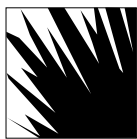




PATENT VENUE: ENTITLEMENT TO (& FINDING) A LEVEL PLAYING FIELD

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Table of Contents

Patent Venue: Entitlement to (and Finding) a Level Playing Field 1

I. Introduction..... 1

II. Venue and its Relationship to Jurisdiction..... 2

III. Specific Venue Statute for Patent Litigation. 2

IV. Forum Selection and The Disproportionate Patent Filings Amongst District Courts 6

 A. Factors Underlying the Choice and Their Effect on Patent Filings 6

 B. Ethical Considerations Behind Choosing a Forum..... 7

V. Rise of Motions to Transfer Venue..... 8

 A. Venue Transfer and the Federal Circuit..... 8

 B. Propriety of Circuit Court Review of Motions to Transfer..... 9

VI. Congressional Consideration of Reforming Venue and Transfer of Venue Provisions ... 10

VII. Leveling The Playing Field..... 11

VIII. Conclusion 12

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By: Terry McMahon, Sarah Columbia, David Stein, and Hasan Rashid¹

I. Introduction

Modern patent litigation is notorious for the disproportionate number of infringement actions filed in a select few, inconvenient fora. The Federal Circuit's interpretation of the patent venue statute created this notoriety. Many fora are available to a patentee, regardless of the convenience to the parties, because venue is generally proper in any forum in which there is alleged infringement. Patentees are free to consider a number of other factors, which have rendered certain jurisdictions more popular than others. Examples of such factors include speed to trial and any inclination to be plaintiff-oriented (by looking at earlier jury verdicts and/or legal rulings). Today, there is considerably more statistical data available to track these issues. For example, *LegalMetric*[®] publishes a report on the Time to Trial for district courts for various time periods, including 2010.² It also publishes reports on the highest and lowest win rates for patentees.³ With this additional information, patentees understandably give consideration to these factors when selecting a forum.

Given the large number of fora in which venue is proper, many defendants are left to either succumb to litigating in an inconvenient forum or to embark on costly and time-consuming venue transfer litigation. Venue is intended to protect the convenience of the litigation to the parties, especially the defendant. Unfortunately, the wide range of inconvenient – yet proper – fora available under the patent venue statute has imposed a duty on defendants to move to transfer a case to a more commodious forum to protect its interests. That a plaintiff has selected a forum that can pass jurisdictional muster does not mean that a defendant is powerless to protect its interest in convenience and, potentially, a fair pre-trial, trial, and appellate litigation. Defense counsel is duty bound to determine if the forum is inconvenient and extricate the client from an unfavorable forum to level the playing field. Indeed, although a large number of patent cases are filed in the Eastern District of Texas, many people believe a defendant is inconvenienced in that forum. The Federal Circuit has tacitly acknowledged as much in granting recent writs of mandamus to transfer cases out of that District.

This article traces the roots of venue and the patent venue statute to show how venue in patent litigation became so broadly applied today. It then discusses the factors driving patentees' choice of forum. The article next shifts to a defendants' duty to transfer venue and recent Federal Circuit guidance on that subject. Next it summarizes and comments on the current Congressional bills proposing reform of both venue and venue transfer. Finally, the article recommends an approach to solving these escalating venue issues in view of the history, purpose, and precedent underlying venue and venue transfer.

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² *LegalMetric*'s[®] Top 5 Reports, <http://www.legalmetric.com/top5reports/> (last visited Oct. 5, 2010).

³ *Id.*

II. Venue and its Relationship to Jurisdiction

Although plaintiffs have always enjoyed the right select a forum, venue statutes have served as counterbalances to that right.⁴ Venue concerns the appropriateness of where a lawsuit should be tried, separate from whether a court can exercise jurisdiction in the first place.⁵ It is intended to ensure that a selected forum is convenient to the litigants and witnesses.⁶ Because a plaintiff chooses a forum, it is the defendant's interests, not plaintiff's, that are to be protected.⁷ For example, a plaintiff's residence is generally an improper basis for venue (in nondiversity cases).⁸ Defendants are not in the same position, however.⁹ Venue statutes limit available fora from those which could exercise personal jurisdiction over a defendant to those which do not inconvenience a defendant.¹⁰ Thus, venue is different from personal jurisdiction.

Venue is also different from subject-matter jurisdiction.¹¹ Venue is "largely a matter of litigational convenience," whereas subject matter jurisdiction "concerns a court's competence to adjudicate a particular category of cases."¹² One can be waived; the other cannot.¹³ Because venue is for the convenience of the parties, it can be waived and is subject to their preference.¹⁴ Jurisdiction, on the other hand, is "a matter far weightier than venue" and must be considered by a Court by its own motion if no party so moves.¹⁵

Thus, although its protections can be waived by a defendant, venue is intended to protect defendants from being dragged into an inconvenient forum.

