ further contention that “no court has ever held that alleged in-state infringements can be remedied by multiplying the plaintiff’s damages caused by such infringements by a factor of ten or twenty or forty in order to account for alleged losses that the patentee might have suffered elsewhere in the country” (D.I. 70 at 4) is unavailing. The appropriateness of whatever damages analysis Plaintiff may ultimately choose to present is not before the Court.

17a

Appendix B

September 24, 2015
Wilmington, Delaware

/s/ Leonard P. Stark
HONORABLE LEONARD P. STARK
UNITED STATES DISTRICT JUDGE

18a

Appendix B

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

Civil Action No. 14-28-LPS

KRAFT FOODS GROUP BRANDS LLC,

Plaintiff,

v.

TC HEARTLAND, LLC D/B/A HEARTLAND
FOOD PRODUCTS GROUP AND HEARTLAND
PACKAGING CORPORATION,

Defendants.

August 13, 2015, Decided
August 13, 2015, Filed

REPORT AND RECOMMENDATION

Presently pending before the Court in this patent infringement suit is Defendants TC Heartland, LLC (“TC Heartland”) and Heartland Packaging Corporation’s (“HPC”) (collectively, “Defendants”) Motion to Dismiss Claims for Lack of Personal Jurisdiction and for Transfer of Venue to the Southern District of Indiana (the “Motion”). (D.I. 7) Defendants seek dismissal of Plaintiff Kraft Foods Group Brands LLC’s (“Plaintiff”) Complaint according to Federal Rule of Civil Procedure 12(b)(2) for lack of personal jurisdiction. (*Id.*; D.I. 8 at 4-10) Defendants further ask the Court to transfer venue of this action to the Southern District of Indiana, pursuant to 28 U.S.C.

Appendix B

§§ 1404 and 1406. (D.I. 7) For the reasons set forth below, the Court recommends that Defendants' Motion be DENIED.

I. BACKGROUND**A. Factual Background**

Plaintiff is a corporation organized and existing under the laws of the State of Delaware, and maintains its principal place of business in Northfield, Illinois. (D.I. 1 at ¶ 1) Plaintiff alleges that it does business in Delaware “through manufacturing facilities and products sold.” (*Id.*)

Defendant TC Heartland is a limited liability company organized and existing under the laws of the State of Indiana; it maintains its headquarters in Carmel, Indiana. (D.I. 9 at ¶ 3) TC Heartland develops, tests and manufactures the accused “liquid water enhancer products” (the “accused products”) at facilities in both Carmel and Indianapolis, Indiana. (*Id.*) TC Heartland alleges, and Plaintiff does not contest, that it “is not registered to do business in Delaware and has no office, property, employees, agents, distributors, bank accounts, or other local presence in Delaware.” (D.I. 8 at 3; *see* D.I. 9 at ¶¶ 4-18) TC Heartland also claims that it has not entered into any supply contracts in Delaware and that it does not call on any accounts in Delaware to solicit sales. (D.I. 9 at ¶¶ 13, 17) TC Heartland admits, however, that it does ship orders of the accused products directly to Delaware under contracts with “two national accounts” that are headquartered outside of Delaware. (*Id.* at ¶ 19) In 2013, these shipments by TC Heartland amounted to approximately 2% of TC Heartland's total sales of the

Appendix B

accused products. (*Id.* at ¶ 20 (stating that, in 2013, “more than 98% of TC Heartland’s liquid water enhancer sales were shipped to destinations outside of Delaware.”))¹

Defendant HPC is incorporated in the State of Indiana, and Plaintiff alleges that HPC’s principal place of business is in Carmel, Indiana. (D.I. 1 at ¶ 3) Defendants contend that HPC ceased doing business years ago and has never sold the accused products.² (D.I. 8 at 3 n.1; *see also* D.I. 9 at ¶ 2)

B. Procedural History

Plaintiff commenced this action on January 14, 2014, alleging infringement of the three patents-in-suit. (D.I. 1 at 3-4) Defendants’ Motion was filed on June 23, 2014, (D.I. 7), and it was referred to the Court for resolution by Chief Judge Leonard P. Stark on July 15, 2014, (D.I. 13). The Motion was not fully briefed, however, until October 14, 2014. (D.I. 26)

At both parties’ request, (D.I. 27, 29), the Court held oral argument on the Motion on December 22, 2014. Following oral argument, the parties filed supplemental letter briefs regarding the legislative history of 28 U.S.C.

1. In their opening brief, Defendants stated that these orders amount to “approximately 2% of TC Heartland’s liquid water enhancer sales volume[.]” (D.I. 8 at 13) In their reply brief, Defendants framed those orders as accounting for “less than 2%” of TC Heartland’s allegedly infringing sales. (D.I. 26 at 7 n.1)

2. Because Defendants do not move to dismiss on that basis, the Court will not further address herein Defendants’ assertions regarding HPC’s activities.

Appendix B

§ 1391 (“Section 1391”)—a statute that was addressed in the parties’ briefs and at oral argument. The Court received those supplemental letter briefs on January 7, 2015. (D.I. 34, 35)

II. DISCUSSION**A. Personal Jurisdiction****1. Legal Standard**

Rule 12(b)(2) requires the Court to dismiss any case in which it lacks personal jurisdiction. Fed. R. Civ. P. 12(b)(2). As an initial matter, if a jurisdictional defense is raised by way of a Rule 12(b)(2) motion, then the plaintiff bears the burden of showing the basis for jurisdiction. *Eastman Chem. Co. v. AlphaPet Inc.*, Civ. Action No. 09-971-LPS-CJB, 2011 U.S. Dist. LEXIS 158477, 2011 WL 6004079, at *3 (D. Del. Nov. 18, 2011). To satisfy its burden at this stage of the litigation, in a case where the district court has not held an evidentiary hearing, the plaintiff need only establish a *prima facie* case of personal jurisdiction. *Metcalf v. Renaissance Marine Inc.*, 566 F.3d 324, 330, 51 V.I. 1219 (3d Cir. 2009); *Power Integrations, Inc. v. BCD Semiconductor Corp.*, 547 F. Supp. 2d 365, 369 (D. Del. 2008); *see also Celgard, LLC v. SK Innovation Co.*, 792 F.3d 1373, 2015 U.S. App. LEXIS 11536, 2015 WL 4068810, at *4 (Fed. Cir. 2015) (holding that the *prima facie* standard applies where “jurisdictional discovery [has been] conducted and the district court did not conduct a jurisdictional hearing,” if the parties have not agreed that there are no facts in dispute). All factual inferences to be drawn from the pleadings, affidavits and exhibits must be drawn in the

Appendix B

plaintiff's favor at this stage. *Eastman Chem. Co.*, 2011 U.S. Dist. LEXIS 158477, 2011 WL 6004079, at *3; *Power Integrations, Inc.*, 547 F. Supp. 2d at 369.

The Supreme Court of the United States has recognized two classifications of personal jurisdiction: “general jurisdiction” and “specific jurisdiction.” *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 131 S. Ct. 2846, 2853-54, 180 L. Ed. 2d 796 (2011) (internal quotation marks and citations omitted). The Supreme Court distinguished between these concepts in *International Shoe Co. v. Washington*, 326 U.S. 310, 66 S. Ct. 154, 90 L. Ed. 95 (1945), which remains the “canonical opinion” in the area of personal jurisdiction. *Daimler AG v. Bauman*, 134 S. Ct. 746, 754, 187 L. Ed. 2d 624 (2014) (citation omitted). “Specific jurisdiction” encompasses causes of action that “aris[e] out of or relate[] to the defendant’s contacts with the forum.” *Goodyear*, 131 S. Ct. at 2853 (quoting *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 414 n.8, 104 S. Ct. 1868, 80 L. Ed. 2d 404 (1984)). “General jurisdiction” encompasses complaints arising from dealings that are distinct from the defendant’s activities in the state. *Goodyear*, 131 S. Ct. at 2853-54 (citing *International Shoe*, 326 U.S. at 318); see also *Daimler*, 134 S. Ct. at 754. A court may exercise general jurisdiction over a foreign corporation only when the corporation’s “affiliations with the State [in which suit is brought] are so ‘continuous and systematic’ as to render [it] essentially at home in the forum State.” *Daimler*, 134 S. Ct. at 754 (quoting *Goodyear*, 131 S. Ct. at 2851).

