

Looking for Venue in the Patently Right Places: A Parallel Study of the VENUE Act and Venue in ANDA Litigation

MENGKE XING*

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* © 2018 Mengke Xing. J.D. 2018, University of San Diego, School of Law; Ph.D. 2015, University of California, San Diego; B.S. 2009, Peking University. I thank Professor Walter Heiser of University of San Diego, School of Law for guidance and feedback throughout this Comment drafting process.

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I. MARSHALL, TEXAS, THE UNSEEMLY CAPITAL OF THE
PATENT WORLD

Marshall, Texas may seem like an inconspicuous small town on any map of the United States, but it carries immense significance to patent litigators. Famed as the patent litigation capital of this country, the small town of Marshall, Texas saw nearly half of all patent infringement suits filed in 2015.¹ For a long period of time until earlier 2017, patent owners were able to bring a suit of infringement against a corporate defendant anywhere the accused products were sold, which equated to almost any district in the country.² The flexibility in venue usually gives rise to forum shopping—plaintiffs bringing suits in districts that are most favorable to them but have little jurisdictional ties to either party of the case. Over recent years, Marshall, Texas has gained enormous popularity among patent owners because of its patent right-sympathetic juries and plaintiff-friendly procedural rules.³

In light of the concentration of patent infringement lawsuits in only a couple of district courts, venue reform has always captured close attention from legal scholars, judges, and patent law practitioners. In May 2017, the Supreme Court issued the ground-breaking opinion of *TC Heartland, LLC v. Kraft Foods Group Brands, LLC*, which brought about major changes to the legal framework of venue in patent litigation.⁴ However, the Supreme Court opinion did not effectively end Marshall, Texas’s reign in venue popularity as many had hoped. Accordingly, the quest for superior venue laws continues. This is an important mission because on the one hand, patent owners should have meaningful choice of venue to enforce their legally protected interests, while on the other, reasonable distribution of patent cases in accordance with judicial economy benefits the patent system in large. As will be discussed, the balance in venue law

1. This statement is based on patent case filing statistics for 2015. *See infra* text accompanying note 13.

2. *See* 28 U.S.C. § 1400(b) (2012).

3. Loren Steffy, *Patently Unfair*, TEX. MONTHLY (Oct. 2014), <http://www.texasmonthly.com/politics/patently-unfair/> [<https://perma.cc/EEE6-6ELX>].

4. *TC Heartland, LLC v. Kraft Foods Grp. Brands, LLC*, 137 S. Ct. 1514, 1517 (2017) (“[A] domestic corporation ‘resides’ only in its State of incorporation for purposes of the patent venue statute”). For a detailed discussion, see *infra* Part IV.

is unlikely to significantly improve unless targeted congressional reform takes place.

One optimized solution before Congress is the Venue Equity and Non-Uniformity Elimination Act (VENUE Act) of 2016.⁵ The VENUE Act is a targeted patent venue reform bill aimed to restrict venue to a limited number of forums, including a corporate defendant's residence or principle place of business, or, alternatively, where the patent owner or the alleged infringer's specific acts relating to the patent-in-suit are found.⁶ The proposed venue law is similar to the current jurisdictional scheme in Abbreviated New Drug Applications (ANDA) litigation under the Hatch-Waxman Act.⁷ Because of the similarities between the VENUE Act and ANDA litigation, a parallel study of the two closely related types of patent litigation will shed light on the potential impact of the bill if it were adopted. Part II of this Comment will provide background information on the concentration of patent infringement suits. Part III will briefly track the recent development of patent venue law. Part IV will delve into the legal analysis of *TC Heartland*. Part V will introduce the proposed venue reform under the VENUE Act. Part VI and Part VII will engage in a parallel analysis of the VENUE Act and ANDA litigation. Part VII will also discuss the potential effect of the proposed venue reform and respond to criticism of the VENUE Act.

II. PATENT CASE CONGLOMERATION AT THE EASTERN DISTRICT OF TEXAS

The city of Marshall, Texas is home to the Federal District Court for the Eastern District of Texas. Although Marshall encompasses mostly rural areas, and few major corporations or high technology companies are headquartered there, this district has seen an increasingly large number of patent cases in recent years and proved to be the most popular venue for

5. Venue Equity and Non-Uniformity Elimination Act of 2016, S. 2733, 114th Cong. § 2 (2016).

6. *Id.* For a detailed illustration and discussion of the venue provisions in the VENUE Act, see *infra* Part VII.

7. Under the Hatch-Waxman Act, the owner of a patented drug can bring an infringement suit against a generic version's manufacturer in the accused infringer's state of residence or in a forum where the infringing act occurs. Hatch-Waxman Act, Pub. L. No. 98-417, § 102, 98 Stat. 1585, 1594-95 (1984) (codified as amended at 21 U.S.C. § 355 (2012)). For a more detailed discussion, see *infra* Part VI.

patent owners to bring infringement lawsuits.⁸ A significant force that contributed to Marshall, Texas's busy patent docket is the rise of non-practicing entities (NPEs), also notoriously known as patent trolls.⁹ As their name suggests, NPEs do not invent or produce invention; instead, they purchase patents for the sole purpose of monetizing patent rights through litigation.¹⁰ NPEs flock to the Eastern District of Texas to file infringement suits against corporate defendants, forcing these corporations into a remote forum and leveraging the costs and burdens of litigation for value more than the patented technology itself.¹¹ Due to its prevalence, NPEs' patent litigation practice has drawn major media attention and extensive criticism in the legal community.¹²

Recent filing statistics underscore the congregation of patent cases in the Eastern District of Texas. In 2015, a total of 2,540 patent cases—a

8. See Steffy, *supra* note 3 (analyzing the disproportionately busy docket of patent lawsuits in the small town of Marshall, Texas and calling it “the worst thing that ever happened to intellectual property law”).

9. The term “patent trolls” or “NPEs” is generally applied to non-manufacturing patent owners, either individuals or companies, who purchase and assert patents as their sole business model, with no intention of creating or manufacturing a product using the patented technology. Todd Klein, *eBay v. MercExchange and KSR Int'l Co. v. Teleflex Inc.: The Supreme Court Wages War Against Patent Trolls*, 112 PENN ST. L. REV. 295, 295–96 (2007).

10. *Id.* See generally Brian J. Love & James Yoon, *Predictably Expensive: A Critical Look at Patent Litigation in the Eastern District of Texas*, 20 STAN. TECH. L. REV. 1 (2017) (comparing patent litigation across districts and providing explanations for the Eastern District of Texas's popularity).

11. In 2015, 95% of the patent lawsuits filed in the Eastern District of Texas, and 67% of all patent lawsuits were initiated by NPEs. Joe Mullin, *Trolls Made 2015 One of the Biggest Years Ever for Patent Lawsuits*, ARS TECHNICA (Jan. 5, 2016, 9:38 AM), <http://arstechnica.com/tech-policy/2016/01/despite-law-changes-2015-saw-a-heap-of-patent-troll-lawsuits/> [https://perma.cc/9DZH-E5JD]. Supreme Court Justice Antonin Scalia famously referred to the Eastern District of Texas as a “renegade jurisdiction” for its reputation as the go-to jurisdiction for patent litigation. Transcript of Oral Argument at 10–11, *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006) (No. 05-130).

12. See, e.g., Colleen V. Chien & Michael Risch, *A Patent Reform We Can All Agree On*, WASH. POST (Nov. 20, 2015), https://www.washingtonpost.com/news/in-theory/wp/2015/11/20/why-do-patent-lawyers-like-to-file-in-texas/?utm_term=.cc5a7c98fec7 [https://perma.cc/C3R9-SC4G] (“The staggering concentration of patent cases in just a few federal district courts is bad for the patent system.”); Julie Creswell, *So Small a Town, So Many Patent Suits*, N.Y. TIMES (Sept. 24, 2006), http://www.nytimes.com/2006/09/24/business/24ward.html?_r=3&pagewanted=1&ref=technology&oref=slogin (describing the influx of patent lawsuits and lawyers in Marshall); *Last Week Tonight with John Oliver* (HBO television broadcast Apr. 19, 2015) (describing the practice of patent trolls abusing the system by stockpiling patents and threatening lawsuits); *This American Life: When Patents Attack!*, WBEZ (July 22, 2011), <https://www.thisamericanlife.org/radio-archives/episode/441/when-patents-attack> [https://perma.cc/RK62-C87X] (showing ghostly shell offices in Marshall, Texas that non-practicing patent owners employ to establish jurisdictional ties).

staggering 43.7% of all patent cases—were filed in this district, which is nearly as many cases as filed in the next three most active districts combined.¹³ In comparison, in 2015, only 545 cases were filed in the entire state of Delaware, despite the fact that Delaware is where most United States companies are incorporated.¹⁴ One district judge of the Eastern District of Texas in particular, Judge Rodney Gilstrap, heard nearly one-third of all patent cases in 2015, twice as many as the next most active patent judge.¹⁵ The busy patent docket in Marshall, Texas had far reaching ramifications: the high volume of patent cases processed by one single court inevitably led to poor quality. The Federal Circuit affirmed only 39% of decisions coming from the Eastern District of Texas in 2015, compared to around 70% for other patent-heavy districts.¹⁶

A combination of factors drive the flux of patent infringement cases to the Eastern District of Texas, including local procedural rules that are more favorable to patent owners and sympathetic jurors that are more likely to award generous damages.¹⁷ For example, local court rules within the Eastern District require parties to file briefs within a certain timeframe

13. *Lex Machina Releases Annual Patent Litigation Year in Review Report*, LEX MACHINA (Mar. 16, 2016), <https://lexmachina.com/media/press/2015-patent-litigation-year-in-review-report/> [<https://perma.cc/FWN3-65VY>].

