



## Intellectual Property ADVISORY ■

**MARCH 23, 2016**

### *Venue Is Where the TC Heartland Is*

On Friday, March 11, 2016, the Federal Circuit heard oral arguments in *In re TC Heartland, LLC* on the issue of venue in patent cases in light of the Federal Courts Jurisdiction and Venue Clarification Act of 2011 amendments to 28 U.S.C. § 1391. Kraft Foods sued TC Heartland in Delaware, and TC Heartland moved to dismiss the action on the basis that venue was not proper in Delaware. The district court denied TC Heartland's motion, whereupon TC Heartland filed a petition for a writ of mandamus in the Federal Circuit. Although the outcome of the case is far from certain, the potential impact of an opinion granting the writ could be significant and could have implications that could affect parties to recently filed patent infringement lawsuits.

The history of the venue statute is a complicated one. Arguably, the Federal Circuit's holding in *V.E. Holding Corp. v. Johnson Gas Appliance Co.* is the controlling law for determining proper venue in a patent infringement action. 917 F.2d 1574 (Fed. Cir. 1990). In that case, the Federal Circuit held that § 1400(b), which provides for venue in patent infringement actions in any "district where the defendant resides," applies the test for corporate residency as found in § 1391(c). At the time the Federal Circuit decided *V.E. Holding Corp.*, § 1391 stated that a defendant resides in any district where it is subject to personal jurisdiction and that this definition of residency applied "for purposes of venue under this chapter" (i.e., that it applied to all venue provisions in the chapter, including that in § 1400). The net result of this analysis was that, for corporations, venue was proper in any district that could exercise personal jurisdiction over the defendant. In 2011, however, Congress amended § 1391(c) by deleting the provision that provided that it applied "for purposes of venue under this chapter" with a statement that § 1391 controls for venue "[e]xcept as otherwise provided by law."

In its mandamus petition, TC Heartland argued that § 1391(c)'s residency test is no longer controlling for the purposes of venue in patent infringement actions because the 2011 amendment limits § 1391's effect when venue is "otherwise provided by law." According to TC Heartland, the venue provision of § 1400(b) supersedes § 1391 and is now the proper test for venue. This provision states that an action may be brought in the "district where the defendant resides, or where the defendant has committed acts of infringement *and* has a regular and established place of business." Moreover, because TC Heartland argues that corporate residency has been interpreted by the U.S. Supreme Court to mean the location where a corporation is incorporated, TC Heartland's view of venue would limit the locations where a corporation can be sued to the site of its incorporation or a location where it commits acts of alleged infringement *and* has a regular and established place of business. Should the court agree with TC Heartland that the decisional law of the Supreme Court exempts patent infringement actions from the venue

provisions of § 1391, the panel could grant the mandamus petition and dramatically limit the number of jurisdictions available to plaintiffs.

Although the outcome of TC Heartland's petition is to be determined, parties to recently filed patent infringement actions should consider the potential impact that a grant of the petition may have. Plaintiffs should take heed of the obvious impact of the grant, and defendants might consider filing a Fed. R. Civ. P. 12(b)(3) motion to dismiss for improper venue if, given the appropriate factual circumstances, it appears that venue would not be proper in a district under TC Heartland's view of the venue statutes. If the Federal Circuit agrees with TC Heartland's arguments, it could decline to address whether *V.E. Holding* was properly decided and instead view TC Heartland's petition as presenting a question of first impression in view of the 2011 amendments to the venue statutes. If this is the case, a defendant who did not raise improper venue in a responsive pleading may be viewed to have waived the defense, an outcome that may have been avoided but may not be undone.

To download an audio version of the oral arguments, click [here](#).

If you would like to receive future *Intellectual Property Advisories* electronically, please forward your contact information to [ip.advisory@alston.com](mailto:ip.advisory@alston.com). Be sure to put “**subscribe**” in the subject line.

If you have any questions or wish to discuss further, please contact any of the following members of Alston & Bird’s Intellectual Property Group:

Wesley C. Achey wes.achey@alston.com 404.881.4930	Michael S. Connor mike.connor@alston.com 704.444.1022	Louis A. Karasik lou.karasik@alston.com 213.576.1148	Scott J. Pivnick scott.pivnick@alston.com 202.239.3634	Helen Su helen.su@alston.com 650.838.2032
Blas P. Arroyo blas.arroyo@alston.com 704.444.1012	Jason P. Cooper jason.cooper@alston.com 404.881.4831	Ryan W. Koppelman ryan.koppelman@alston.com 605.838.2009	S. Benjamin Pleune ben.pleune@alston.com 704.444.1098	Ardeshir Tabibi ardeshir.tabibi@alston.com 650.838.2025
Timothy J. Balts tim.balts@alston.com 704.444.1185	Brian C. Ellsworth brian.ellsworth@alston.com 704.444.1265	Robert L. Lee bob.lee@alston.com 404.881.7635	Bruce J. Rose bruce.rose@alston.com 704.444.1036	Lance A. Termes lance.termes@alston.com 650.838.2045
Dane A. Baltich dane.baltich@alston.com 404.881.4381	Patrick J. Flinn patrick.flinn@alston.com 404.881.7920	Joe Liebeschuetz, Ph.D. joe.liebeschuetz@alston.com 650.838.2038	Casondra Ruga casondra.ruga@alston.com 213.576.1133	Jamie D. Underwood jamie.underwood@alston.com 202.239.3706
Ross R. Barton ross.barton@alston.com 704.444.1287	David Frist david.frist@alston.com 404.881.7874	Jitty Malik, Ph.D. jitty.malik@alston.com 704.444.1115	Holly Hawkins Saporito holly.saporito@alston.com 404.881.4402	
Philippe Bennett philippe.bennett@alston.com 212.210.9559	Christopher J. Gegg chris.egg@alston.com 704.444.1024	Richard M. McDermott rick.mcdermott@alston.com 704.444.1045	Bryan Skelton, Ph.D. bryan.skelton@alston.com 919.862.2241	
Kirk T. Bradley kirk.bradley@alston.com 704.444.1030	Michele M. Glessner michele.glessner@alston.com 704.444.1124	Deepro R. Mukerjee deepro.mukerjee@alston.com 212.210.9501	Frank G. Smith frank.smith@alston.com 404.881.7240	
Keith E. Broyles keith.broyles@alston.com 404.881.7558	Guy R. Gosnell guy.gosnell@alston.com 704.444.1029	Michael J. Newton mike.newton@alston.com 214.922.3423	David M. Stein david.stein@alston.com 213.576.1063	
Romy L. Celli romy.celli@alston.com 650.838.2011	John D. Haynes john.haynes@alston.com 404.881.7737	A. Shane Nichols shane.nichols@alston.com 404.881.4540	M. Scott Stevens scott.stevens@alston.com 704.444.1025	
Natalie C. Clayton natalie.clayton@alston.com 212.210.9573	Yitai Hu yitai.hu@alston.com 650.838.2020	Thomas J. Parker thomas.parker@alston.com 212.210.9529	R. Flynt Streaun flynt.streaun@alston.com 704.444.1430	

# ALSTON & BIRD

WWW.ALSTON.COM

© ALSTON & BIRD LLP 2016

ATLANTA: One Atlantic Center ■ 1201 West Peachtree Street ■ Atlanta, Georgia, USA, 30309-3424 ■ 404.881.7000 ■ Fax: 404.881.7777  
 BEIJING: Hanwei Plaza West Wing ■ Suite 21B2 ■ No. 7 Guanghua Road ■ Chaoyang District ■ Beijing, 100004 CN  
 BRUSSELS: Level 20 Bastion Tower ■ Place du Champ de Mars ■ B-1050 Brussels, BE ■ +32 2 550 3700 ■ Fax: +32 2 550 3719  
 CHARLOTTE: Bank of America Plaza ■ 101 South Tryon Street ■ Suite 4000 ■ Charlotte, North Carolina, USA, 28280-4000 ■ 704.444.1000 ■ Fax: 704.444.1111  
 DALLAS: 2828 North Harwood Street ■ 18th Floor ■ Dallas, Texas, USA, 75201 ■ 214.922.3400 ■ Fax: 214.922.3899  
 LOS ANGELES: 333 South Hope Street ■ 16th Floor ■ Los Angeles, California, USA, 90071-3004 ■ 213.576.1000 ■ Fax: 213.576.1100  
 NEW YORK: 90 Park Avenue ■ 15th Floor ■ New York, New York, USA, 10016-1387 ■ 212.210.9400 ■ Fax: 212.210.9444  
 RESEARCH TRIANGLE: 4721 Emperor Blvd. ■ Suite 400 ■ Durham, North Carolina, USA, 27703-85802 ■ 919.862.2200 ■ Fax: 919.862.2260  
 SILICON VALLEY: 1950 University Avenue ■ 5th Floor ■ East Palo Alto, California, USA, 94303-2282 ■ 650.838.2000 ■ Fax: 650.838.2001  
 WASHINGTON, DC: The Atlantic Building ■ 950 F Street, NW ■ Washington, DC, USA, 20004-1404 ■ 202.239.3300 ■ Fax: 202.239.3333