“To establish personal jurisdiction, the plaintiff must adduce facts sufficient to satisfy two requirements—one statutory and one constitutional.” *Eastman Chem. Co.*,

Appendix B

2011 U.S. Dist. LEXIS 158477, 2011 WL 6004079, at *3. The Court must first consider whether the defendant's actions fall within the scope of Delaware's long-arm statute, 10 Del. C. § 3104(c). *Id.*; *Power Integrations, Inc.*, 547 F. Supp. 2d at 369. Second, the Court must determine whether the exercise of jurisdiction comports with the defendant's right to due process. *Eastman Chem. Co.*, 2011 U.S. Dist. LEXIS 158477, 2011 WL 6004079, at *3 (citing *Int'l Shoe Co.*, 326 U.S. at 316); *Power Integrations, Inc.*, 547 F. Supp. 2d at 369. Due process is satisfied if the Court finds that "minimum contacts" exist between the non-resident defendant and the forum state, "such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice." *Power Integrations, Inc.*, 547 F. Supp. 2d at 369 (quoting *Int'l Shoe Co.*, 326 U.S. at 316).

2. Claims Relating to the Accused Products That Are Shipped Directly to Delaware

Defendants first appear to assert that the Court lacks specific jurisdiction under the Due Process Clause³ regarding alleged infringement by the approximately 2% of accused products that Defendants ship directly to Delaware for sale in Delaware. (D.I. 26 at 7-8)⁴ In

3. Defendants do not contest jurisdiction under Delaware's long-arm statute. (D.I. 20 at 4)

4. In their Motion and in their opening brief, Defendants did not clearly move to dismiss Plaintiff's Complaint as to products shipped directly to Delaware. (*See* D.I. 7 at 1 (seeking dismissal only of claims relating to infringement occurring "outside of Delaware"); D.I. 8 at 4 (stating that "some of the claims asserted by Kraft might arise from activities or occurrences in Delaware and *might arguably*

Appendix B

considering whether the due process requirement for specific personal jurisdiction is met, the Court assesses: “(1) whether the defendant purposefully directed its activities at residents of the forum state, (2) whether the claim arises out of or relates to the defendant’s activities with the forum state, and (3) whether assertion of personal jurisdiction is reasonable and fair.” *Celgard*, 2015 U.S. App. LEXIS 11536, 2015 WL 4068810 at *3.⁵ Plaintiff bears the burden of establishing the first two factors above, and if it does so, the burden shifts to Defendants to show that personal jurisdiction is unreasonable or unfair. *Id.* “The first two factors correspond with the ‘minimum contacts’ prong of *International Shoe*, and the third factor corresponds with the ‘fair play and substantial justice’ prong.” *Id.* (internal quotation marks and citation omitted).

In this case, Plaintiff asserts jurisdiction based on a stream-of-commerce theory. (D.I. 20 at 1) The Supreme Court set forth in *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297, 100 S. Ct. 559, 62 L. Ed. 2d 490 (1980), that a “forum State does not exceed its powers under the Due Process Clause if it asserts personal

be ones that TC Heartland could lawfully be required to defend in Delaware.”) (emphasis in original) In their reply brief, Defendants seemed to suggest that they *are* seeking dismissal as to claims relating to these products. (D.I. 26 at 7-8) Defendants’ argument in that regard is improper, because it was not clearly raised in their opening brief. Regardless, the Court will address the issue here, because it is helpful to resolve it before reaching Defendants’ other arguments. This course of action does not prejudice Plaintiff, because the Court ultimately resolves this issue in Plaintiff’s favor.

5. The law of the Federal Circuit applies to the due process analysis for questions of specific jurisdiction. *Akro Corp. v. Luker*, 45 F.3d 1541, 1543 (Fed. Cir. 1995).

Appendix B

jurisdiction over a corporation that delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in the forum State.” When the Supreme Court next addressed the issue, however, its opinions were split as to whether a court may assert jurisdiction over a defendant who was merely “aware that the final product is being marketed in the forum State[.]” *Asahi Metal Indus. Co., Ltd. v. Superior Court of Cal.*, 480 U.S. 102, 117, 107 S. Ct. 1026, 94 L. Ed. 2d 92 (1987) (Brennan, J., concurring in part), or whether such an assertion requires “an action of the defendant purposefully directed toward the forum State[.]” *id.* at 113 (O’Connor, J.) (emphasis omitted). See *AFTG-TG, LLC v. Nuvoton Tech. Corp.*, 689 F.3d 1358, 1362 (Fed. Cir. 2012) (per curiam) (noting that “[b]ecause neither Justice Brennan’s nor Justice O’Connor’s [stream-of-commerce] test garnered a majority of the votes in *Asahi*, neither test prevailed as the applicable precedent”). The Supreme Court addressed the issue again in *J. McIntyre Machinery, Ltd. v. Nicastro*, 131 S.Ct. 2780, 180 L. Ed. 2d 765 (2011), but did not resolve the split. *AFTG-TG*, 689 F.3d at 1363 (stating that the Supreme Court “declined to resolve the *Asahi* split in *McIntyre*”).

The United States Court of Appeals for the Federal Circuit has also addressed the stream-of-commerce theory. Applying Supreme Court precedent, it held in *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1571 (Fed. Cir. 1994) that where the “defendants purposefully shipped the accused [product] into [the forum state] through an established distribution channel,” and the alleged patent infringement arose out of those activities, “[n]o more is usually required to establish specific jurisdiction.” See also *AFTG-TG*, 689 F.3d at 1363-

Appendix B

64 (holding that *Beverly Hills Fan* is still the controlling precedent following the Supreme Court’s plurality opinion in *J. McIntyre*). This standard has been applied in several recent cases in this District. *See Graphics Properties Holdings, Inc. v. ASUS Computer Int’l*, 70 F. Supp. 3d 654, 662-64 (D. Del. 2014) (holding that foreign defendants’ sale of accused products to a California-based subsidiary, knowing that the subsidiary would then sell the products to three physical resale outlets in Delaware, was sufficient to meet the test set forth in *Beverly Hills Fan*); *Robert Bosch LLC v. Alberee Products, Inc.*, 70 F. Supp. 3d 665, 678 (D. Del. 2014) (holding that a defendant had “target[ed] the Delaware market” by “sell[ing] the accused product to the nationwide reseller Costco with the expectation that Costco will sell the accused product in all parts of the United States, including Delaware”).