III. Specific Venue Statute for Patent Litigation.

Similar to other areas of law, Congress has codified a specific venue statute for patent infringement cases.¹⁶ The patent venue statute permits a plaintiff to file a patent infringement suit "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."¹⁷ This section applies

⁴ See *Leroy v. Great Western United Corp.*, 443 U.S. 172, 184 (1979).

⁵ 14D CHARLES ALAN WRIGHT, ARTHUR R. MILLER & EDWARD H. COOPER, FEDERAL PRACTICE AND PROCEDURE § 3801 (3d ed. 2010).

⁶ See *Wachovia Bank v. Schmidt*, 546 U.S. 303, 305 (2006).

⁷ See *Leroy*, 443 U.S. at 184-85.

⁸ *Id.*

⁹ *Id.*

¹⁰ *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1576 (Fed. Cir. 1990) ("The venue statutes . . . limit[] a plaintiff's choice of forum to only certain courts from among all those which might otherwise acquire personal jurisdiction over the defendant."). The Federal Circuit simultaneously held, however, that "venue in a patent infringement case includes any district where there would be personally jurisdiction over [a] corporate defendant." *Id.* at 1583.

¹¹ *Wachovia Bank*, 546 U.S. at 305; *Neirbo Co. v. Bethlehem Shipbuilding Corp.*, 308 U.S. 165, 167-68 (1939).

¹² *Wachovia Bank*, 546 U.S. at 305.

¹³ *Id.*

¹⁴ *Neirbo Co.*, 308 U.S. at 168.

¹⁵ *Wachovia Bank*, 546 U.S. at 305.

¹⁶ *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1577 (Fed. Cir. 1990).

¹⁷ 28 U.S.C. § 1400(b).

only to actions for patent *infringement*.¹⁸ For example, claims for conspiracy to induce infringement of a patent or tortious interference with business practice would be governed by the general venue statute.¹⁹ Similarly, even an action for declaratory judgment of *non-infringement* or invalidity is governed by general venue statutes.²⁰

Both before and after this statute was enacted, the question of proper venue in patent cases has seen varying analyses and answers. The Judiciary Act of 1789 codified a general venue statute.²¹ This provision applied to all civil suits in all federal courts.²² This standard permitted suit in any district in which the defendant could be found or of which the defendant was an inhabitant.²³ Naturally, the “anywhere-found” test left defendants susceptible to suit in many fora by sheer travel alone.²⁴ Congress amended the general venue provision to protect defendants from abuses arising from this susceptibility.²⁵ It narrowed the standard to be made available only those districts in which the defendant was an inhabitant.²⁶ This narrowed provision seemed to apply to all civil suits in all federal courts.

Lower courts began applying this narrower standard to patent cases.²⁷ The Supreme Court, however, questioned the applicability of the new provision to patent law.²⁸ This questioning caused lower courts exclude patent cases from the narrowed standard.²⁹ Thus, a patentee – not a generic plaintiff – could (again) bring suit in any district where the alleged infringer could be found.³⁰

Over a hundred years after the Judiciary Act of 1789, the Act of 1897 codified the first patent-specific venue statute.³¹ Under this specific standard, a suit could be brought: 1) where the defendant was an inhabitant, or 2) where the defendant committed acts of infringement and had a regular and established place of business.³² Congress later amended this venue statute in 1948 to read as it does today.³³ One change was the substitution of “of which the defendant is an inhabitant” for “where the defendant resides.”³⁴

¹⁸ See *U.S. v. Risso*, 279 F. Supp. 2d 992, 999 (E.D. Wis. 2003).

¹⁹ *Id.*

²⁰ *VE Holding Corp.*, 917 F.2d at 1583.

²¹ *Id.* at 1576. Today’s general venue statutes are found in chapter 87, title 28 of the U.S. Code.

²² *VE Holding Corp.*, 917 F.2d at 1583

²³ *Stonite Prods. Co. v. Melvin Lloyd Co.*, 315 U.S. 561, 563 (1942).

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.* In diversity jurisdiction cases, the statute at that time permitted civil suits in either the plaintiff’s or defendant’s residence. *Id.* at 563-64.

²⁷ *Id.* at 564 n.3.

²⁸ *Id.*; see, e.g., *In re Keasbey & Mattison Co.*, 160 U.S. 221, 230 (1895); *In re Hohorst*, 150 U.S. 653, 662 (1893).

²⁹ *Stonite*, 315 U.S. at 564-65.

³⁰ *Id.*

³¹ *Id.* at 565; see also *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1577 (Fed. Cir. 1990).

³² *American Cyanamid Co. v. Nopco Chem. Co.*, 388 F.2d 818, 820 (4th Cir. 1968). This provision is nearly identical to today’s patent venue provision, 28 U.S.C. § 1400(b). WRIGHT ET AL., *supra* note 5, § 3823.

³³ *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 228, 226 (1957).