14. Brian Howard, *Lex Machina 2015 End-of-Year Trends*, LEX MACHINA (Jan. 7, 2016), <https://lexmachina.com/wp-content/uploads/2017/02/Lex-Machina-2015-End-of-Year-Trends.pdf> [<https://perma.cc/JU89-RPYE>]; *About Agency*, ST. DEL., <http://corp.delaware.gov/aboutagency.shtml> [<http://corp.delaware.gov/aboutagency.shtml>].

15. Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation's Patent Cases*, MOTHERBOARD (May 5, 2016, 6:00 AM), <http://motherboard.vice.com/read/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases> [<https://perma.cc/K6FK-YFLL>] (stating Judge Gilstrap heard 1,686 of 5,819 new patent cases filed in the U.S. in 2015). Due to the high volume of patent cases assigned to Judge Gilstrap, if each case were to go to trial, he would have to complete four to five trials every day of the year, including weekends. See Dennis Crouch, *Law Professors Call for Patent Venue Reform*, PATENTLYO (July 13, 2016), <http://patentlyo.com/patent/2016/07/professors-patent-reform.html#ftnref5> [<https://perma.cc/24NJ-KXJK>].

16. Ryan Davis, *EDTX Judges' Love of Patent Trials Fuels High Reversal Rate*, LAW360 (Mar. 8, 2016, 10:11 PM), <http://www.law360.com/articles/767955/edtx-judges-love-of-patent-trials-fuels-high-reversal-rate> [<https://perma.cc/7S9P-Y3LW>].

17. See Daniel Klerman & Greg Reilly, *Forum Selling*, 89 S. CAL. L. REV. 241, 250 (2016) (arguing that a pro-patentee jury pool that values property rights and the Eastern District's use of procedural rules and discretion in procedural matters tilt the handling of patent cases in favor of patentees); see also Love & Yoon, *supra* note 10, at 4 (arguing that the accumulated effect of discovery deadlines, transfer decisions, and claim construction makes the Eastern District predictably expensive for accused infringers and thus attractive to patent owners).

and limit the length of filings; these rules are intended to expedite potentially lengthy patent trials but instead have turned into litigation leverage for patent holders to get damages in a speedy trial.¹⁸ The Eastern District of Texas also has the lowest rate of granting summary judgment, at 0.8%, compared to a national average of 3.7%.¹⁹ This apparent sense of hostility to granting summary judgment further increases patent owners' chance of a favorable resolution because they win over 60% of trials but only 29% at grants of summary judgment.²⁰

Accordingly, to eliminate the problems with patent case concentration, forum shopping, and disproportionate popularity of a few districts, venue reform legislation that qualifies patent owners' choice of venue and restores the balance of case filings in accordance with judicial economy is the most effective approach.²¹

III. THE EVOLUTION OF PATENT VENUE LAW

Legislative venue reform is much needed because judicial interpretation of the current venue statutes has limited reach to rein in the popularity of the Eastern District. To understand the legal conundrum, a brief historic review of patent venue law is necessary. Two statutes are particularly relevant to venue in patent cases—the patent-specific venue statute and the general venue statute.

18. See Rogers, *supra* note 15.

19. Klerman & Reilly, *supra* note 17, at 251–52; see Joe Mullin, *Why Patent Trolls Go to East Texas, Explained*, ARS TECHNICA (Aug. 18, 2015, 11:37 AM), <http://arstechnica.com/tech-policy/2015/08/why-patent-trolls-go-to-east-texas-explained/> [<https://perma.cc/6TSQ-WWX2>] (citing the reluctance of the judges to grant summary judgment awards as one of the plaintiff-favorable factors); Daniel Nazer & Vera Ranieri, *Why Do Patent Trolls Go to Texas? It's Not for the BBQ*, ELECTRONIC FRONTIER FOUND. (July 9, 2014), <https://www.eff.org/deeplinks/2014/07/why-do-patent-trolls-go-texas-its-not-bbq> [<https://perma.cc/L9TN-97HE>] (“[T]he defendants were denied the opportunity to have the judge rule on summary judgment on [meritless lawsuits].”).

20. Klerman & Reilly, *supra* note 17, at 251–54 (suggesting the hostility to summary judgment is advantageous to patent plaintiffs because juries are more sympathetic to patent rights; thus, proceeding to a jury trial is more likely to favor patent owners).

21. See Love & Yoon, *supra* note 10, at 4 (“[T]here may well be no simple fix, apart from venue reform, that will end the Eastern District of Texas’s popularity with patent plaintiffs.”); see also Steffy, *supra* note 3 (“[The handling of patent cases at the Eastern District] will continue until the bar decides to file elsewhere or until Congress changes the law.”). In his 2014 State of the Union address, President Barack Obama also urged for patent reform legislation. Barack Obama, *State of the Union Address*, WHITE HOUSE (Jan. 28, 2014), <https://www.whitehouse.gov/the-press-office/2014/01/28/president-barack-obamas-state-union-address> [<https://perma.cc/349C-QWVK>] (“[L]et’s pass a patent reform bill that allows our business to stay focused on innovation, not costly, needless litigation.”).

A. *A Blast from the Past: Pre-1988 Old Law*

Prior to 1988, the general venue statute, codified in 28 U.S.C. § 1391(c), broadly defined a corporation’s residence for venue purposes to include “any judicial district in which it is incorporated or licensed to do business or is doing business”²² Meanwhile, the specific venue law, codified in 28 U.S.C. § 1400(b), provided that “[a]ny 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.”²³ Given that the two venue statutes would yield different results, the issue was whether the specific venue statute of §1400(b) operated independently from the general definition of venue as established in § 1391(c). If the courts were to interpret § 1400(b) as independent of § 1391(c), then § 1400(b) would be the sole authority governing venue in patent infringement cases.

The Supreme Court addressed this confusion in *Fourco Glass Co. v. Transmirra Products Corp.*²⁴ The Court interpreted the patent venue statute narrowly and held that the more general venue § 1391(c) could not be used to expand venue beyond what was defined in § 1400(b), which specifically addressed venue in patent cases.²⁵ Further, the Court held that the language “where the defendant resides” in § 1400(b) was limited to “the state of incorporation only.”²⁶ The Supreme Court reiterated this position in *Brunette Mach. Works, Ltd. v. Kockum Indus., Inc.*, refusing to read § 1391(c) into § 1400(b).²⁷ Therefore, under the pre-1988 Supreme Court interpretation of patent venue law, venue was significantly limited to where the accused infringers resided or had an established place of business. The remote, small town of the Marshall, Texas would not have been able to attract significant numbers of patent case filings for this reason.²⁸

22. 28 U.S.C. § 1391(c) (1982).

23. 28 U.S.C. § 1400(b) (2012). The text of section 1400(b) has remained the same.

24. *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 229 (1957).

25. *Id.* (“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) . . .”).

26. *Id.* at 226.

27. *Brunette Mach. Works, Ltd. v. Kockum Indus., Inc.*, 406 U.S. 706, 713 (1972) (“Congress placed patent infringement cases in a class by themselves, outside the scope of general venue legislation.”).

28. See Dennis Crouch, *Patent Venue at the Supreme Court: Correcting a 26 Year Old Legal Error*, PATENTLYO (Sept. 14, 2016), <http://patentlyo.com/patent/2016/09/patent->

B. *The Turning Point to Nationwide Venue: The 1988 Amendment*

The 1988 congressional amendment to § 1391(c) signified the transition to broad venue law, which ultimately paved the way for forum shopping in patent cases.²⁹ In 1988, Congress amended § 1391(c), which governed venue generally, to provide: “*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.*”³⁰ By the language “[f]or purposes of venue under this chapter,” did Congress intend for § 1391(c) to govern venue in all cases, including patent cases, where the defendant was a corporation? In *VE Holding Corp. v. Johnson Gas Appliance Co.*, the Federal Circuit answered this question in the affirmative.³¹ The Federal Circuit interpreted this Congressional amendment to the general venue statute § 1391(c) as implicitly overruling *Fourco Glass*, concluding that this amendment redefined and expanded the corporate residence in the specific patent venue provision § 1400(b).³² The court reasoned that, because § 1391(c) and § 1400(b) were both under chapter 87 of title 28, by clear language, § 1391(c) would apply to § 1400(b).³³ Accordingly, under the Federal Circuit’s interpretation of the 1988 amendment, the proper test for venue with respect to a corporate defendant was “whether the defendant was subject to personal jurisdiction in the district of suit at the time the action was commenced.”³⁴

supreme-correcting.html [https://perma.cc/YSE2-U9HY] (“[F]ew patent infringement defendants actually reside or have a place of business in the E.D. Texas.”).