Here, Defendants admit that they knowingly and intentionally shipped approximately 2% of the accused products from their Indiana manufacturing facility to two of their customers’ distribution facilities in Delaware. (D.I. 8 at 13; D.I. 9 at ¶ 19; D.I. 20, ex. 1 at 33; D.I. 26 at 7) In 2013, for example, Defendants sent 44,707 cases of their products to Delaware, some subset of which included accused products; the accused products that were shipped to Delaware in that year generated at least \$331,000 in sales revenue. (D.I. 20, ex. A at 25-26) Defendants also do not dispute that Plaintiff’s claims arise out of or relate to these shipments. However, Defendants claim that these shipments were “initiated” by their customers—not by them. (D.I. 26 at 8 (“[A]ll Heartland shipments of [accused] products to Delaware were *initiated* by Customer, under purchase orders submitted to Heartland in Indiana . . .”) (emphasis added)) Citing to the Federal Circuit’s decision

Appendix B

in *AFTG-TG, LLC v. Nuvoton Tech. Corp.*, 689 F.3d 1358 (Fed. Cir. 2012) (per curiam), Defendants assert that because they did not originate the idea to ship the products to Delaware, then their actions thus do not amount to “purposeful” conduct directed toward Delaware. (*Id.*)

But *AFTG-TG*—a case in which the Federal Circuit affirmed a district court’s finding of the lack of personal jurisdiction—did not appear to turn on whether or not the defendants were the party who *initiated or first encouraged* the shipment of the accused products to the forum state. *AFTG-TG*, 689 F.3d at 1365. Instead, the *AFTG-TG* Court seemed to focus its decision on the following facts: (1) that at most, one of the defendants had made an “isolated” number of shipments of products to the forum state; (2) the cause of action for patent infringement in the case did not arise out of those isolated shipments (which were not shown to include infringing products); and (3) there was no evidence that the forum was part of the defendants’ regular and established distribution channels. *Id.* at 1361-62, 1365. Although the *AFTG-TG* Court did note that the limited shipments to the forum state were made “at the request of third parties[,]” that fact does not appear to have played a significant role in the Court’s ultimate decision. *Id.* And other cases from this District have made clear that shipments to Delaware may demonstrate purposeful availment, even when those shipments are initiated by a customer (and not by the defendant). See, e.g., *Graphics Properties Holdings Inc. v. Asus Computer Int’l, Inc.*, 964 F. Supp. 2d 320, 326-27 (D. Del. 2013) (holding that “[the defendant’s] activities were ‘purposeful’ because [it] knowingly and intentionally shipped the accused products to two separate customers in Delaware” in satisfaction of customer warranty

Appendix B

obligations).

Defendants also cite to the plurality opinion in *J. McIntyre*, (D.I. 26 at 8), but that case is distinguishable. In that case, the plaintiff alleged only: (1) that the foreign defendant had a relationship with a distributor to sell the relevant products in the United States, (2) that the foreign defendant had attended trade shows in the United States, but not in the forum, and (3) that at least one (and no more than four) of the products ended up in the forum, having been shipped there by the distributor. *J. McIntyre*, 131 S. Ct. at 2782, 2786, 2790; *see also id.* at 2791 (Breyer, J., concurring). Here, in contrast, Defendants themselves knowingly and intentionally shipped a significant number of accused products directly to Delaware. As such, they “purposefully avail[ed themselves] of the privilege of conducting activities within [Delaware], thus invoking the benefits and protections of its laws.” *J. McIntyre*, 131 S.Ct. at 2788 (internal quotation marks and citation omitted).

In light of the above, the Court holds that Plaintiff has set forth a *prima facie* case of specific jurisdiction as to claims regarding the products, described above, that were shipped to Delaware.

3. Claims Relating to the Remaining 98% of Accused Products

As to the approximately 98% of the products made, used, offered for sale or sold outside of Delaware, Defendants present a novel jurisdictional theory that, if adopted, would result in sweeping changes to the way that patent litigation proceeds in the United States. Defendants assert that: (1) each act of patent infringement

Appendix B

is a separate cause of action; (2) Defendants could not have purposefully directed their activities to the forum regarding the 98% of their products referenced above, nor would infringement claims as to those products “arise from” or “relate to” contact with the forum; and (3) the Supreme Court in *Walden v. Fiore*, 134 S. Ct. 1115, 188 L. Ed. 2d 12 (2014) overruled the Federal Circuit’s longstanding rule, set forth in *Beverly Hills Fan*, regarding how the court system should address such out-of-state infringement. (D.I. 8 at 4-10)

By way of background, in *Beverly Hills Fan*, the Federal Circuit held that if the defendant has minimum contacts with the forum state—sufficient to establish specific jurisdiction as to sales of a product within that state—then the plaintiff “will be able to seek redress [there] for sales of the accused [product] to consumers in . . . other states [,]” even if “the bulk of the harm inflicted on [the plaintiff] may occur through sales in these other states.” *Beverly Hills Fan*, 21 F.3d at 1568 & n.21. This outcome was said to comport with notions of fair play and substantial justice inherent in a due process inquiry, because the forum state not only has an interest in discouraging in-state patent infringement-related injuries, but also has a “substantial interest in cooperating with other states to provide a forum for efficiently litigating plaintiff’s cause of action.” *Id.* at 1568. The *Beverly Hills Fan* Court noted that this outcome would ensure that “[t]he [non-forum] states will . . . be spared the burden of providing a forum for [the plaintiff] to seek redress for these sales” and that it would also protect defendants “from harassment resulting from multiple suits” in many different states. *Id.*

Appendix B

In coming to this conclusion, the Federal Circuit relied on the Supreme Court's holding in *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 104 S. Ct. 1473, 79 L. Ed. 2d 790 (1984). *Keeton* addressed the question of whether a court in New Hampshire had specific jurisdiction to hear a multistate libel action, where most of the damages had occurred in other states, and where the statute of limitations for bringing a libel action in those states had expired. *Id.* at 112-74, 780. Plaintiff there sought redress under the “single publication rule” for libel actions, which states that plaintiffs in such actions may be compensated for “damages caused in *all* states’ . . . even though the bulk of petitioner’s alleged injuries had been sustained outside [the forum state].” *Id.* at 773 (emphasis in original). But the Court of Appeals had held that it would be “unfair” for the New Hampshire court to apply this rule and to assert jurisdiction over these out-of-state injuries. *Id.*

The Supreme Court reversed. It determined that a state “has a substantial interest in cooperating with other States, through the ‘single publication rule,’ to provide a forum for efficiently litigating all issues and damage claims arising out of a libel in a unitary proceeding.” *Id.* at 777. The Court noted that addressing all instances of libel in a single proceeding, even if those instances occurred outside of the forum, “reduces the potential serious drain of libel cases on judicial resources” and serves to protect defendants from harassment resulting from multiple suits. *Id.* It held that “since respondent can be charged with knowledge of the ‘single publication rule,’ it must anticipate that such a suit will seek nationwide damages.” *Id.* at 781. Because the defendant “produce[d] a national publication aimed at a nationwide audience[,]” the Court held that “[t]here [was] no unfairness in calling it to answer

Appendix B

for the contents of that publication wherever a substantial number of copies are regularly sold and distributed.” *Id.*

Turning back to Defendants’ arguments here, they first assert that “each act of patent infringement gives rise to a separate cause of action[,]” and that jurisdiction over some of those causes of action (those associated with the use or sale of the 2% of accused products shipped to Delaware) does not lead to jurisdiction over others (those relating to the 98% of accused products shipped to other fora). (D.I. 8 at 4 (quoting *Hazelquist v. Guchi Moochie Tackle Co.*, 437 F.3d 1178, 1180 (Fed. Cir. 2006)); D.I. 36 (hereinafter, “Tr.”) at 18)

However, none of the cases cited by Defendants in support of their “separate cause of action” argument relate to personal jurisdiction at all. (D.I. 8 at 4-5) Instead, they relate to *when* a cause of action for infringement arose.⁶ Indeed, Defendants have not cited any patent case that states that personal jurisdiction exists in a forum only as to the portion of the accused products that are made, used, offered for sale or sold within that forum. It is clear that *Beverly Hills Fan* is the controlling precedent

6. See *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1969, 1972-74, 188 L. Ed. 2d 979 (2014) (addressing the “separate-accrual rule” for the copyright statute of limitations); *Hazelquist*, 437 F.3d at 1180-81 (holding that acts of patent infringement occurring after a bankruptcy each “gives rise to a cause of action that dates from the moment of infringement, after the discharge of [the defendant’s] debts”); *E.I. du Pont de Nemours & Co. v. MacDermid Printing Solutions, L.L.C.*, 525 F.3d 1353, 1362 (Fed. Cir. 2008) (recognizing that “each act of infringement gives rise to a separate cause of action” with regard to whether the infringement arose before or after a certificate of correction was issued).