³⁴ *Id.*

This change added more confusion to determining venue for corporate defendants. In the same revision, Congress defined a corporation’s “residence” to be the place of its incorporation or place of business.³⁵ So, this revision provided a commonality of language between a corporation’s residence in general venue and residence in patent venue. A corporation was said to “reside” at its place of incorporation or place of business; venue could be found where a defendant “resides.” Reading these provisions together, one would conclude that Congress patent venue should be proper in a district: 1) where the defendant is incorporated, 2) where the defendant’s principal place of business is located, or 3) where the defendant committed acts of infringement and had a regular and established place of business.³⁶

Despite this common language, the Supreme Court held that the general venue provision for corporate residence does not supplement the specific patent venue statute, § 1400(b).³⁷ The Court cited a lack of Congressional intent to do so.³⁸ The *Fourco* Court confirmed that, for corporate defendants, “resides” means the state of incorporation only.³⁹ This holding rang true, even though the Supreme Court later held that § 1391(d) of the general venue statute applied to § 1400(b) in cases where an alien corporation was sued for patent infringement.⁴⁰ The effect of this dichotomy was the exclusion from proper patent venue fora in which a defendant had its principal place of business.

In 1988, Congress redefined corporate residence. It amended § 1391(c) to define corporate residence, *for purposes of venue under chapter 28*, as being anywhere the corporation “is subject to personal jurisdiction.”⁴¹ Because it explicitly applied to the *entire* chapter, lower courts faced difficulty in resolving the conflict between the statute’s language and the Supreme Court’s *Fourco* decision.⁴² Thus, some courts applied Section 1391(c) to corporate defendants in patent litigation, while others did not.⁴³

In 1990, the Federal Circuit weighed in. In *VE Holding Corp.*, the Federal Circuit held that the first clause of § 1391(c) applies to the *entire* chapter, including § 1400(b).⁴⁴ The Supreme Court decision in *Fourco* did not interpret the 1988 amendment and did not receive precedential treatment.⁴⁵ “Thus, the first test for venue under § 1400(b) with respect to a defendant that is a corporation, in light of the 1988 amendment to § 1391(c), is whether the defendant was subject to personal jurisdiction in the district of suit at the time the action was

³⁵ WRIGHT ET AL., *supra* note 5 , § 3823.

³⁶ This last clause is provided in the conjunctive, so both the acts of infringement and the regular and established place of business must occur in the district. WRIGHT ET AL., *supra* note 5 , § 3823 (citing *Cordis Corp. v. Cardiac Pacemakers*, 599 F.2d 1085 (1st Cir. 1979)).

³⁷ *Fourco Glass Co.*, 353 U.S. at 228.

³⁸ *Id.*

³⁹ *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1578 (Fed. Cir. 1990).

⁴⁰ *Brunette Machine Works, Ltd. v. Kockum Indus., Inc.*, 406 U.S. 706, 713-14 (1972).

⁴¹ 28 U.S.C. § 1391(c).

⁴² WRIGHT ET AL., *supra* note 5 , § 3823.

⁴³ *Id.*

⁴⁴ *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1579 (Fed. Cir. 1990) (“Certainly, it would not be sensible to require Congress to say, ‘For purposes of this chapter, and we mean everything in this chapter . . .’”).

⁴⁵ *Id.*

commenced.”⁴⁶ In the end, the Federal Circuit rendered the first test for patent venue to be in an historic middle ground – not so broad as to be anywhere a defendant can be found, but not so narrow as to be only where it is located.⁴⁷ In doing so, the Federal Circuit has “virtually eliminated any meaningful distinction between the patent venue provision and general venue.”⁴⁸

To recap, Congress first intended to protect defendants from the “anywhere-found” test, but the Supreme Court removed that protection for patent cases. Congress next enacted a patent-specific venue provision and subsequently changed “inhabits” to “resides.” Congress also defined corporate residence in the general venue statute. The Supreme Court refused to apply this definition to the patent venue statute. Congress later amended the general venue statute, applying the definition of corporate residence across the entire chapter. The Federal Circuit broke away from the Supreme Court’s trend and actually applied the general venue provision to the patent venue statute. So, as it stands today, venue is proper in a suit for patent infringement in a district in which personal jurisdiction exists or in which the defendant infringed the patent and has a regular and established place of business.

This outcome is troubling. In *VE Holdings Corp.*, the Federal Circuit noted that, “[t]he venue statutes . . . limit[] a plaintiff’s choice of forum to only certain courts from among all those which might otherwise acquire personal jurisdiction over the defendant.”⁴⁹ Nevertheless, the Federal Circuit held that patent venue is proper where a corporate defendant is subject to personal jurisdiction.⁵⁰ The Federal Circuit later held that personal jurisdiction is proper in any district in which the defendant places goods into the stream of commerce.⁵¹ Today, because most products are sold nationally, venue could be proper in *any* district in the United States.⁵² This result defies the principle requiring venue to *limit* a plaintiff’s choice of forum. In effect, the status of the law has resulted in an “anywhere-the-product-can-be-found” test for venue.