29. William C. Rooklidge & René L. Stasio, *Venue in Patent Litigation: The Unintended Consequences of Reform*, 20 INTELL. PROP. & TECH. L.J., no. 3, Mar. 2008, at 1–2.

30. 28 U.S.C. § 1391(c) (1988) (emphasis added).

31. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1575, 1580–81 (Fed. Cir. 1990).

32. *Id.* at 1579. The Federal Circuit noted, however, that the 1988 congressional amendment was propelled by the need to clarify when a defendant corporation was amenable to federal jurisdiction in a state having multiple judicial districts, and that there was a lack of express legislative history indicating that the 1988 amendment of § 1391(c) was intended to change the scope of venue in patent infringement cases. *Id.* at 1578.

33. *Id.* at 1580 (“Section 1391(c) applies to all of chapter 87 of title 28, and thus to § 1400(b), as expressed by the words ‘For purposes of venue under this chapter.’”). Further, the court reasoned that if Congress had intended for section 1400(b) to be excepted from section 1391(c), “Congress could readily have added ‘except for section 1400(b).’” *Id.* at 1579.

34. *Id.* at 1584. In *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1565–69 (Fed. Cir. 1994), the Federal Circuit held that personal jurisdiction was proper if the accused products were sold in the forum state, whether those sales were made directly by the alleged infringer or through established distribution networks. *See also* *Acorda Therapeutics, Inc. v. Mylan Pharm., Inc.*, 817 F.3d 755, 763 (Fed. Cir. 2016) (determining the minimum contacts requirement was met where a defendant contracted with a network of independent wholesalers and distributors to market the accused product in Delaware, the forum state). In *Beverly Hills*, the Federal Circuit adopted the analysis under specific

As a result of the broad venue law interpreted by the Federal Circuit in *VE Holding*, patent holders could virtually file an infringement suit in any district of the country because most corporate defendants sold products nationwide, and sales of infringing products in the forum state satisfied personal jurisdiction.³⁵ This is true even in forums where neither the patent owner nor the alleged infringer had a substantial presence.³⁶ Over the years, the broad venue law has given rise to forum shopping and the busy patent docket at the Eastern District of Texas, the problem that plagues our patent system. Therefore, to end the popularity of the Eastern District, curtail forum shopping in patent cases, and restore venue in accordance with judicial economy, a change to the nationwide venue tradition was needed.

C. *A Beacon of Hope: The 2011 Amendment*

VE Holding was the controlling law until 2011, when Congress amended the general venue statute § 1391(c) again.³⁷ Congress repealed the 1988 preamble language, “For purposes of venue under this chapter,” and added a new subparagraph (a) headed “Applicability of Section.”³⁸ The current subsection 1391(a) states: “*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”³⁹ And the current subsection 1391(c) states: “For all venue purposes . . . an entity . . . shall be deemed to reside . . . in any judicial district in which such defendant is subject to the court’s personal jurisdiction

personal jurisdiction delineated in the Supreme Court trilogy: *International Shoe Co. v. Washington*, 326 U.S. 310 (1945), *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286 (1980), and *Burger King Corp. v. Rudzewicz*, 471 U.S. 462 (1985). See 21 F.3d at 1565.

35. Klerman & Reilly, *supra* note 17, at 248 (“Because most accused infringers are corporations whose products are sold nationwide, most patent plaintiffs can sue in any district.”).

36. Klerman & Reilly, *supra* note 17, at 247 (“Due to weak personal jurisdiction and venue constraints, a patentee can usually ‘choose to initiate a lawsuit in virtually any federal district court.’” (quoting Jeanne C. Fromer, *Patentography*, 85 N.Y.U. L. REV., 1444, 1451 (2010))); Rogers, *supra* note 15 (“[P]atent holders can often file their lawsuit at any district court in the country, even if neither the plaintiff nor the defendant is based there.”).

37. See Federal Courts Jurisdiction and Clarification Act of 2011, Pub. L. No. 112–63, § 202, 125 Stat. 758, 763 (codified as amended at 28 U.S.C. § 1391(c) (2011)).

38. See 28 U.S.C. § 1391(a) (2011).

39. *Id.* (emphasis added).

with respect to the civil action in question”⁴⁰ The 2011 amendment spurred patent law practitioners to revisit the decade old question: Is the specific venue § 1400(b) the sole and exclusive provision governing venue in patent cases, or does the general venue statute § 1391(c) supplement 1400(b)? In other words, does the language “[e]xcept as otherwise provided by law” in § 1391(a) operate to carve out the class of patent cases from the general venue statute § 1391(c) because the specific venue statute § 1400(b) exists?⁴¹

Given the ambiguity in the 2011 amendment to the general venue statute, it was too tempting for patent litigators not to challenge the *VE Holding* judicial interpretation of the venue law. Such was the backdrop for the significant case *TC Heartland*⁴²—the much anticipated and most recent Supreme Court interpretation of the venue law since the 2011 statutory amendment. Would the Supreme Court reverse the nationwide venue tradition and restore proper venue in patent cases?

IV. A NEW LANDSCAPE: *TC HEARTLAND*

TC Heartland delivers a hard-fought win for patent practitioners in the battle to end nationwide venue. The case originated at the District Court for Delaware.⁴³ The plaintiff-patentee, Kraft Foods, was a Delaware company with its principle place of business in Illinois.⁴⁴ The defendant-alleged infringer, Heartland, was an Indiana business headquartered in Indiana.⁴⁵ Kraft brought a patent infringement suit in Delaware because Heartland

40. *Id.* § 1391(c) (2011). As such, the 2011 amended general venue statute reads effectively similar to, but not the same as, the pre-1988 venue law. *See* Chien & Risch, *supra* note 12.

41. Before *TC Heartland*, the Supreme Court had not affirmatively answered the question but nonetheless expressed an intention to read § 1391 to give way to §1400 in patent cases. *Cf.* *Atl. Marine Constr. Co. v. U.S. Dist. Court for the W. Dist. of Tex.*, 571 U.S. 49, 55 n.2 (2013) (“Section 1391 governs ‘venue generally,’ that is, in cases where a more specific venue provision does not apply. [See for example,] § 1400 (identifying proper venue for copyright and patent suits).”) (citation omitted).

42. *TC Heartland, LLC v. Kraft Foods Grp. Brands, LLC*, 137 S. Ct. 1514 (2017).

43. *See* *Kraft Foods Grp. Brands, LLC v. TC Heartland, LLC*, No. 14-28-LPS, 2015 WL 4778828, at*1 (D. Del. Aug. 13, 2015).

44. *Id.*

45. *Id.* According to the parties’ briefs, “Heartland develop[ed], test[ed] and manufacture[d] the accused ‘liquid water enhancer products’ . . . at facilities in both Carmel and Indianapolis, Indiana. [Heartland was] ‘not registered to do business in Delaware and ha[d] no office, property, employees, agents, distributors, bank accounts, or other local presence in Delaware.’ [In addition, Heartland had] not entered into any supply contracts in Delaware and [did] not call on any accounts in Delaware to solicit sales. [However,] Heartland [did]. . . ship orders of the accused products directly to Delaware under contracts with ‘two national accounts’ that were headquartered outside of Delaware.” *Id.* (citations omitted).

had shipped accused products to Delaware under contract, which accounted for 2% of its 2013 revenue.⁴⁶ After the district court denied Heartland's motion to dismiss or transfer venue for lack of personal jurisdiction, Heartland filed for a writ of mandamus in the Federal Circuit, arguing that Congress' 2011 amendment to § 1391 reversed *VE Holding* and required narrower interpretation of the venue law.⁴⁷

Specifically, Heartland advanced three arguments based on the 2011 amendment to the general venue statute § 1391. First, Heartland argued that the language in § 1391(a), “[e]xcept as otherwise provided by law,” encompassed the patent specific venue statute § 1400(b).⁴⁸ As a result, Heartland contended that § 1391(c) would not apply in patent cases because § 1400(b) would govern.⁴⁹ Second, Heartland argued that by adding subsection (a) to § 1391 while broadening subsection (c) of the statute, Congress intended to apply subsection 1391(c) as a general default venue rule, subject to the limitation set forth in subsection 1391(a).⁵⁰ Finally, Heartland urged the Federal Circuit to reinstate Supreme Court precedents of *Fourco Glass* and *Brunette* and reverse *VE Holding* because it “ha[d] produced enormous venue shopping opportunities in patent infringement actions”⁵¹

On April 29, 2016, the Federal Circuit delivered a disappointing opinion to patent practitioners who had hoped for a groundbreaking reform in venue law. The court rejected all of Heartland's arguments and upheld the broad venue law in *VE Holding*, irrespective of the 2011 congressional amendments.⁵² The Federal Circuit also rejected the argument that Congress intended for subsection 1391(a)'s language, “Except as otherwise provided by law,” to make subsection 1391(c) inapplicable in patent cases.⁵³ The court noted

46. *Id.*; *In re TC Heartland, LLC.*, 821 F.3d 1338, 1340 (Fed. Cir. 2016), *cert. granted*, 137 S. Ct. 614 (2016), *rev'd* 137 S. Ct. 1514 (2017).