Appendix B

on this issue, and that case held that a court *can* assert jurisdiction over out-of-state infringement activities in a patent action, in a manner somewhat analogous to the circumstances addressed in *Keeton. Beverly Hills Fan*, 21 F.3d at 1568; *cf. Loyalty Conversion Sys. Corp. v. Am. Airlines, Inc.*, 66 F. Supp. 3d 795, 812 (E.D. Tex. 2014) (Bryson, J.) (“With respect to its activities in Texas, [the defendant] is in the same situation as many other national corporations that sell products or services nationwide. Those companies are subject to specific jurisdiction in any district in which their infringing products are sold.”) (citing *Beverly Hills Fan* and *Keeton*); *see also Patent Rights Prot. Grp., LLC v. Video Gaming Techs., Inc.*, 603 F.3d 1364, 1370-71 (Fed. Cir. 2010) (citing *Beverly Hills Fan* and *Keeton* to reverse a lower court holding that a forum lacked personal jurisdiction over defendants, in part because a contrary holding would require the patentee to pursue multiple separate actions against the defendants in their home states).

Defendants’ next argument is that in *Walden*, the Supreme Court “distinguished” *Keeton* and “effectively overrule[d]” *Beverly Hills Fan*. (D.I. 8 at 9-10) In *Walden*, the Supreme Court rejected a theory of specific jurisdiction that was based on the state of residence of the plaintiff, holding that “plaintiff cannot be the only link between the defendant and the forum.” *Walden*, 134 S. Ct. at 1121-26. It distinguished prior cases, including *Keeton*, as relying on ties between the defendant and the *forum*, rather than between the defendant and the *plaintiff*. *Id.* at 1123-24.

The Court concludes that *Walden* did not overrule, or even impact, the holdings in *Keeton* or *Beverly Hills Fan*.

Appendix B

Keeton involved a finding of specific jurisdiction based on the defendant's sales within the forum; plaintiff's "only connection with [the forum was] the circulation there of [copies of] a magazine that she assist[ed] in producing." *Keeton*, 465 U.S. at 772. Thus, *Walden's*, holding that jurisdiction cannot be based on the state of residency of a plaintiff is simply irrelevant to *Keeton's* core holding. Likewise, *Beverly Hills Fan* relied on the fact that "at least fifty-two" of the defendants' products were present in the forum, which reflected an "ongoing relationship" with a retailer in that forum. *Beverly Hills Fan*, 21 F.3d at 1565. That, in turn, demonstrated that the defendants had "intentionally established" a distribution channel and that the "defendants knew, or reasonably could have foreseen, that a termination point of the channel was [the forum state.]" *Id.* *Beverly Hills Fan* did not rely on the contacts between the plaintiff and the forum, and as a result, its holding is not impacted in any way by *Walden*.⁷

7. Defendants also rely on *Sears, Roebuck & Co. v. Sears PLC*, 752 F. Supp. 1223, 1228-30 (D. Del. 1990), (D.I. 8 at 5; Tr. at 36-37), which addressed whether "the Court can exercise specific personal jurisdiction over [the defendant] for the acts of its non-Delaware subsidiaries" in a trademark and trade name infringement action. The Court noted that "the rule" in a trade name infringement action is that "each case of trade name or trademark infringement is a separate tort arising where the confusion to the customer occurs," and that the separate torts in other states committed by the subsidiaries did not "arise from" the defendant's contacts with Delaware. *Id.* at 1228-30. It found no reason to depart from that rule, and distinguished *Keeton* as applying the "single publication rule," which rendered a libelous publication a single, nationwide tort. *Id.* at 1229-30.

However, this is a patent case, and the relevant precedent is that established by *Beverly Hills Fan*—that a state with

Appendix B

In sum, Defendants have not persuaded the Court that the rule set forth in *Beverly Hills Fan* is inapplicable or has been overruled.

4. Conclusion

For the reasons set out above, the Court therefore recommends that the District Court deny Defendants' Motion as to Defendants' specific jurisdiction arguments.

B. Transfer Under 28 U.S.C. § 1406(a)

Defendants next argue that a major change in the law has also occurred with respect to venue. That is, they claim that venue in a patent action is now appropriate only in a defendant's state of incorporation, or "where the defendant has committed acts of infringement and has a regular and established place of business." (D.I. 8 at 10 (quoting 28 U.S.C. § 1400(b))

1. Legal Standard

Venue in a patent action is governed by 28 U.S.C. § 1400(b), which provides that:

Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant

jurisdiction over the infringing use or sale of a product arising out of or relating to a defendant's contacts with that state also has jurisdiction to award damages for infringing activity that occurs in other states. *Beverly Hills Fan*, 21 F.3d at 1568. Thus, this Court's holding in *Sears* cannot have the impact Defendants ascribe to it.

Appendix B

has committed acts of infringement and has a regular and established place of business.

Also relevant here is the general venue statute, Section 1391, which, *inter alia*, states that a corporate defendant is “deemed to reside . . . in any judicial district in which [it] is subject to the court’s personal jurisdiction with respect to the civil action in question[.]” 28 U.S.C. § 1391(c).

If a case is filed in an improper venue, 28 U.S.C. § 1406(a) provides that a court shall “dismiss, or if it be in the interest of justice, transfer [the] case to any district or division in which it could have been brought.”

2. Analysis

Defendants note that Section 1391(c) was amended in 2011, and claim that these amendments had the effect of changing the state of patent venue as it relates to Section 1400(b). (D.I. 8 at 11) To understand Defendants’ argument, some backtracking is required.

The interaction between sections 1400(b) and 1391(c) was addressed by the Supreme Court’s 1957 opinion in *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222, 77 S. Ct. 787, 1 L. Ed. 2d 786 (1957). *Fourco* held that venue in a patent action is governed by Section 1400(b), which was “not to be supplemented by the provisions of [Section] 1391(c).” *Id.* at 229. The Supreme Court viewed Section 1391(c) as general venue statute, and Section 1400(b) as a specific venue statute; it concluded that the general statute does not override the specific statute. *Id.* at 228-29. In light of this, the Supreme Court went on to hold that “the residence of a corporation for purposes of

Appendix B

[Section] 1400(b) is its place of incorporation.” *Brunette Mach. Works, Ltd. v. Kockum Indus., Inc.*, 406 U.S. 706, 707 n.2, 92 S. Ct. 1936, 32 L. Ed. 2d 428 (1972) (citing *Fourco*, 353 U.S. 222, 77 S. Ct. 787, 1 L. Ed. 2d 786).