So, the proverbial ball is back in Congress’s court. Throughout this decade, a number of patent reform bills have been introduced. The most recent, the Patent Reform Act of 2009, is currently being considered.⁵³ The bills initially severely restrict venues available to patentees. The Senate Judiciary Committee has reported an amended version of the bill, removing all the

⁴⁶ *Id.* at 1584.

⁴⁷ *Id.* at 1583 n. 20 (“At least until now, questions of personal jurisdiction rarely arose in simple patent infringement cases because the venue statute was, comparatively, severely more restrictive concerning the districts in which suit could be brought.”).

⁴⁸ S. Rep. No. 111-18 (2009).

⁴⁹ *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1579 (Fed. Cir. 1990)(Although “[t]he venue statutes . . . limit[] a plaintiff’s choice of forum to only certain courts from among all those which might otherwise acquire personal jurisdiction over the defendant.”)

⁵⁰ *Id.* at 1584.

⁵¹ *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1566 (Fed. Cir. 1994).

⁵² S. Rep. No. 111-18 (2009).

⁵³ Patent Reform Act of 2009, H.R. 1260, 111th Cong. (as introduced March 3, 2009); Patent Reform Act of 2009, S. 515, 111th Cong. (as introduced March 3, 2009); Patent Reform Act of 2009, S. 610, 111th Cong. (as introduced March 17, 2009).

proposed venue reform, in favor of creating a new specific venue transfer statute for patent cases.⁵⁴

IV. Forum Selection and The Disproportionate Patent Filings Amongst District Courts

A. Factors Underlying the Choice and Their Effect on Patent Filings

Although plaintiffs have always had to satisfy venue, *VE Holding Corp.*'s interpretation of § 1391(c) increased fora in which venue could be found. Due to the national scale of business, venue could be proper in nearly any district.⁵⁵ Venue is effectively (and improperly) no longer a factor in a forum selection analysis. Consequently, an alleged infringer is susceptible to suit in any forum of the plaintiff's choosing. In recent years, this susceptibility has gained increased focus as the number of patent filings in certain districts skyrocketed.

Before the creation of the Federal Circuit, selection of a forum was even more critical than it is today. The patent bar widely believed that patent law varied greatly circuit to circuit.⁵⁶ Indeed, forum-shopping was appealing to patentees for this reason.⁵⁷ The creation of the Federal Circuit, however, resulted in a uniform, national body of precedent to eliminate this variance.⁵⁸ Its creation significantly reduced the selection of a forum based on regional law.⁵⁹ Thus, patentees turned to other factors to consider in choosing a forum.

Today, a number of factors may influence (or even dictate) which forum a plaintiff selects, and their individual weights vary on a case-by-case basis. With the digital revolution, plaintiffs are better equipped in selecting a forum based on factors beyond the previously addressed disparate patent law interpretations between circuits. Plaintiffs have access to a number of statistics on the operation of different district courts, including their speed and docket workload, experience with patent cases, pro-plaintiff or pro-defendant tendencies, average damage awards, and average time to disposition of a case.⁶⁰

As a consequence, certain districts have seen a rise in popularity. For example, in 2007 and 2008, the main district courts in which patent cases were filed were the Eastern District of Texas, the Northern and Central Districts of California, the District of New Jersey, and the District of Delaware.⁶¹ Nearly six thousand patent cases were filed in that time frame in these districts, accounting for 40% of the total number of patent cases filed in the United States.⁶² Further, certain districts gained a reputation for being plaintiff friendly, and the number of cases in those districts skyrocketed. Taking the Eastern District of Texas for example, that district saw

⁵⁴ Patent Reform Act of 2009, S. 515, 111th Cong. § 8 (as reported April 2, 2009).

⁵⁵ S. Rep. No. 111-18 (2009) ("Since most products are sold nationally, a patent holder can often bring a patent infringement action in any one of the 94 judicial districts in the United States.")

⁵⁶ *Codex Corp. v. Milgo Elec. Corp.*, 553 F.2d 735, 738 (1st. Cir. 1977).

⁵⁷ *Id.*

⁵⁸ WRIGHT ET AL., *supra* note 5, § 3823.

⁵⁹ *Id.*

⁶⁰ See, e.g., LegalMetric's® Top 5 Reports, <http://www.legalmetric.com/top5reports/> (last visited Oct. 5, 2010).

⁶¹ *Id.*

⁶² *Id.*

twenty filings in 2000 (0.8% of all filed patent cases), 161 (6.0%) in 2005, and 311 (11.2%) in 2008.⁶³

The rise in popularity of a district court can be based on a number of factors. For example, one can surmise that the Northern and Central Districts of California see a large number of patent cases because of the volume of technological corporations in the area and patents issued in the area.⁶⁴ But, this reasoning does not apply to a court such as the Eastern District of Texas.⁶⁵ Non-geographic factors, such as those identified above, likely lead to the popularity such districts.