47. Petition for Writ of Mandamus at 6–7, *In re TC Heartland, LLC*, 821 F.3d 1338 (Fed. Cir. 2016) (No. 14-028).

48. *Id.* at 6.

49. *Id.* (citing to a footnote in the Supreme Court case *Atlantic Marine*, where the Court implied § 1391 would not govern venue in patent cases); *see also supra* note 41.

50. *See* Petition for Writ of Mandamus, *supra* note 47, at 7.

51. *Id.* at 9. Heartland specifically referenced the disproportionately large number of patent case filings at the Eastern District of Texas and urged the Court to prevent the abusive forum shopping practice. *Id.* at 9–10.

52. *In re TC Heartland*, 821 F.3d at 1341 (showing the court failed to cite to any legislative history suggesting Congress amended § 1391 with the intent of limiting or extending its application in patent infringement cases).

53. *Id.* at 1341–43.

that the patent specific venue statute § 1400(b) itself does not define corporate residence, and thus § 1400(b) would not render § 1391(c)'s definition of corporate residence inapplicable to venue in patent cases.⁵⁴ In conclusion, the Federal Circuit refused to reinstate *Fourco Glass* and the pre-1988 venue law.⁵⁵

Many patent practitioners were greatly disappointed by the Federal Circuit ruling and its implications.⁵⁶ As obvious from this holding, the Federal Circuit did not bring about the major shake-up of patent venue law many had hoped for, and it would not solve the problem of the concentration of patent cases in plaintiff-friendly districts.⁵⁷ Several district courts followed suit and decided venue was proper based on the defendant's sales of the allegedly infringing products in the forum state, even when the sales in that state only accounted for a small percentage of the national sales.⁵⁸

54. *Id.* at 1342 (“[Although § 1400] is a specific venue provision pertaining to patent infringement suits. . . . § 1400(b) [only] 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 court further rejected Heartland’s argument that federal common law—as interpreted by the Supreme Court in *Fourco Glass*—also fits under the § 1931(a) exception, reasoning that *VE Holding* had already declared *Fourco Glass* overruled by the 1988 Congressional amendment. *Id.* Therefore, § 1391(c) “expressly reads itself into the specific statute, §1400(b),” only to the extent it defines where a corporation resides for venue purposes in patent cases. *Id.* at 1342–43 (quoting *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1580 (Fed. Cir. 1990)).

55. *Id.* at 1343. Judge Moore, who wrote the *TC Heartland* opinion, stated “before and after [the 2011] amendments, in the context of considering amending the patent venue statute, Congressional reports have repeatedly recognized that *VE Holding* is the prevailing law.” *Id.* In support of his conclusion, Judge Moore cited several Congressional reports. *Id.*; see citing H.R. REP. NO. 114-235, at 34 (2015) (stating Congress must correct the Federal Circuit’s mistake in the *VE Holding*, and clarify that patent lawsuits may only be brought in districts with some reasonable connection to the dispute by amending §1400); S. REP. NO. 110-259, at 25 (2008); H.R. REP. NO. 110-314, at 39–40 (2007)). However, the court did not identify any contemporaneous record with the 2011 amendment that manifest “a conscious choice to keep *VE Holding* as the prevailing law.” Crouch, *supra* note 28.

56. The Federal Circuit found the due process requirement that Heartland have sufficient minimum contact with Delaware was met because Heartland “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.” *TC Heartland*, 821 F.3d at 1344. By analogy, had Kraft brought suit in any other state where Heartland shipped and sold the accused products, venue would have been proper. If Heartland had sales activities in Texas, the Eastern District of Texas would have been considered a proper venue.

57. See, e.g., Dennis Crouch, *Federal Circuit Continues Broad Venue Allowance in Patent Cases*, PATENTLY-O (Apr. 29, 2016), <http://patentlyo.com/patent/2016/04/circuit-continues-allowance.html> [<https://perma.cc/9SFX-RRJQ>] (“An eventual win by Heartland would result in a major shake-up of patent litigation by greatly reducing the concentration of patent cases—especially those in the Eastern District of Texas.”).

58. See, e.g., *Ford Glob. Techs., LLC v. New World Int’l, Inc.*, No. 2:15-CV-10394, 2016 WL 3349041, at *10–11 (E.D. Mich. June 16, 2016).

However, on December 14, 2016, the Supreme Court granted Heartland's petition for certiorari and agreed to weigh in on the issue of patent venue.⁵⁹ This decision injected much excitement and anticipation into patent practitioners nationwide.⁶⁰ Petitioner Heartland advanced similar arguments for a narrowing venue law as it did before the Federal Circuit.⁶¹ Kraft argued in its opposition that if the Supreme Court were to reverse *TC Heartland* and revert to the pre-1988 patent venue regime, it would be unduly defendant-centric and would deter patent owners from filing infringement suits.⁶² Although Marshall, Texas does not appear in the case, it was in nature a battle between patent owners who wanted flexibility in venue and corporations who wished to avoid being sued in the Eastern District of Texas.⁶³

59. *In re TC Heartland, LLC*, 821 F.3d 1338 (Fed. Cir. 2016), *cert. granted*, 137 S. Ct. 614 (2016) (No. 16-341).

60. The Supreme Court granting certiorari to review *TC Heartland* drew immediate and widespread attention due to its potentially large ramifications for patent litigation against corporate defendants and the fate of plaintiff-popular district courts—including the Eastern District of Texas. Many predict the Court will reverse the Federal Circuit and revert the broad venue rules to the pre-*VE Holding* era. See Brent Kendall, *Supreme Court to Hear Patent Case That Could Limit Venue Shopping*, WALL ST. J. (Dec. 14, 2016, 5:35 PM), <http://www.wsj.com/articles/supreme-court-to-hear-patent-case-that-could-limit-venue-shopping-1481749533>; see also Dennis Crouch, *Goodbye E.D. Texas as a Major Patent Venue*, PATENTLY-O (Dec. 14, 2016), <http://patentlyo.com/patent/2016/12/goodbye-patent-venue.html> [<https://perma.cc/6EVN-3W6Y>]; Gene Quinn, *Supreme Court Agrees to Hear Patent Venue Case Filled with Patent Reform Implications*, IPWATCHDOG (Dec. 14, 2016), <http://www.ipwatchdog.com/2016/12/14/supreme-court-patent-venue-case-patent-reform-implications/id=75751> [<https://perma.cc/R6VH-VBUM>].

61. See Petition for Writ of Certiorari at 8–9, *TC Heartland, LLC v. Kraft Foods Grp. Brands, LLC*, 137 S. Ct. 1514 (2017) (No. 16-341).

62. Brief in Opposition at 29–30, *TC Heartland*, 137 S. Ct. 1514 (No. 16-341). Kraft also noted this case is a bad vehicle for the high court to decide the patent venue issue because Kraft actually practices the patented inventions and is not the kind of abusive patent litigant that concerns the business community. *Id.* at 33. Furthermore, Kraft did not sue in Texas but in the jurisdiction where Kraft is incorporated and suffered injury and where Heartland purposefully directed sales of its allegedly infringing products. *Id.*

63. Numerous amici curiae briefs were filed before the Supreme Court. For example, Whirlpool, a leading international appliance innovator and manufacturer, filed an amicus brief supporting Kraft in this case, in which it also argued that a reversion back to *Fourco Glass* would force corporations like Whirlpool to bring patent infringement cases in the home court of the patent infringer and that any venue reform should come from Congress, not the courts. Brief of Amicus Curiae Whirlpool Corp. in Support of Respondent, *TC Heartland*, 137 S. Ct. 1514 (No. 16-341); see also, Gene Quinn, *Whirlpool Files Supreme Court Amicus Supporting Kraft Foods in TC Heartland Case*, IPWATCHDOG (Mar. 8, 2017), <http://www.ipwatchdog.com/2017/03/08/whirlpool-supreme-court-amicus-kraft-foods-tc-heartland/id=79303/> [<https://perma.cc/KV88-CY4T>] (commenting on Whirlpool's amicus brief).