Then, in 1988, Congress amended Section 1391(c). In doing so, it added the language “[f]or purposes of venue under this chapter” before the beginning of the rest of Section 1391(c)’s text. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1578 (Fed. Cir. 1990). In light of those amendments, the Federal Circuit in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990), held that Section 1391(c) now governs the meaning of “resides” in Section 1400(b). *Id.* at 1579-84. The Federal Circuit determined that the typical rule (that a specific statute like Section 1400(b) supercedes a general one like Section 1391(c)) no longer applied in this instance, for several reasons. *Id.* at 1580. First, the Court stated that “the [amended] general statute, § 1391(c), expressly reads itself into the specific statute, § 1400(b).” *Id.* Additionally, it noted that the amended “§ 1391(c) only operates to define a term in § 1400(b)—it neither alone governs patent venue nor establishes a [separate] patent venue rule[,]” and it does not otherwise conflict with Section 1400(b). *Id.* Thus, according to *VE Holding*, the language of Section 1391(c) revealed “a clear intention” to supplement Section 1400(b); as a result, the Court found that a patent infringement action may be brought in any forum that has personal jurisdiction over the defendant corporation. *Id.* at 1581 (internal quotation marks and citation omitted). That conclusion has stood undisturbed by the Federal Circuit since *VE Holding*. *See, e.g., In re Apple Inc.*, 456 F. App’x 907, 908 (Fed. Cir. 2012) (noting in dicta that “28 U.S.C. § 1400(b) . . . authorizes

Appendix B

venue jurisdiction over any patent infringement suit where an alleged act of infringement has been committed.”).

In 2011, Congress passed the Federal Courts Jurisdiction and Venue Clarification Act of 2011 (the “Act”), which again amended Section 1391(c). Pub. L. No. 112-63, 125 Stat. 758, 763-64 (Dec. 7, 2011); *see* 28 U.S.C. § 1391 (2011). The Act replaced the words in Section 1391(c) that *VE Holding* relied on (“[f]or purposes of venue under this chapter”) with new language: “[f]or all venue purposes[.]” *Id.* Congress also altered Section 1391(a) to read as follows:

(a) Applicability of section.--Except as otherwise provided by law—

(1) this section shall govern the venue of all civil actions brought in district courts of the United States; and

(2) the proper venue for a civil action shall be determined without regard to whether the action is local or transitory in nature.

28 U.S.C. § 1391(a).⁸

8. Congress also made another change to section 1391 that is raised by Defendants. It added the words “with respect to the civil action in question” to Section 1391(c), such that this part of the statute now reads that a defendant “shall be deemed to reside . . . in any judicial district in which such defendant is subject to the court’s personal jurisdiction *with respect to the civil action in question*[.]” *Id.* (emphasis added). Defendants assert that this new language would exclude much of this case, because the Court lacks personal jurisdiction over infringement claims relating to the 98% of accused products that are not used or sold in Delaware (i.e., the “civil action”

Appendix B

Defendants assert that the effect of these changes is that Section 1391(c) no longer provides for the definition of the term “resides” in Section 1400(b). (D.I. 26 at 3-5) The Court will address Defendants’ three most prominent arguments in support of this claim, and why they are not persuasive.

First, Defendants claim that because Congress removed “[f]or purposes of venue under this chapter” from Section 1391(c), and because the *VE Holding* Court had relied heavily on this now-removed language as the basis for its decision, *VE Holding*’s decision is now a nullity. (D.I. 26 at 3-4)

The Court disagrees. *VE Holding* held that Congress intended the prior wording used in Section 1391(c) to give meaning to the residency requirements in Section 1400(b). *VE Holding*, 917 F.2d at 1579-84. If anything, the 2011 amendments to this portion of Section 1391(c) served to further broaden the applicability of the statute. That is, wherein Section 1391(c) had previously helped to define, *inter alia*, the place of a corporate defendant’s residence “[f]or purposes of venue under this chapter[,]” it now provides such a definition “[f]or all venue purposes[.]” If Congress’ intent in enacting the 2011 amendments to Section 1391(c) was to alter the status quo as described in *VE Holding*—and to now indicate that Section 1391(c)’s terms have no impact on the meaning of “resides” in

involving allegations relating to those products). (D.I. 8 at 11-12) The Court disagrees. As described above in Section II.A.3, the Court has jurisdiction to hear this patent infringement action with regard to all of the accused products (that is, over the entire “civil action” here).

Appendix B

Section 1400(b)—then adding language that appears to *expand* the reach of Section 1391(c)’s definition of residency seems a strange way of accomplishing that.

This analysis is also supported by the Act’s legislative history. The House of Representatives Report on the Act states that it intended to expand Section 1391(c) to “apply to all venue[] statutes, including venue provisions that appear elsewhere in the United States Code.” H.R. Rep. No. 112-10, at 20 (2011). This “replace[d] [then-]current subsection 1391(c), which applie[d] . . . only for purposes of venue under Chapter 87.” *Id.*⁹

Second, Defendants focus on the fact that as amended in 2011, Section 1391’s “[a]pplicability” section (Section 1391(a)) now states that Section 1391’s terms apply “[e]xcept as otherwise provided by law[.]” (D.I. 26 at 2, 4); 28 U.S.C. § 1391(a) (2011). Yet this new addition also does not alter the Court’s conclusion. After all, in light of the prior 1988 amendments to Section 1391(c), the Federal Circuit held that Section 1400(b) does not “conflict” with Section 1391(c), and that Congress’ “clear intention” was that “§ 1391(c) is to supplement § 1400(b).” *VE Holding*, 917 F.2d at 1579-84. That was the legal status quo as of the time of the enactment of the 2011 amendments. And so, at the time of the 2011 amendments (and indeed, as of the present date), Section 1400(b) could not be said to

9. It is also worth noting that there is nothing in the legislative history submitted by the parties regarding the 2011 amendments suggesting that, in amending this subsection of 1391, Congress intended to take a step that would radically alter the landscape as to venue for patent litigation in the United States. *See, e.g.*, H.R. Rep. No. 112-10 (2011).

Appendix B

“otherwise provide[]” for an outcome different than what is called for by the portion of Section 1391(c) at issue here. Therefore, Section 1391(a)’s “applicability” section does not affect the outcome here—Section 1391 and Section 1400(b) can be read to be in harmony.¹⁰

Third, Defendants point to *Atlantic Marine Const. Co. v. U.S. Dist. Court for W. Dist. of Texas*, 134 S. Ct. 568, 577 n.2, 187 L. Ed. 2d 487 (2013), which issued after the 2011 amendments, and which stated in dicta that “[s]ection 1391 governs ‘venue generally,’ that is, in cases where a more specific venue provision does not apply. *Cf.*, *e.g.*, § 1400 (identifying proper venue for copyright and patent suits).” (D.I. 26 at 4) But that statement is consistent

10. Indeed, our Court has continued to read Section 1391(c) and Section 1400(b) in this way since the Act’s passage in 2011. *See Andrus Pharm. Corp. v. Celgene Corp.*, C.A. No. 13-1644-RGA, 2015 U.S. Dist. LEXIS 92455, 2015 WL 4366118, at *1 & n.5 (D. Del. July 16, 2015) (reading Section 1400(b) in light of Section 1391(c)); *Beacon Nav. GmbH v. Chrysler Grp. L.L.C.*, C.A. No. 11-cv-921 (GMS), 2013 U.S. Dist. LEXIS 38437, 2013 WL 1163943, at *5 (D. Del. Mar. 20, 2013) (same); *Devicor Med. Products, Inc. v. Biopsy Sciences, LLC*, Civil Action No. 10-1060-GMS, 2013 U.S. Dist. LEXIS 16537, 2013 WL 486638, at *3 (D. Del. Feb. 7, 2013) (“A business entity defendant, for the purposes of both § 1391(b) and § 1400(b), ‘resides’ in ‘any judicial district in which such defendant is subject to the court’s personal jurisdiction with respect to the civil action in question.’”) (citation omitted). And so have other courts. *See, e.g., Global Touch Solutions, LLC v. Toshiba Corp.*, F. Supp. 3d 2015 U.S. Dist. LEXIS 77227, Civil No. 2:14CV346, 2015 WL 3798085, at *10 (E.D. Va. June 15, 2015); *Celgard, LLC v. LG Chem, Ltd.*, No. 3:14-CV-00043-MOC-DCK, 2015 U.S. Dist. LEXIS 66600, 2015 WL 2412467, at *9 (W.D.N.C. May 21, 2015); *Digcom, Inc. v. Pantech Wireless, Inc.*, No. 3:13-cv-00177-RCJ-WGC, 2014 U.S. Dist. LEXIS 118959, 2014 WL 4232573, at *2 (D. Nev. Aug. 26, 2014).