As plaintiff's choice of certain districts has increased, so too has the focus on transferring venue. For example, the Federal Circuit has shown a recent proclivity to grant petitions for mandamus to transfer cases out of East Texas.⁶⁶ Because the Federal Circuit applies regional circuit law in deciding whether to transfer a case,⁶⁷ this likelihood of transfer is becoming increasingly more significant. In fact, in 2009, the Central District of California surpassed the Eastern District of Texas in number of patent case filings.⁶⁸ Because regional circuit law on venue transfer may apply varying standards around the country (even if applied by the Federal Circuit), likelihood of venue transfer may create the sort of forum-shopping the creation of the Federal Circuit diminished.⁶⁹

B. Ethical Considerations Behind Choosing a Forum

“Routine” filing of patent cases in certain districts implicates ethical considerations and duties. On the one hand, forum-shopping is generally viewed with distaste. For example, the Federal Circuit was created to discourage forum shopping.⁷⁰ On the other hand, upon review of the Model Rules, a plaintiff's attorney must consider these factors when determining the forum in which to bring suit. The Model Rules of Professional Conduct comment that a lawyer should act with zeal in advocacy upon his or her client's behalf.⁷¹ A suit should not be brought,

⁶³ Paul M. Janicke, *Patent Venue and Convenience Transfer: New World or Small Shift?*, 11 N.C. J.L. & Tech. On. 1, *3-4 (2009).

⁶⁴ Brian E. Mitchell, Kent M. Walker & Darcie Tilly, *Comparison Of The Most Popular Patent Venues*, Law360 (December 10, 2009), <http://www.law360.com/articles/137614> (last visited Oct. 7, 2010).

⁶⁵ *Id.*

⁶⁶ See, e.g., *In re Zimmer Holdings*, 609 F.3d 1378 (Fed. Cir. 2010); *In re Genentech, Inc.*, 566 F.3d 1338 (Fed. Cir. 2009); *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333 (Fed. Cir. 2009); *In re Nintendo Co., Ltd.*, 589 F.3d 1194 (Fed. Cir. 2009); *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008).

⁶⁷ *In re TS Tech USA*, 551 F.3d 1315, 1319 (Fed. Cir. 2008).

⁶⁸ Eric Coe, *Central Calif. Tops Eastern Texas as Patent Hot Spot*, Law360 (July 7, 2010), <http://www.law360.com/articles/163315> (last visited Sept. 23, 2010). It is, however, unclear whether the increase in venue transfers at the Federal Circuit has caused this shift.

⁶⁹ *In re Affymetrix, Inc.*, Misc. Dkt. No. 913, 2010 U.S. App. LEXIS 7968 at n.3 (Fed. Cir. April 13, 2010)(non-precedential)(Federal Circuit noted that Fifth Circuit venue transfer law “is in some respects more favorable to transfer of venue than is the law of the Seventh Circuit.”).

⁷⁰ WRIGHT ET AL., *supra* note 5, § 3823; see Paul Swanson, *The Ethics of Patent Litigation Forum Shopping*, Patent Practice Professional Liability Reporter (Dec. 28, 2009), <http://www.patentpracticeliability.com/2009/12/articles/venue-selection/the-ethics-of-patent-litigation-forum-shopping/> (last visited Oct. 5, 2010).

⁷¹ MODEL. RULES OF PROF'L. CONDUCT R. 1.3 cmt. 1 (2002).

however, if doing so would be frivolously based on law and fact.⁷² So long as law and fact permits, a patentee's counsel is obliged to investigate and file suit in a forum that is available to the patentee and in which venue is proper.⁷³ Thus, although forum-shopping may be a distasteful practice, a plaintiff's counsel likely has a duty to do so.

V. Rise of Motions to Transfer Venue

A. Venue Transfer and the Federal Circuit

Even if proper venue exists, defendants have a shield to defend against suits brought in inconvenient fora: 28 U.S.C. § 1404(a). Section 1404(a) was enacted in 1948, supplanting the common law doctrine of *forum nonconveniens*.⁷⁴ It grants district courts discretion to “transfer any civil action to any other district or division where it might have been brought.”⁷⁵ It was enacted to “prevent a waste of time, energy, and money and to protect litigants, witnesses, and the public against unnecessary inconvenience and expense.”⁷⁶

Whether a motion to transfer should be granted generally considers whether another location would more conveniently advance the litigation and whether the other location is more interested in the outcome of the litigation. Accordingly, the decision results from a highly fact-based inquiry, with consideration given to both private interests to the litigant and the public interest.⁷⁷ Private interest factors include: “(1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing witnesses; and (4) all other practical problems.”⁷⁸ Public interest factors include: “(1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflicts of laws [or in] the application of foreign law.”⁷⁹

The Federal Circuit has recently shown a proclivity to move cases to more convenient fora. At the close of 2008, the Federal Circuit granted a writ of mandamus to direct the Eastern District of Texas to transfer a case to the Southern District of Ohio.⁸⁰ Interpreting Fifth Circuit precedent, the Federal Circuit found a clear abuse of discretion below.⁸¹ The plaintiff's choice of venue should not have been given excessive weight.⁸² The plaintiff's choice of forum is not a

⁷² *Id.* R. 3.1 (“A lawyer shall not bring . . . a proceeding . . . , unless there is a basis in law and fact for doing so that is not frivolous . . .”).