On May 22, 2017, the Supreme Court issued a straightforward opinion that expansively changed the venue landscape in the patent world. In reversing the Federal Circuit, the High Court gave the final word that § 1400(b) is the exclusive venue statute in patent cases.⁶⁴ Reversing the venue law to the *Fourco Glass* interpretation, the Supreme Court held that a domestic corporation resides only in its state of incorporation for purposes of the patent venue.⁶⁵ The 2011 Congressional amendment to the general venue statute § 1391 did not manifest a legislative intent to “alter the meaning of § 1400(b) as interpreted in *Fourco*” or ratify the Federal Circuit’s interpretation of venue in *VE Holding*.⁶⁶ Thus, the Supreme Court effectively discarded a century of Federal Circuit precedent that allowed companies to be sued for patent infringement effectively anywhere they made sales.

The Supreme Court’s decision in *TC Heartland* swiftly changed the patent litigation map. Delaware—the most popular state of incorporation for the majority of US companies—soon saw patent suits spike, while the traditionally plaintiff-friendly Eastern District of Texas saw cases dwindle, either in the form of new filings or pending cases transferring out of the district.⁶⁷ Does it mean that Marshall, Texas is no longer able to attract

64. *TC Heartland*, 137 S. Ct. at 1518 (“[Congress] placed patent infringement cases in a class by themselves, outside the scope of general venue legislation.”) (citing *Brunette Mach. Works, Ltd. v. Kockum Indus., Inc.*, 406 U.S. 706, 713 (1972)).

65. *Id.* at 1517 (“We conclude that the amendments to § 1391 did not modify the meaning of § 1400(b) as interpreted by *Fourco*. We therefore hold that a domestic corporation ‘resides’ only in its State of incorporation for purposes of the patent venue statute.”). To note, however, the Supreme Court’s decision still left some questions unanswered. *See id.* at 1520 n.2. First, where is venue proper for foreign corporations? Would the general venue statute § 1391 apply to foreign corporations? Second, if multiple domestic corporate defendants are infringing the plaintiff’s patents, and they are incorporated in different states, would the plaintiff have to bring multiple suits in each of the defendants’ resident states? *See Neonatal Prod. Grp., Inc. v. Shields*, No. 13-2601-DDC-KGS, 2017 WL 3116686, at *4 (D. Kan. July 20, 2017).

66. *TC Heartland*, 137 S. Ct. at 1520–21. The Supreme Court also engaged in a historical review of the patent specific venue statute § 1400(b) to determine what the word “resides” means. *Id.* at 1518–19.

67. *See* Ryan Davis, *TC Heartland Is Already Remaking the Patent Litigation Map*, LAW360 (July 5, 2017, 5:03 PM), https://www.law360.com/california/articles/940341?utm_source=shared-articles&utm_medium=email&utm_campaign=shared-articles [<https://perma.cc/M3RT-2SD8>]. The article also reported “a noticeable impact on the Northern District of California, which is home to many tech companies that are often involved in patent litigation.” *Id.* Most recent statistics also show a significant decline in case filings in the Eastern District of Texas, correlating strongly with the Supreme Court’s decision in *TC Heartland*. *See id.* Meanwhile, “the District of Delaware (D. Del.) has been the main beneficiary . . .” Steve Brachmann, *Lex Machina’s Q2 Litigation Update Shows Trends Influenced by TC Heartland and Oil States*, IPWATCHDOG (July 27, 2017), <http://www.ipwatchdog.com/2017/07/27/lex-machinas-q2-litigation-update-shows-trends-influenced-tc-heartland-oil-states/id=86095/> [<https://perma.cc/4EY7-P2BD>].

patent owners to bring infringement cases?⁶⁸ Well, not quite.⁶⁹ Section 1400(b) lays out a two-prong test for patent venue.⁷⁰ The first prong is the defendant's residence, which, under *TC Heartland*, is the state of incorporation for a corporate defendant.⁷¹ The second prong is “where the defendant has committed acts of infringement and has a regular and established place of business.”⁷² Because very limited case law exists regarding the second prong, a “renewed emphasis” has been placed on it.⁷³

Eastern District of Texas Judge Rodney Gilstrap, the most experienced patent judge in the country⁷⁴, took a broad view of what constituted “a regular and established place of business” in a recent decision.⁷⁵ In denying a motion to transfer under the new venue standard in *TC Heartland*, Judge Gilstrap set a four-factor test to determine whether a company had a regular and established place of business in the district: (1) whether “a defendant has a physical presence in the district”, including retail stores and warehouses; (2) whether “a defendant represents . . . that it has a presence in the district”; (3) “the extent to which a defendant derives benefits from its presence in the district”; and (4) “the extent to which a defendant interacts in a

68. Commentators expected *TC Heartland* “could significantly reduce, if not outright eliminate, patent litigation in the collection of small cities east of Dallas.” Davis, *supra* note 67.

69. As will be discussed shortly, because the Supreme Court left many questions about venue unsettled in the *TC Heartland* opinion, patent owners, especially NPEs, and judges in the Eastern District of Texas are seeking openings to keep patent infringement suits there. *See id.*

70. 28 U.S.C. § 1400(b) (2012) (“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.”).

71. *Id.*

72. *Id.*

73. Matthew Butlman, *Gilstrap’s Venue Test an Encouraging Sign for Patent Owners*, LAW360 (July 6, 2017, 9:37 PM), https://www.law360.com/ip/articles/941916?utm_source=shared-articles&utm_medium=email&utm_campaign=shared-articles [https://perma.cc/C2UN-4XZ4] (noting patent owners are advancing new arguments emphasizing the defendants’ connections to the Eastern District of Texas, hoping it will satisfy the “regular and established place of business” prong of § 1400(b) for patent venue).

74. Ryan Davis, *Lawmakers Slam ‘Reprehensible’ New Gilstrap Venue Rules*, LAW360 (July 13, 2017, 8:53 PM), https://www.law360.com/ip/articles/942170?utm_source=shared-articles&utm_medium=email&utm_campaign=shared-articles [https://perma.cc/LFG2-CPUX] (explaining Judge Gilstrap “handles by far the most patent cases in America”).

75. *Raytheon Co. v. Cray, Inc.*, 258 F. Supp. 3d 781, 794–99 (E.D. Tex. 2017), *mandamus granted, order vacated sub nom. In re Cray, Inc.*, 871 F.3d 1355 (Fed. Cir. 2017). Judge Gilstrap noted the lack of precedent on the second prong of § 1400(b). *See id.* at 792.

targeted way with” the district.⁷⁶ Many believed this opinion sends an encouraging message to patent owners to keep patent infringement suits in the Eastern District of Texas, thus blunting the devastating *TC Heartland* decision, and will result in a sizable number of cases staying in the reputed plaintiff-friendly district.⁷⁷ However, lawmakers criticized Judge Gilstrap’s interpretation of the venue law as being inconsistent with the Supreme Court’s ruling in *TC Heartland*; “one congressman [even] call[ed] the ruling ‘reprehensible.’”⁷⁸ The Federal Circuit granted the plaintiff’s petition for writ of mandamus and rejected such a broad interpretation of “regular and established place of business.”⁷⁹

TC Heartland is hardly the ideal solution for patent venue, leaving considerable issues unsettled. On the one hand, allowing corporate infringers to be sued only in their state of incorporation is unduly defendant-centric and would deter patent owners from filing legitimate infringement suits.⁸⁰ On the other, the ambiguity of the statutory language and limited case law leave open significant room for plaintiff-popular districts to reinvent ways to keep their busy patent docket.⁸¹ The courts’ inability to fill in the blank in venue laws leaves patent practitioners one last recourse—congressional reform of the venue laws.⁸² Accordingly, congressional action is necessary to pick up where the courts left off.⁸³ It is imperative that Congress directly address the issue of patent venue and return basic fairness, rationality, and balance to patent law.⁸⁴ In order to balance both patent owners’ and

76. *Id.* at 796–99 (emphasizing that no single factor was dispositive, but a flexible approach should be adopted to examine all the circumstances of the case).

77. *E.g.*, Butlman, *supra* note 73 (“This could provide some hope to patent owners who were hoping a broad interpretation of what it means to have a ‘place of business’ could help to blunt the impact of the Supreme Court’s decision to put limits on where patent lawsuits can be filed.”); Davis, *supra* note 74.

78. Davis, *supra* note 74.

79. *In re Cray, Inc.*, 871 F.3d 1364–66 (Fed. Cir. 2017) (holding venue was improper in the Eastern District of Texas only because a sales executive of the defendant corporation has a home in the district). “Three general requirements [are] relevant to the inquiry: (1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant. If any statutory requirement is not satisfied, venue is improper under § 1400(b).” *Id.* at 1360.

80. *See* Brief in Opposition, *supra* note 62, at 29–31.

81. *See* Davis, *supra* note 74.

82. *See* Brief in Opposition, *supra* note 62, at 29.

83. In *TC Heartland*, Kraft insisted the patent venue issue extended beyond the scope of judicial interpretation and was one for Congress, not the courts, to decide. *Id.* at 29 (“Any recalibration of patent venue remains in Congress’s hands.”). Kraft also argued the Supreme Court did not have the prerogative to overwrite Congressional intent. *Id.* at 33 (“However urgent the issue of patent venue reform may be, it is an issue that must be left to Congress.”).