Appendix B

with *VE Holding*'s determination that “§ 1391(c) only operates to define a term in § 1400(b)—it neither alone governs patent venue nor establishes a patent venue rule separate and apart from that provided under § 1400(b).” *VE Holding*, 917 F.2d at 1580. *Atlantic Marine* is therefore unhelpful for Defendants.

Ultimately, it is clear that Section 1391(c) continues to operate to define “resides” in Section 1400(b), as was set out in *VE Holding*. See *TNR Indus. Doors, Inc. v. Perfor Max Grp., LLC*, No. 13-13815, 2014 U.S. Dist. LEXIS 82132, 2014 WL 2800750, at *3 n.3 (E.D. Mich. June 17, 2014) (“[T]he scope of § 1391(c) as amended is even broader than the previous version interpreted in *VE Holding Corp.*, and this Court’s conclusion that § 1391(c) supplements § 1400(b) is consistent with the holding in *VE Holding* . . . as well as the plain language of § 1391(c).”); *Devicor Med. Prods., Inc. v. Biopsy Set, LLC*, Civil Action No. 10-1060-GMS, 2013 U.S. Dist. LEXIS 16537, 2013 WL 486638, at *3 n.7 (D. Del. Feb. 7, 2013) (concluding that the 2011 amendments to Section 1391 did not undermine the Federal Circuit’s conclusion in *VE Holding*). The Court therefore recommends that the District Court deny Defendants’ Motion as it relates to transfer of venue requested pursuant to Section 1406(a).

*Appendix B***C. Transfer Under 28 U.S.C. § 1404**

Finally, Defendants set forth, in a cursory fashion,¹¹ arguments seeking transfer of venue to the Southern District of Indiana pursuant to 28 U.S.C. § 1404(a). (D.I. 8 at 12-14)

1. Legal Standard

Section 1404(a) of Title 28 provides the statutory basis for a transfer inquiry.¹² It provides that “[f]or the

11. Defendants did not address most of the Section 1404(a) transfer factors in their opening brief. Instead, they provided only a short paragraph stating that the Southern District of Indiana is the more convenient venue because: (1) that is TC Heartland’s principal place of business and is where the claims arose, (2) that location is closer than is Delaware to Kraft’s principal place of business, and (3) there are potential third party witnesses in that district who may be called as trial witnesses regarding the state of the relevant art. (D.I. 8 at 12-13) In their reply brief, Defendants did not address transfer under Section 1404(a) at all. (D.I. 26) At oral argument, Defendants did not raise the issue until prompted by the Court at the end of the hearing. (Tr. at 69-71) Once prompted, Defendants stated that their Section 1404(a) argument, though not “conceded[,]” was clearly “subsidiary” to their other arguments regarding personal jurisdiction and venue. (*Id.*) All of this comes very close to an acknowledgment that the Motion should not be properly viewed as a Section 1404(a) motion at all. Cf *Hardwire, LLC v. Zero Int’l, Inc.*, Civil Action No. 14-54-LPS-CJB, 2014 U.S. Dist. LEXIS 146364, 2014 WL 5144610, at *15 (D. Del. Oct. 14, 2014). But for the sake of completeness, the Court will address Section 1404(a) below.

12. In analyzing a motion to transfer venue in a patent case, the law of the regional circuit applies. *Intellectual Ventures I LLC v. Checkpoint Software Techs. Ltd.*, 797 F. Supp. 2d 472, 487 n.7 (D. Del. 2011) (citing *Micron Tech., Inc. v. Rambus Inc.*, 645 F.3d 1311, 1331 (Fed. Cir. 2011)).

Appendix B

convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought or to any district or division to which all parties have consented.” 28 U.S.C. § 1404(a). The party seeking a transfer has the burden “to establish that a balancing of proper interests weigh[s] in favor of the transfer[.]” *Shutte v. Armco Steel Corp.*, 431 F.2d 22, 25 (3d Cir. 1970) (citation omitted); *see also Jumara v. State Farm Ins. Co.*, 55 F.3d 873, 879 (3d Cir. 1995). That burden is a heavy one: “unless the balance of convenience of the parties is *strongly in favor of defendant*, the plaintiff’s choice of forum should prevail.” *Shutte*, 431 F.2d at 25 (internal quotation marks and citation omitted) (emphasis added); *see also CNH Am. LLC v. Kinzenbaw*, C.A. No. 08-945(GMS), 2009 U.S. Dist. LEXIS 105312, 2009 WL 3737653, at *2 (D. Del. Nov. 9, 2009).

The Third Circuit has observed that courts must analyze “all relevant factors” to determine whether “the litigation would more conveniently proceed and the interests of justice be better served by transfer to a different forum.” *Jumara*, 55 F.3d at 879 (internal quotation marks and citation omitted). Nevertheless, it has identified a set of private interest and public interest factors that should be taken into account in this analysis (the “*Jumara* factors”). The private interest factors to consider include:

[1] [The] plaintiff’s forum preference as manifested in the original choice, [2] the defendant’s preference, [3] whether the claim arose elsewhere, [4] the convenience of the

Appendix B

parties as indicated by their relative physical and financial condition, [5] the convenience of the witnesses—but only to the extent that the witnesses may actually be unavailable for trial in one of the fora . . . and [6] the location of books and records (similarly limited to the extent that the files could not be produced in the alternative forum)[.]

Id. (citations omitted). The public interest factors to consider include:

[1] [T]he enforceability of the judgment, [2] practical considerations that could make the trial easy, expeditious, or inexpensive, [3] the relative administrative difficulty in the two fora resulting from court congestion, [4] the local interest in deciding local controversies at home, [5] the public policies of the fora, . . . and [6] the familiarity of the trial judge with the applicable state law in diversity cases[.]

Id. at 879-80 (citations omitted).

2. Appropriateness of Transferee Venue

The first step in the transfer analysis is to determine whether this action could have been brought in the proposed transferee venue. *Mallinckrodt Inc. v. E—Z—Em Inc.*, 670 F. Supp. 2d 349, 356 (D. Del. 2009). Here, there is no dispute, (D.I. 20 at 14), that this infringement action could have been properly brought in the Southern

Appendix B

District of Indiana, where Defendants are incorporated and have their headquarters. *See* 28 U.S.C. § 1400(b).

3. Application of the *Jumara* Factors

The Court will proceed to analyze the *Jumara* factors and their impact on whether transfer should be granted.

a. Private Interest Factors

i. Plaintiff's choice of forum

When analyzing the first *Jumara* private interest factor—the “plaintiff’s forum preference as manifested in the original choice”—the court should not consider simply the fact of that choice, but the reasons behind the choice. *Pragmatius A V, LLC v. Yahoo! Inc.*, Civil Action No. 11-902-LPS-CJB, 2012 U.S. Dist. LEXIS 147834, 2012 WL 4889438, at *4 & n.5 (D. Del. Oct. 15, 2012) (“*Pragmatius I*”) (internal quotation marks and citation omitted) (citing cases), *adopted by* 2013 U.S. Dist. LEXIS 6424, 2013 WL 174499 (D. Del. Jan. 16, 2013) (“*Pragmatius II*”); *see also Affymetrix, Inc. v. Synteni, Inc.*, 28 F. Supp. 2d 192, 200 (D. Del. 1998). “If those reasons are rational and legitimate then they will weigh against transfer, as they are likely to support a determination that the instant case is properly venued in this jurisdiction.” *Pragmatius I*, 2012 U.S. Dist. LEXIS 147834, 2012 WL 4889438, at *4 (internal quotation marks and citations omitted) (citing cases); *see also Intellectual Ventures I LLC v. Altera Corp.*, 842 F. Supp. 2d 744, 753-54 (D. Del. 2012) (“*Altera*”).