⁷³ See also *infra* text accompanying note 93 regarding the impropriety of manufacturing venue through the fabrication of facts.

⁷⁴ *Capital Currency Exch., N.V. v. Nat'l Westminster Bank PLC*, 155 F.3d 603 (2d Cir.1998) (Court applied § 1404 in an instance where common law *forum nonconveniens* would not apply.).

⁷⁵ 28 U.S.C. § 1404(a).

⁷⁶ *Knapper v. Safety Kleen Sys., Inc.*, No. 9:08-cv-84-TH, 2009 U.S. Dist. LEXIS 30118, at *13 (E.D. Tex. April 3, 2009) (quoting *Van Dusen v. Barrack*, 376 U.S. 612, 616 (1964)).

⁷⁷ *Gulf Oil Co. v. Gilbert*, 330 U.S. 501, 508 (1947).

⁷⁸ *In re TS Tech USA Corp.*, 551 F.3d 1315, 1319 (Fed. Cir. 2008).

⁷⁹ *Id.* (quoting *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (*en banc*)).

⁸⁰ *Id.* at 1323.

⁸¹ *Id.* at 1321-22.

⁸² *Id.* at 1320.

distinct factor to consider upon a motion to transfer venue.⁸³ Requiring a witness to travel over 100 miles was also an inconvenience favoring transfer to a venue closer to where the witnesses reside.⁸⁴ The location of the bulk of the evidence at the transferee venue, and not the original venue, should also have been given more weight.⁸⁵ As for public interest, that a tie to the original venue exists is given no weight when the same tie exists with the transferee venue.⁸⁶ The sale of products in Texas was not a sufficient tie because the products are for sale in all venues.⁸⁷ Thus, the Federal Circuit scrutinized and compared the level of convenience to the parties and litigation between the original and proposed fora.

In the handful of cases that followed, the Court further reiterated these points and also quashed attempts by plaintiff's to doctor the facts to swing factors in its favor.⁸⁸ Proximity of the transferee venue to witnesses is important, regardless of whether they are "key" witnesses.⁸⁹ Where a party is headquartered is also of great importance.⁹⁰ In contrast, a plaintiff's existence in Texas, if newfound and ephemeral, is given little weight when considering a defendant's motion to transfer.⁹¹ Even when the plaintiff digitizes inventive files and transfers them to its counsel's office in Texas, a plaintiff is not saved from transfer.⁹² The Supreme Court has counseled against these sorts of tactics; "[s]ection 1404(a) 'should be construed to prevent parties who are opposed to a change of venue from defeating a transfer which, but for their own deliberate acts or omissions would be proper, convenient, and just.'"⁹³

These cases show the gaining strength of the shield available to defendants to protect against litigation in inconvenient fora. Unfortunately, resting on the availability of this shield to combat proper, inconvenient venue can be a costly proposition. Litigating a motion to transfer through to the Federal Circuit – both before and during litigating the merits of the case – usurps valuable time and resources of both the parties and the court.

B. Propriety of Circuit Court Review of Motions to Transfer

Decisions on motions to transfer are interlocutory and cannot be appealed until final judgment.⁹⁴ Even if appellate review is proper, appealing a denial of a motion to transfer is practically moot because such review can occur only after a final judgment and because it is

⁸³ *Id.*

⁸⁴ *Id.*; but see *In re Genentech, Inc.*, 566 F.3d 1338, 1344 (Fed. Cir. 2009).

⁸⁵ *Id.* at 1321.

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *In re Zimmer Holdings*, 609 F.3d 1378 (Fed. Cir. 2010); *In re Genentech, Inc.*, 566 F.3d 1338 (Fed. Cir. 2009); *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333 (Fed. Cir. 2009); *In re Nintendo Co., Ltd.*, 589 F.3d 1194 (Fed. Cir. 2009).

⁸⁹ *In re Genentech, Inc* 566 F.3d at 1343-44.

⁹⁰ *Id.* at 1345; *In re Apple, Inc.*, Misc. Dkt. No. 932, 2010 U.S. App. LEXIS 9686, at *3-4 (Fed. Cir. May 12, 2010)(non-precedential).

⁹¹ *In re Apple* at *3 (The plaintiff was headquartered in the offices of its counsel and had no employees in Texas.)

⁹² *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333, 1337 (Fed. Cir. 2009).

⁹³ *Id.* (quoting *Van Dusen v. Barrack*, 376 U.S. 612 (1964)); see also *supra* text accompanying note 73 regarding the Model Rules of Professional Conduct prohibiting bringing suit that is frivolously based on fact. MODEL RULES OF PROF'L CONDUCT. R. 3.1 (2002).