84. Senator Orrin Hatch (R-UT) has stated that regardless of how the Supreme Court decides *TC Heartland*, Congress will take up the issue of venue reform. Gene Quinn, *Hatch*

corporations' interests, and eliminate the fundamental unfairness of forum shopping, Congress will need to amend the statutory language to optimally define where a suit of patent infringement can be brought against a corporate defendant.⁸⁵ Specifically, Congress must require at least one party to the lawsuit have a substantive connection to the venue "to ensure fairness and uniformity in patent law."⁸⁶ Moreover, Congress must strike a balance between affording patent owners sufficient freedom to choose venue to enforce their rights and limiting NPEs' abuse of forum shopping for plaintiff-friendly local rules.

V. A CONGRESSIONAL PRESCRIPTION THAT CURES THE PROBLEM— THE VENUE ACT

The VENUE Act, introduced by Senators Jeff Flake, Mike Lee, and Cory Gardner in March 2016, is a proposal currently before Congress that has the potential to achieve a better patent venue framework.⁸⁷ The VENUE Act proposes to substitute the current patent specific venue statute § 1400(b) with the following text, in relevant part:

- (b) Notwithstanding subsections (b) and (c) of section 1391, any civil action for patent infringement or any action for a declaratory judgment that a patent is invalid or not infringed may be brought only in a judicial district—
 - (1) where the defendant has its principal place of business or is incorporated;
 - (2) where the defendant has committed an act of infringement of a patent in suit and has a regular and established physical facility that gives rise to the act of infringement;

Says Patent Venue Reform Likely Regardless of SCOTUS Decision in TC Heartland, IPWATCHDOG (Feb. 16, 2017), <http://www.ipwatchdog.com/2017/02/16/hatch-venue-reform-likely-scotus-tc-heartland/id=78495/> [<https://perma.cc/E5TZ-Y45N>] ("I believe there's one area where we can see real progress this year: venue. Abusive litigants have exploited a hole in the law to direct a disproportionate number of suits to plaintiff-friendly forums, and to one such forum in particular. . . . [N]o matter what the [Supreme] Court does, we're likely going to need follow-on legislation to prevent future forum-shopping and to ensure that litigants have a meaningful connection to the site of the suit.").

85. Crouch, *supra* note 15. After the Federal Circuit issued the *TC Heartland* opinion, a group of forty-five professors drafted a letter to Congress, calling for statutory reform to limit venue in patent infringement cases and arguing "[t]he staggering concentration of patent cases in just a few federal district courts is bad for the patent system." Chien & Risch, *supra* note 12.

86. Crouch, *supra* note 15.

87. See generally Venue Equity and Non-Uniformity Elimination Act of 2016, S. 2733, 114th Cong. (2016), <https://www.congress.gov/114/bills/s/2733/BILLS-114s2733is.pdf> [<https://perma.cc/PD7V-X3RY>].

- (3) where the defendant has agreed or consented to be sued in the instant action;
- (4) where an inventor named on the patent in suit conducted research or development that led to the application for the patent in suit;
- (5) where a party has a regular and established physical facility that such party controls and operates, not primarily for the purpose of creating venue, and has—
 - (A) engaged in management of significant research and development of an invention claimed in a patent in suit prior to the effective filing date of the patent;
 - (B) manufactured a tangible product that is alleged to embody an invention claimed in a patent in suit; or
 - (C) implemented a manufacturing process for a tangible good in which the process is alleged to embody an invention claimed in a patent in suit⁸⁸

As seen from the preamble, drafters intended the proposed new specific venue statute § 1400(b) as a stand-alone statute solely and exclusively governing venue in patent cases.⁸⁹ It also clarifies where venue is proper: where the accused infringer is incorporated, has its principle place of business, or engages in substantial infringing acts.⁹⁰ This change would significantly restrict where suits can be filed, especially eliminating plaintiff-popular districts with no substantial ties to either party of the lawsuit, but at the same time would afford patent owners sufficient choice in venue.⁹¹ Given the significant benefits this proposed venue reform is expected to generate, it has gathered support from patent law scholars and practitioners.⁹²

However, not all legal scholars and practitioners agree with the proposed VENUE Act. In July 2016, a “group of [forty-five] professors [penned a] letter to Congress arguing for statutory reform[] to limit venue in patent infringement cases.”⁹³ Subsequently, an opposing group of twenty-eight professors also submitted a letter to Congress urging serious caution regarding the pending VENUE Act.⁹⁴ They pressed Congress “to adopt a cautious stance

88. S. 2733 § 2.

89. *See supra* pp. 199–200.

90. *See supra* pp. 199–200.

91. This Comment will also address the shortcomings of the proposed VENUE Act, namely, that the Act will potentially cause a shift and re-concentration of patent case filings to states where corporate defendants are incorporated or headquartered, and that the Act is defendant-centric and restricts patent owners’ ability to bring suit. *See infra* Section VII.D.

92. *See, e.g.,* Elliot Harmon, *Tell the Senate: Pass the VENUE Act*, ELECTRONIC FRONTIER FOUND. (Mar. 18, 2016), <https://www.eff.org/deeplinks/2016/03/tell-senate-pass-venue-act> [<https://perma.cc/8HHZ-58TB>] (“[The VENUE Act] would bring a modicum of fairness to a broken patent system. . . . [by requiring] the plaintiff in a patent suit to file in a district where it makes sense . . .”).

93. Crouch, *supra* note 15.

94. For an introduction and reproduction of the letter, see Dennis Crouch, *Letter to Congress from 28 Law Professors & Economists Urging Caution on the VENUE Act*,

to enacting” the VENUE Act in the wake of the 2011 congressional modifications of the venue statute, “at least until the effects of the recent changes are better understood.”⁹⁵ Their salient point should be well taken: it is of great importance to understand the framework and potential effect of the proposed act. Fortunately, one need not look far. In a specialized class of patent infringement cases—ANDA litigation—one could find a framework of venue laws similar to the one proposed in the VENUE Act. As such, this Comment will assess the parallel between venue in ANDA litigation and the proposed VENUE Act to shed light on the potential effect the VENUE Act might have on patent venue reform.

VI. A REAL-LIFE EXAMPLE: VENUE IN ANDA LITIGATION

Like other high technology industries, the pharmaceutical industry especially relies on patents to ensure profitability and survival.⁹⁶ Because of the enormous costs associated with research and development of a successful new drug—from large scale compound screening, research on promising drug candidates, animal studies, to safety and efficacy trials on humans—adequate patent protection of the approved drug and the exclusive right to sell are essential for pharmaceutical companies to sustain innovative investments and shoulder the high risks of drug development.⁹⁷ Often times, pharmaceutical companies rely on the sales of a few patented blockbuster drugs for their annual revenue and face significant revenue loss when the patent protection expires.⁹⁸ Once the patent protection on the brand name

PATENTLY-O (Aug. 1, 2016), <http://patentlyo.com/patent/2016/08/congress-professors-economists.html> [<https://perma.cc/K5X4-KRKA>].

95. *Id.*

96. Matthew Avery, *Continuing Abuse of the Hatch-Waxman Act by Pharmaceutical Patent Holders and the Failure of the 2003 Amendments*, 60 HASTINGS L.J. 171, 171 (2008).

97. *Id.* at 171–72. “Because the drug discovery process has a high failure rate,” pharmaceutical companies need to rely on the few commercially successful drugs to “recoup [the enormous costs associated with the] research and development expenses.” *Id.*

98. A “blockbuster drug” is a drug product having in excess of one billion U.S. dollars in annual sales. Ernst R. Berndt & Murray L. Aitken, *Brand Loyalty, Generic Entry and Price Competition in Pharmaceuticals in the Quarter Century After the 1984 Waxman-Hatch Legislation* 3 (Nat’l Bureau of Econ. Research, Working Paper No. 16431, 2010), <http://www.nber.org/papers/w16431.pdf> [<http://www.nber.org/papers/w16431.pdf>]. A famous example is Lipitor (atorvastatin calcium), a drug developed by Pfizer to lower high cholesterol. LIPITOR, <https://www.lipitor.com/> [<https://perma.cc/N5GM-PVAE>] (last visited May 14, 2018). Lipitor was the world’s best-selling medicine when it lost patent protection at the end of 2011. WENDY H. SCHACHT, CONG. RESEARCH SERV., R42399, DRUG PATENT EXPIRATIONS: POTENTIAL EFFECTS ON PHARMACEUTICAL INNOVATION 1, 9 (2012) (footnote

drug expires, competitors can introduce generic versions of the drug into the market, thus increasing price competition and ultimately benefiting the public.⁹⁹

A. An Overview of ANDA Litigation

The process for the Food & Drug Administration (FDA) to approve a generic drug used to be a lengthy and expensive one, making it difficult for generic drugs to enter the market.¹⁰⁰ To streamline the approval process and expedite the availability of generic drugs to patients, Congress passed the Drug Price Competition and Patent Term Restoration Act of 1984, commonly known as the Hatch-Waxman Act for the congressman and the senator who sponsored the act.¹⁰¹ The act allows a generic drug manufacturer to file an Abbreviated New Drug Application (ANDA) with the FDA, which significantly shortens the time to get the generic drugs to the market.¹⁰² As a compromising measure, the act also provides additional protections to brand name companies, such as patent term extensions and restrictions on the eligibility of generic drugs for ANDA.¹⁰³ As such, ANDA litigation

omitted) (citing Jaime Thompson, Client Mgmt., IMS Health, Inc., *The Use of Medicines in the United States: Review of 2010* (May 31, 2011)), <http://www.nber.org/papers/w16431> [<https://perma.cc/A3TQ-ZHCT>]. Lipitor generated \$3 billion in sales in 2010, comprising 20% of Pfizer's total revenue. *Id.* at 9, 11. Recently, in 2015, the sales of brand drugs "at risk of patent expiration [constituted] \$44 billion." Tracy Staton, *The Top 10 Patent Losses of 2015*, FIERCEPHARMA, <http://www.fiercepharma.com/special-report/top-10-patent-losses-of-2015> [<https://perma.cc/RF7J-F5HT>].