Appendix B

As noted above, Plaintiff chose to bring suit in Delaware, its state of incorporation. (D.I. 1 at ¶ 1) The fact that Delaware is the plaintiff's state of incorporation has often been found to be a rational and legitimate reason to bring suit here. *See, e.g., Good Tech. Corp. v. MobileIron, Inc.*, Civil Action No. 14-1308-LPS-CJB, 2015 U.S. Dist. LEXIS 38919, 2015 WL 1458091, at *3 (D. Del. Mar. 27, 2015); *Altera*, 842 F. Supp. 2d at 754; *Intellectual Ventures I LLC v. Checkpoint Software Techs. Ltd.*, 797 F. Supp. 2d 472, 479 (D. Del. 2011) ("*Checkpoint Software*"). Defendants do not offer any contrary analysis with regard to this factor.

The Court therefore holds that the first private interest *Jumara* factor weighs against transfer.

ii. Defendant's forum preference

As for the second private interest factor—the defendant's forum preference—Defendant prefers to litigate in the Southern District of Indiana. In analyzing this factor, our Court has similarly "tended to examine whether the defendant can articulate rational, legitimate reasons to support that preference." *Pragmatius I*, 2012 U.S. Dist. LEXIS 147834, 2012 WL 4889438, at *6 (citation omitted).

Defendants argue that this action should be transferred to the Southern District of Indiana because its principal place of business is there. (D.I. 8 at 13) This Court has often held that the physical proximity of a defendant's place of business (and relatedly, of witnesses and evidence

Appendix B

potentially at issue in the case) to the proposed transferee district is a clear, legitimate basis for seeking transfer to that district. *See, e.g., Nalco Co. v. AP Tech Grp. Inc.*, C.A. No. 13-1063-LPS, 2014 U.S. Dist. LEXIS 109592, 2014 WL 3909114, at *1 (D. Del. Aug. 8, 2014); *Genetic Techs. Ltd. v. Natera, Inc.*, C.A. No. 12-1737-LPS, 2014 U.S. Dist. LEXIS 51772, 2014 WL 1466471, at *1 (D. Del. Apr. 15, 2014).

This second private interest *Jumara* factor weighs in favor of transfer.

iii. Whether the claim arose elsewhere

The third private interest *Jumara* factor asks “whether the claim arose elsewhere.” *Jumara*, 55 F.3d at 879. As a matter of law, a claim regarding patent infringement arises “wherever someone has committed acts of infringement, to wit, ‘makes, uses, offers to sell, or sells any patented invention’ without authority.” *McRo, Inc. v. Activision Blizzard, Inc.*, Civil Action No. 12-1508-LPS-CJB, 2013 U.S. Dist. LEXIS 178823, 2013 WL 6571618, at *5 (D. Del. Dec. 13, 2013) (internal quotation marks and citations omitted), *adopted by* 2013 U.S. Dist. LEXIS 181269, 2013 WL 6869866 (D. Del. Dec. 30, 2013). Nevertheless, as to this factor, this Court typically focuses on the location of the production, design and manufacture of the accused instrumentalities. *Id.* (citing cases); *Altera*, 842 F. Supp. 2d at 755 (“[I]f there are significant connections between a particular venue and the events that gave rise to a suit, this factor should

Appendix B

be weighed in that venue's favor.”) (alterations in original) (quoting *In re Hoffmann-La Roche, Inc.*, 587 F.3d 1333, 1338 (Fed. Cir. 2009)).

In this case, it is undisputed that, while the accused products are sold nationwide (including in Delaware), they are developed, tested, and manufactured in the transferee district. (D.I. 9 at ¶ 3) Because it appears that the operative events giving rise to the Plaintiff's claims of infringement have a far stronger connection to the Southern District of Indiana than to any other district, this factor weighs in favor of transfer. *See Fuisz Pharma LLC v. Theranos, Inc.*, Civil Action No. 11-1061-SLR, 2012 U.S. Dist. LEXIS 69835, 2012 WL 1820642, at *12 (D. Del. May 18, 2012), *adopted by* 2012 U.S. Dist. LEXIS 79156, 2012 WL 2090622 (D. Del. June 7, 2012).

iv. Convenience of the parties as indicated by their relative physical and financial condition

In assessing the next private interest factor—“the convenience of the parties as indicated by their relative physical and financial condition”—this Court has traditionally examined issues including: “(1) the parties' physical location; (2) the associated logistical and operational costs to the parties' employees in traveling to Delaware (as opposed to the proposed transferee district) for litigation purposes; and (3) the relative ability of each party to bear these costs in light of its size and financial wherewithal.” *Audatex N. Am., Inc. v. Mitchell Int'l, Inc.*, C.A. No. 12-cv-139 (GMS), 2013 U.S. Dist. LEXIS 90847,

Appendix B

2013 WL 3293611, at *4 (D. Del. June 28, 2013) (internal quotation marks and citations omitted).

Both parties are located either in the transferee forum, or far closer to that forum than to Delaware. (D.I. 8 at 13) But in most actions, few case events involve travel to Delaware, particularly if the case does not result in a trial. *McRo, Inc.*, 2013 U.S. Dist. LEXIS 178823, 2013 WL 6571618 at *7. Here, the parties have national and international operations. (D.I. 9; D.I. 20 at 17) Moreover, no record has been made by Defendants to suggest that the limited amount of travel required to Delaware would impose any meaningful physical or financial burden on them. *See McRo, Inc.*, 2013 U.S. Dist. LEXIS 178823, 2013 WL 6571618 at *7. In the absence of any attempt to put forward such evidence, this factor weighs in favor of transfer, but only slightly. *See id.*

v. Convenience of the witnesses to the extent that they may actually be unavailable for trial in one of the fora

The “convenience of the witnesses” is the next factor, “but only to the extent that the witnesses may actually be unavailable for trial in one of the fora[.]” *Jumara*, 55 F.3d at 879. Of particular concern here are fact witnesses who may not appear of their own volition in the venue-at-issue and who could not be compelled to appear by subpoena pursuant to Federal Rule of Civil Procedure 45. *ADE Corp. v. KLA-Tencor Corp.*, 138 F. Supp. 2d 565, 569 (D. Del. 2001); *Affymetrix*, 28 F. Supp. 2d at 203-05.

Appendix B

The practical impact of this factor has often been said to be limited, in light of the fact that so few civil cases today proceed to trial (and at trial, so few fact witnesses testify live). *See Collectis S.A. v. Precision Biosciences, Inc.*, 858 F. Supp. 2d 376, 382 n.6 (D. Del. 2012); *Altera*, 842 F. Supp. 2d at 757-58. And here, Defendants argue only that a third party, the Coca Cola Company, “makes liquid water enhancers in Indiana, . . . and is likely to employ individuals who may be called as third-party witnesses knowledgeable as to the state of the . . . art at relevant times.” (D.I. 8 at 13) But Defendants have not: (1) identified any particular witnesses from the Coca Cola Company whom Defendants intend to call at trial; (2) provided any further articulation as to how such testimony will actually be relevant at trial; or (3) provided any evidence that these unnamed witnesses would “actually be unavailable” for trial in Delaware. *See McRo, Inc.*, 2013 U.S. Dist. LEXIS 178823, 2013 WL 6571618, at *9 (“Absent some concrete evidentiary showing that [potential third party witnesses] would be unlikely to testify, it is difficult to give Defendants’ argument as to their potential unavailability significant weight.”) (citing cases).