⁹⁴ WRIGHT ET AL., *supra* note 5 , § 3855.

unlikely that there was reversible error so late in the case.⁹⁵ To expedite review, defendants have petitioned the Federal Circuit for an extraordinary writ of mandamus.⁹⁶ This review, however, is performed under a “patently erroneous result” standard.⁹⁷ Even under this higher standard, the Federal Circuit has recently shown a proclivity to grant such writs.

VI. Congressional Consideration of Reforming Venue and Transfer of Venue Provisions

Currently, Congress is considering both amending the patent venue statute and creating a unique venue transfer provision for patent cases. Three bills were introduced in 2009 – two in the Senate and one in the House.⁹⁸ As of the writing of this paper, only one was reported – the Senate Judiciary Committee reported S. 515 with amendments.⁹⁹ The proposal in the House was identical to the one subsequently reported.¹⁰⁰ Those identical bills, as they were introduced, would restrict available venues and provide a specific statute for venue transfer motions in patent cases. Their venue proposals operate as follows.

First, venue cannot be manufactured by assignment, incorporation, or otherwise.¹⁰¹ This would prevent plaintiffs from circumventing the statute by artificially creating a basis for proper venue.¹⁰² Second, venue (for both infringement *and* declaratory judgment) would be proper where a defendant has specific ties to the venue.¹⁰³ Venue would be proper where the defendant: 1) has its principal place of business or is incorporated, and 2) has committed substantial acts of infringement and has an established physical facility under its control and that constitutes a substantial portion of its operation.¹⁰⁴ This proposal is nearly identical to the reading of the 1948 revision described above.¹⁰⁵

Third, and unlike the past and present, however, the bills also provide proper venue if the *plaintiff's* location so permits.¹⁰⁶ Venue would be proper in a district where the plaintiff resides, if the plaintiff is: 1) an institution of higher education, 2) a non-profit, or 3) the sole plaintiff and an inventor and a natural person. This proposal would protect universities and non-profits, as

⁹⁵ WRIGHT ET AL., *supra* note 5, § 3855.

⁹⁶ *Id.*

⁹⁷ *In re TS Tech USA Corp.*, 551 F.3d 1315, 1319 (Fed. Cir. 2008).

⁹⁸ Patent Reform Act of 2009, H.R. 1260, 111th Cong. (as introduced March 3, 2009); Patent Reform Act of 2009, S. 515, 111th Cong. (as introduced March 3, 2009); Patent Reform Act of 2009, S. 610, 111th Cong. (as introduced March 17, 2009)(Because S. 515 has been reported by the Senate Judiciary Committee, while S. 610 has only been referred to that committee, S. 610 will not be discussed herein.).

⁹⁹ S. 515, 111th Cong. § 8 (as reported April 2, 2009).

¹⁰⁰ H.R. 1260 (as introduced March 3, 2009); S. 515 (as introduced March 3, 2009).

¹⁰¹ H.R. 1260 (as introduced March 3, 2009); S. 515 (as introduced March 3, 2009).

¹⁰² This provision codifies a principle similar to that identified by the Supreme Court in *Van Dusen v. Barrack*, where the Court counseled against committing acts or omissions to prevent a proper transfer of venue. *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333, 1337 (Fed. Cir. 2009)(quoting *Van Dusen v. Barrack*, 376 U.S. 612 (1964)).

¹⁰³ H.R. 1260 § 10 (as introduced March 3, 2009); S. 515 § 8 (as introduced March 3, 2009).

¹⁰⁴ H.R. 1260 § 10 (as introduced March 3, 2009); S. 515 § 8 (as introduced March 3, 2009).

¹⁰⁵ See *supra* text accompanying note 36.

¹⁰⁶ H.R. 1260 § 10 (as introduced March 3, 2009); S. 515 § 8 (as introduced March 3, 2009).

well as inventor plaintiffs.¹⁰⁷ This aspect of the introduced bills strays from the policy of venue to protect a *defendant* from being sued in an unfair and inconvenient forum.¹⁰⁸

The bills also propose a change in the venue transfer statute.¹⁰⁹ They would grant a district court discretion to transfer an infringement or declaratory judgment case where: 1) any party's evidence or witnesses are substantially in another district such that the defendant would be burdened without transfer, 2) the transfer does not unduly burden the plaintiff, and 3) § 1391 venue exists.¹¹⁰

As it was amended by the Senate Judiciary Committee, S.515 omitted the entirety of the text as introduced. It no longer proposes amending the patent venue statute.¹¹¹ Instead, it would append the patent venue statute with a patent specific venue transfer statute.¹¹² It would require a district court to transfer a case *relating to patents* if the transferee venue is "clearly more convenient" than the original venue.¹¹³ This proposal is interesting for a number of reasons. First, it would apply to all patent cases, although the patent venue statute would have applied to only patent infringement cases. Second, it codifies *In re TS Tech USA Corp.* and gives national scope to its holding, which is an application of Fifth Circuit law.¹¹⁴ Third, by tying it to patent law, it would also likely provide for Federal Circuit precedent to apply, instead of regional circuit law. This would have the effect of unifying venue transfer law in patent cases, just as the creation of the Federal Circuit extinguished discrepancies of patent law precedent amongst the regional circuit courts.