99. See Andrew A. Caffrey, III & Jonathan M. Rotter, Comment, *Consumer Protection, Patents and Procedure: Generic Drug Market Entry and the Need to Reform the Hatch-Waxman Act*, VA. J.L. & TECH., Winter 2004, at 1, 4. A blockbuster drug falls off "the patent cliff" when its patent protection expires. See, e.g., Charlotte Harrison, *The Patent Cliff Steepens*, 10 NATURE REV. DRUG DISCOVERY, Jan. 2011, at 12, 12.

100. See Katherine Rhoades, Comment, *Do Not Pass Go, Do Not Stop for Summary Judgment: The U.S. District Court for the District of Delaware's Seemingly Disjunctive Yet Efficient Procedures in Hatch-Waxman Litigation*, 14 NW. J. TECH. & INTELL. PROP. 81, 83 (2016).

101. *Id.*; see also Drug Price Competition and Patent Term Restoration Act of 1984, Pub. L. No. 98-417, § 101, 98 Stat. 1585 (codified as amended at 21 U.S.C. § 355(j) (2012)).

102. See Rhoades, *supra* note 100; see also *Caraco Pharm. Labs., Ltd. v. Novo Nordisk A/S*, 566 U.S. 399, 404–05 (2012) ("[The ANDA] process is designed to speed the introduction of low-cost generic drugs to market.").

103. *Caraco*, 566 U.S. at 405. The Hatch-Waxman Act attempted "to balance the need for innovative new drugs and increased availability of less expensive generic products" by facilitating "the marketing of generic drugs while permitting brand name companies to recover a portion of their intellectual property rights lost during the pharmaceutical approval process." WENDY H. SCHACHT, CONG. RESEARCH SERV., R42399, DRUG PATENT EXPIRATIONS: POTENTIAL EFFECTS ON PHARMACEUTICAL INNOVATION 1, 7 (2012) (listing legislative provisions in the Hatch-Waxman Act that afford additional patent protection to brand name pharmaceutical companies).

is a special kind of patent law as it closely relates to drug law that governs the administrative process of approving a generic drug.

The Hatch-Waxman Act, as codified in § 271(e)(1), provides a safe-harbor for the using and selling of patent-protected products reasonably related to the research and development of a generic drug.¹⁰⁴ However, such safe-harbor exemption is removed once the generic drug developer submits an application for approval to the FDA, at which point the activity becomes infringing under § 271(e)(2) if the brand name version of the same drug is patent-protected.¹⁰⁵ In order to file an ANDA to the FDA, generic manufacturers must include one of four listed certifications, commonly known as paragraph I-IV certifications: “(i) that such patent information has not been filed, (ii) that such patent has expired, (iii) of the date on which such patent will expire, or (iv) that such patent is invalid or will not be infringed by the manufacture, use, or sale of the new drug for which the application is submitted”¹⁰⁶ Disputes between a generic manufacturer and the brand name pharmaceutical company regarding patent rights arise when paragraph IV certifications are implicated, in which the ANDA applicant is certifying that the patent claiming the brand name drug is either invalid or that the generic drug will not infringe the patent.¹⁰⁷ Accordingly, a paragraph IV certification is effectively an invitation to patent litigation. The Hatch-Waxman Act provides a recourse for brand name companies to file a suit of patent infringement against potential generic manufacturers in a federal district court.¹⁰⁸ Meanwhile, manufacturers intending to clear

104. 35 U.S.C. § 271(e)(1) (2012) (“It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention . . . solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.”).

105. *Id.* § 271(e)(2).

106. 21 U.S.C. § 355(b)(2)(A) (2012).

107. *Id.*; Jeremy Bulow, *The Gaming of Pharmaceutical Patents*, 4 INNOVATION POL’Y & ECON. 145, 149 (2004).

108. *See* Bulow, *supra* note 107, at 149–50 (asserting that if the patent holder files an infringement suit within forty-five days of the paragraph IV certification notification, the FDA approval of the generic ANDA is stayed until the earliest of: (1) patent expiration, (2) court resolution of the infringement issue, or (3) thirty months from the time of the notification.); *see also* 35 U.S.C. § 271(e)(2) (2012). Like general patent infringement suits, venue in ANDA litigation is governed by § 1391 and § 1400(b). *See* AstraZeneca, LP v. Mylan Pharm., Inc., No. 08-453-GMS, 2011 WL 2516381, at *2 (D. Del. June 23, 2011) (“Venue is proper in this court under 28 U.S.C. §§ 1391 and 1400(b).”). However, because of differences between ANDA and general patent litigation, the personal jurisdictional analysis and the resulting filing statistics are quite different. *See infra* pp. 212–15.

the path for marketing a generic drug can bring a suit of declaratory judgment alleging invalidity of patents held by brand name companies.¹⁰⁹ If the generic manufacturer succeeds at proving either patent invalidity or non-infringement, the approval of the ANDA will permit the generic drug to enter the market.¹¹⁰

B. ANDA Litigation Filings

Since 2009, the majority of ANDA litigation overwhelmingly took place in two United States districts—the United States District Court for the District of Delaware and the United States District Court for the District of New Jersey.¹¹¹ Between January 1, 2009, and December 31, 2015, a total of 2,249 ANDA cases were filed nationwide, with 911 cases filed in Delaware, 725 cases filed in New Jersey, and 613 cases in all other districts combined.¹¹² Although ANDA cases account for about 10% of all patent litigation cases in the United States, they have quite different characteristics from general patent cases.¹¹³ Most relevant to this Article, the concentration of ANDA cases in Delaware and New Jersey coincides with the significant number of pharmaceutical companies that are incorporated or headquartered in these two states, whereas a significant majority of general patent cases are concentrated in Texas where neither party has a substantial relation.¹¹⁴

109. If the patent owner does not sue the ANDA applicant within forty-five days of receiving notice of the ANDA, the generic applicant may file a declaratory judgment action against the patent holder “in the judicial district where the [patent owner] has its principal place of business or a regular and established place of business.” 21 U.S.C. § 355(j)(5)(C)(II) (2012).

110. RUBEN JACOBO-RUBIO ET AL., *THE DISTRIBUTION OF SURPLUS IN THE US PHARMACEUTICAL INDUSTRY: EVIDENCE FROM PARAGRAPH (IV) PATENT LITIGATION DECISIONS 2* (2017), <https://ssrn.com/abstract=2481908> (“[The FDA] permits generic firms to rely on brand-firm data on safety and efficacy in seeking approval to sell copies of brand drugs, but does not grant entry unless and until the generic firm successfully challenges all brand-firm patents covering the active ingredient and formulations of the drug in question.”).

111. See Rhoades, *supra* note 100, at 83; see also Kevin E. Noonan, *Lex Machina Looks at ANDA Cases*, PAT. DOCS (Nov. 5, 2014), <http://www.patentdocs.org/2014/11/lex-machina-looks-at-anda-cases.html> [<https://perma.cc/9QFZ-H95W>] (analyzing the report on ANDA litigation filings released by Lex Machina).

112. *Pharmaceutical Patent Litigation Filings Have Risen Significantly Since 2014, According to Lex Machina’s 2015 Hatch-Waxman/ANDA Report*, LEX MACHINA (Apr. 26, 2016) [hereinafter *Patent Litigation Filings*], <https://lexmachina.com/media/press/pharmaceutical-patent-litigation-filings-risen-since-2014/> [<https://perma.cc/P3SU-LMDQ>].

113. For instance, 70.3% of ANDA cases involve a court-issued injunction for the prevailing patentee, compared to 57.6% in non-ANDA patent cases. Noonan, *supra* note 111. Additionally, only 57.9% of ANDA cases end in a settlement, compared to 77.1% in non-ANDA patent cases, and 14.6% of ANDA cases are won by the claimant, compared to 4.4% in non-ANDA patent cases. *Patent Litigation Filings*, *supra* note 112.