Under these circumstances, the Court finds this factor to be neutral. *See Ross v. Institutional Longevity Assets LLC*, Civil Action No. 12-102-LPS-CJB, 2013 U.S. Dist. LEXIS 134730, 2013 WL 5299171, at *12 (D. Del. Sept. 20, 2013) (“With little in the record as to witnesses who would be unavailable in the fora at issue, and less still that is persuasive, the Court finds this factor to be neutral.”), *adopted* by 2013 U.S. Dist. LEXIS 147103, 2013 WL 5613998 (D. Del. Oct. 11, 2013); *see also Smart*

Appendix B

Audio Techs., LLC v. Apple, Inc., 910 F. Supp. 2d 718, 732 (D. Del. 2012).

vi. Location of books and records

Because neither party raises any concern regarding the location of books and records, this factor is neutral.

b. Public Interest Factors

The parties either agree that four of the six public interest factors are neutral here, or do not address those factors at all. (D.I. 8 at 12-14; D.I. 20 at 18-20) The Court thus addresses the two public interest factors that were asserted by any party to be other than neutral.

i. Administrative difficulties in getting the case to trial

The first relevant public interest factor is the “relative administrative difficulty in the two fora resulting from court congestion[.]” *Jumara*, 55 F.3d at 879.

Plaintiff asserts that this factor “weighs heavily against transfer and in favor of venue in Delaware.” (D.I. 20 at 19) According to Plaintiff, the “median time between the filing of a case and trial” in the year 2013 was 27.6 months in Delaware, as compared to 35.8 months in the Southern District of Indiana. (*Id.* (citation omitted)) Defendants do not oppose this conclusion, or point to any contrary evidence regarding court congestion. (*See* D.I. 8, 26) The Court therefore finds that this factor weighs

Appendix B

against transfer. *Cf. Cruise Control Techs. LLC v. Chrysler Grp. LLC*, Civil Action No. 12-1755-GMS, 2014 U.S. Dist. LEXIS 43111, 2014 WL 1304820, at *5 (D. Del. Mar. 31, 2014) (finding that this factor favored transfer where the proposed transferee district’s median time to trial in a civil case was 6.5 months less than in this District).

ii. Public policy of the fora

The next factor relates to the public policy of the respective fora. This Court has previously held in the transfer context that the “public policy of Delaware encourages the use by Delaware corporations of Delaware as a forum for resolution of business disputes.” *Graphics Props.*, 964 F. Supp. 2d at 331 (internal quotation marks and citation omitted). Delaware promotes itself as a place that entities should choose as their corporate home, and in doing so, touts itself as a forum well-positioned to help resolve business disputes. *See, e.g., Wacoh Co. v. Kionix Inc.*, 845 F. Supp. 2d 597, 604 & n.9 (D. Del. 2012).

Plaintiff asserts that because it is a Delaware corporation, this factor weighs against transfer. (D.I. 20 at 19-20) Defendants do not respond to this assertion in any way, and thus do not appear to contest this conclusion on the facts here. (*See* D.I. 8, 26) Under those circumstances, the Court finds this factor to weigh against transfer. *See Graphics Props.*, 964 F. Supp. 2d at 331.

*Appendix B***c. Conclusion Regarding Impact of *Jumara* Factors**

In sum, Plaintiff's choice of forum, the "administrative difficulties" factor, and the "public policy" factor weigh against transfer. Defendant's forum preference and where the claim arose weigh in favor of transfer, and the convenience of the parties weighs slightly in favor of transfer. The remainder of the *Jumara* factors are neutral.

The Court therefore concludes that a balancing of the *Jumara* factors produces a result that is not "strongly in favor of" transfer. *Shutte*, 431 F.2d at 25 (internal quotation marks and citation omitted).

III. CONCLUSION

For the reasons set forth above, the Court recommends that Defendants' Motion be DENIED.

This Report and Recommendation is filed pursuant to 28 U.S.C. § 636(b)(1)(B), Fed. R. Civ. P. 72(b)(1) and D. Del. LR 72.1. The parties may serve and file specific written objections within fourteen (14) days after being served with a copy of this Report and Recommendation. Fed. R. Civ. P. 72(b). The failure of a party to object to legal conclusions may result in the loss of the right to de novo review in the district court. *See Sincavage v. Barnhart*, 171 F. App'x 924, 925 n.1 (3d Cir. 2006); *Henderson v. Carlson*, 812 F.2d 874, 878-79 (3d Cir. 1987).

54a

Appendix B

The parties are directed to the Court's Standing Order for Objections Filed Under Fed. R. Civ. P. 72, dated October 9, 2013, a copy of which is available on the District Court's website, located at <http://www.ded.uscourts.gov>.

Dated: August 13, 2015

/s/ Christopher J. Burke
Christopher J. Burke
UNITED STATES
MAGISTRATE JUDGE

**APPENDIX C — RELEVANT STATUTORY
PROVISIONS**

28 U.S.C. § 1400(b) (1952)

§ 1400. Patents and copyrights.

* * *

(b) 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) (1988)

§ 1400. Patents and copyrights.

* * *

(b) 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.

56a

Appendix C

28 U.S.C. § 1400(b) (2012)

§ 1400. Patents and copyrights, mask works, and designs.

* * *

(b) 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.

Appendix C

28 U.S.C. § 1694 (1952)

§ 1694. Patent infringement action.

In a patent infringement action commenced in a district where the defendant is not a resident but has a regular and established place of business, service of process, summons or subpoena upon such defendant may be made upon his agent or agents conducting such business.

28 U.S.C. § 1694 (1988)

§ 1694. Patent infringement action.

In a patent infringement action commenced in a district where the defendant is not a resident but has a regular and established place of business, service of process, summons or subpoena upon such defendant may be made upon his agent or agents conducting such business.

28 U.S.C. § 1694 (2012)

§ 1694. Patent infringement action.

In a patent infringement action commenced in a district where the defendant is not a resident but has a regular and established place of business, service of process, summons or subpoena upon such defendant may be made upon his agent or agents conducting such business.

58a

Appendix C

28 U.S.C. § 1391 (1952)

§ 1391. Venue generally.

* * *

(c) 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 (1988)

§ 1391. Venue generally.

* * *

(c) 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. In a State which has more than one judicial district and in which a defendant that is a corporation is subject to personal jurisdiction at the time an action is commenced, such corporation shall be deemed to reside in any district in that State within which its contacts would be sufficient to subject it to personal jurisdiction if that district were a separate State, and, if there is no such district, the corporation shall be deemed to reside in the district within which it has the most significant contacts.

* * * *

59a

Appendix C

28 U.S.C. § 1391 (2012)

§ 1391. Venue generally.

(a) **APPLICABILITY OF SECTION.**—Except as otherwise provided by law—

(1) this section shall govern the venue of all civil actions brought in district courts of the United States; and

* * *

(c) **RESIDENCY.**—For all venue purposes—

* * *

(2) an entity with the capacity to sue and be sued in its common name under applicable law, whether or not incorporated, shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court's personal jurisdiction with respect to the civil action in question and, if a plaintiff, only in the judicial district in which it maintains its principal place of business; and

* * * *