VII. Leveling The Playing Field

The patent venue statute should be narrowed. It should have a narrower scope than personal jurisdiction.¹¹⁵ And it should be narrowed based on convenience to the litigants and witnesses. Because plaintiffs choose the forum in which to bring suit, venue generally protects the convenience to defendants. As it was amended by the Senate Judiciary Committee, however, S. 515 merely codifies *In re TS Tech USA Corp.* to create a special venue transfer provision for patent cases.¹¹⁶ This action, alone, is insufficient to address the disadvantages that can be suffered by corporate defendants in patent cases.

As it is currently interpreted, the patent venue statute renders proper too many venues that are inconvenient. Venue is proper in a forum that may exercise personal jurisdiction over a corporate defendant. That a corporate defendant ships a product to a remote location or offers a product for sale on the internet to someone in a remote location does not change the fact that a substantial part of the infringing activity, witnesses, and/or evidence is located in a more

¹⁰⁷ H.R. 1260 § 10 (as introduced March 3, 2009); S. 515 § 8 (as introduced March 3, 2009).

¹⁰⁸ *Leroy v. Great Western United Corp.*, 443 U.S. 172, 183-84 (1979).

¹⁰⁹ H.R. 1260 § 10 (as introduced March 3, 2009); S. 515 § 8 (as introduced March 3, 2009).

¹¹⁰ H.R. 1260 § 10 (as introduced March 3, 2009); S. 515 § 8 (as introduced March 3, 2009).

¹¹¹ S. 515, 111th Cong. § 8 (as reported April 2, 2009).

¹¹² *Id.*

¹¹³ S. 515, 111th Cong. § 8 (as reported April 2, 2009).

¹¹⁴ S. Rep. No. 111-18 (2009); see *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008).

¹¹⁵ *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1576 (Fed. Cir. 1990).

¹¹⁶ S. Rep. No. 111-18 (2009); see *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008).

convenient forum. Corporate entities have headquarters, principal places of business (of which there could be more than one for each entity), and states of incorporation. Just as the “anywhere-found” rule was abused, so has the current rule akin to an “anywhere-a-product-is-found” rule.

The recommended approach is as follows. First, venue should be restricted to those fora convenient to the parties, witnesses, and evidence. S. 515 and H.R. 1260, as they were initially proposed, satisfy the policies necessitating venue as they relate to the defendant’s convenience. Venue should be proper in only those districts: a) where the defendant is incorporated, b) where the defendant’s principal place of business is located, or c) where the defendant committed acts of infringement and had a regular and established place of business.

Second, the plaintiff’s home location should not automatically perfect venue, as it does in the introduced bills. Although the manufacture, use, sale, or offer for sale of an allegedly infringing product is necessarily at issue in an action for patent infringement, the defendant may not necessarily implicate any inventive activity. Only when the defendant asserts a defense or counterclaim that requires the plaintiff’s witnesses or evidence to be used in the litigation should the plaintiff’s convenience be considered. Thus, upon a motion attacking venue, a plaintiff should be free to defend its choice of forum based on its convenience.

Venue transfer should also be amended. One can imagine instances where the defendant is not a direct infringer (indirect infringer) or the plaintiff is not the inventor (assignee). In such instances, the parties should be permitted to transfer venue to a forum that is more convenient than to where the parties themselves are located. Therefore, unlike the current venue transfer statute, which permits transferring venue only to a district in which the case could have originally been brought, a patent specific venue statute should be enacted similar to the one reported by the Senate Judiciary Committee. Namely, venue should be transferred for the convenience of the parties and witnesses upon a showing that a transferee venue is clearly more convenient than the current venue.

VIII. Conclusion

As was the case with the “anywhere-found” test for venue, the current application of the patent venue statute has turned into an “anywhere-the-product-can-be-found” test, to the detriment to corporate defendants. The breadth of its application renders venue proper in too many inconvenient fora. Plaintiffs are free to rely on improper factors in selecting a forum to file suit, which often subjects defendants to an inconvenient forum. Accordingly, modern patent litigation has seen an increasing emphasis on motions to transfer venue to a convenient forum.

To resolve the imbalance between overbroad venue and the increasing grant of motions to transfer venue, this article proposes restricting venue to those fora in which the defendant is incorporated, has a principle place of business, or where infringing activity occurred and the defendant has an established business. The provision should also permit consideration of the plaintiff’s convenience and location of evidence. Lastly, a special patent venue transfer statute should be enacted to permit the parties to transfer venue to a clearly more convenient forum.