114. Rhoades, *supra* note 100, at 83.

Therefore, compared to general patent cases, ANDA case filing better accords with judicial economy. As this Comment will illustrate, the proposed venue reform by the VENUE Act will optimize venue in general patent litigation to an effect similar to venue in ANDA litigation.

One may wonder as to the contrast between ANDA cases and general patent cases in terms of distribution among district courts, given that both types of patent infringement cases are subject to the same venue rules.¹¹⁵ However, one key difference is that in general non-ANDA patent infringement cases, the corporate defendant is usually selling the accused products nationwide, thus satisfying personal jurisdiction in practically every state of the country. Conversely, in ANDA cases, the allegedly infringing generic drug has yet to enter the market, and none of the infringing activities—namely, manufacture, use, or sale of the generic drug—has occurred.¹¹⁶ Instead, the statute creates “a highly artificial act of infringement that consists of submitting an ANDA” to the FDA.¹¹⁷ Given such distinction, the courts have shaped a quite different landscape in terms of proper forum in ANDA cases, which in effect parallels the proposed venue reform by the VENUE Act.

C. Proper Forum Through Specific Jurisdiction

There are two ways to establish proper forum in ANDA cases—by specific jurisdiction or by general jurisdiction.¹¹⁸ Constitutional “due process requires only that in order to subject a defendant to a judgment *in personam*, if he be not present within the territory of the forum, he have certain minimum contacts with it such that the maintenance of the suit does not offend

115. After *TC Heartland*, district courts apply the same venue analysis under § 1400(b) to ANDA litigation. See, e.g., *Bristol-Myers Squibb Co. v. Mylan Pharm., Inc.*, No. 17-379-LPS, 2017 WL 3980155, at *1 (D. Del. Sept. 11, 2017). However, ANDA litigation presents unique personal jurisdictional issues that are distinct from those in general patent litigation. In the end, the limitations imposed by personal jurisdiction requirements in ANDA cases are analogous to those imposed by the venue law in general patent litigation, even though they are two separate legal concepts. To distinguish the concepts, this Comment will refer to “forum” when discussing the personal jurisdictional analysis in ANDA cases and “venue” when discussing general patent litigation.

116. See *Eli Lilly & Co. v. Medtronic, Inc.*, 496 U.S. 661, 678 (1990).

117. *Id.*; see 35 U.S.C. § 271(e)(2) (2012).

118. See Eric H. Weisblatt & Claire Frezza, *Who to Sue and Where in ANDA Litigation: Personal Jurisdiction Post-Daimler*, 69 *FOOD & DRUG L.J.* 351, 352, 355 (2014). Because this Comment focuses on corporate defendants—and venue is proper in any district of a multidistrict state if the corporate defendant is subject to personal jurisdiction in that state at the time the action is commenced—the terms “venue” and “personal jurisdiction” are equivalent for this part of the analysis. See 28 U.S.C. § 1391(d) (2012).

‘traditional notions of fair play and substantial justice.’”¹¹⁹ The doctrine has split into two categories: specific and general jurisdiction. The Supreme Court most recently reiterated the concept of specific jurisdiction in *Goodyear Dunlop Tires Operations, S.A. v. Brown*.¹²⁰ Specific jurisdiction “depends on an ‘affiliation between the forum and the underlying controversy,’ principally, activity or an occurrence that takes place in the forum State and is therefore subject to the State’s regulation.”¹²¹ Thus, specific jurisdiction permits a plaintiff to sue a defendant in a forum state where the defendant’s conduct that gave rise to the suit took place.

In ANDA cases, however, as a statutory creation, the infringing act is submitting an ANDA itself.¹²² In the absence of “making, using, or selling a patented technology, infringement under § 271(e)(2) has no readily apparent situs of injury for the purpose of finding specific jurisdiction.”¹²³ Accordingly, courts traditionally have difficulty in exercising specific jurisdiction over generic drug company defendants in ANDA cases because of insufficient contact between the defendants and the forum state.¹²⁴ Adding to the difficulty in finding specific jurisdiction, the Federal Circuit has held that although the FDA is located in Rockville, Maryland, an ANDA with the FDA by itself does not constitute a jurisdictional contact with Maryland.¹²⁵ To hold otherwise “would allow for the creation of a national judicial forum in Maryland for generic drug infringement cases.”¹²⁶ Several courts also have held that the intention to sell generic drugs in a state after FDA approval is not sufficient to be sued for patent infringement in that state.¹²⁷

119. *Int’l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945) (citing *Milliken v. Meyer*, 311 U.S. 457, 463 (1940)).

120. *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915, 919 (2011).

121. *Id.* (citing Arthur T. von Mehren & Donald T. Trautman, *Jurisdiction to Adjudicate: A Suggested Analysis*, 79 HARV. L. REV. 1121, 1136 (1966)).

122. *See AstraZeneca AB v. Mylan Pharm., Inc.*, 72 F. Supp. 3d 549, 558 (D. Del. 2014).

123. *Id.*

124. *See, e.g., In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litig.*, 693 F. Supp. 2d 409, 420 (D. Del. 2010) (finding defendant’s contact with the forum state insufficient to satisfy specific jurisdiction because the contact does “not relate to the patent infringement action” in suit); *Glaxo, Inc. v. Genpharm Pharm., Inc.*, 796 F. Supp. 872, 875–76 (E.D.N.C. 1992) (finding defendant’s contact with the forum state “virtually non-existent” because defendant does not solicit business, hold an office, hold a license to do business, manufacture, distribute, or sell products in the state).

125. *See Zeneca, Ltd. v. Mylan Pharm., Inc.*, 173 F.3d 829, 829, 831 (Fed. Cir. 1999) (“[E]ntry into the District of Columbia by nonresidents for the purpose of contacting federal governmental agencies is not a basis for the assertion of in personam jurisdiction.” (quoting *Environmental Research Int’l, Inc. v. Lockwood Greene Engineers, Inc.*, 355 A.2d 808, 813 (D.C. 1976) (en banc))).

126. *See id.* at 832.

127. *Weisblatt & Frezza*, *supra* note 118, at 352–53; *see, e.g., Intendis, Inc. v. River’s Edge Pharm., LLC*, No. 11–2838(FSH)(PS), 2011 WL 5513195, at *3 (D.N.J. Nov. 10, 2011)

Conversely, specific jurisdiction has been found in a limited number of forums including the state in which the ANDA is prepared and the state in which the generic drug is tested or developed.¹²⁸ Thus, even though § 271(e) makes the submission of the ANDA—not the preparation of the ANDA—an act of patent infringement, the courts have rejected this artificial distinction and held that it is the work undertaken by generic drug companies in preparation for the ANDA filing that constitutes jurisdictional contact with the forum state.¹²⁹ As a result, courts have traditionally limited specific jurisdiction to forum states where the generic drug is developed, tested, or prepared for the ANDA filing.¹³⁰ This approach differs from non-ANDA patent cases, where specific jurisdiction is easily satisfied by actual sale activity of the allegedly infringing products.¹³¹ This difference in judicial interpretation of the venue law, in turn, largely accounts for the prominent forum shopping in general patent cases, which is absent in ANDA cases.¹³²

D. Proper Forum Through General Jurisdiction

Unlike specific jurisdiction, general jurisdiction does not require that the cause of action arise out of or relate to the defendant's contacts with the forum state.¹³³ “A court may assert general jurisdiction over foreign

(“[T]he only New Jersey connection claimed by Plaintiff is that Defendant plans to sell the product in New Jersey—which, Defendant points out, hasn't happened yet.”).

128. See *Intendis*, 2011 WL 5513195, at *4; *Pfizer, Inc. v. Apotex, Inc.*, No. 08-CV-00984-LDD, 2009 WL 2843288, at *3 n.5 (D. Del. Aug. 13, 2009) (“[W]e find more significant the location of the operative facts—the preparation and submission of the ANDA—giving rise to this action.”); *Pfizer, Inc. v. Synthon Holding, B.V.*, 386 F. Supp. 2d 666, 674–75 (M.D.N.C. 2005) (holding that patent infringement claim stemming from filing of ANDA arose where ANDA was prepared and submitted); *Bristol–Meyers Squibb Co. v. Andrx Pharm., LLC*, No. 03 Civ. 2503(SHS), 2003 WL 22888804, at *3 (S.D.N.Y. Dec. 5, 2003) (holding that location of design and development is location of operative facts in ANDA infringement case).

129. See, e.g., *Synthon Holding*, 386 F. Supp. 2d at 675–76.

130. See *supra* note 128 and accompanying text.

131. See, e.g., *New World Int'l, Inc., v. Ford Glob. Techs., LLC*, 859 F.3d 1032, 1039 (Fed. Cir. 2017).

132. For a general discussion on how the current judicial interpretation of venue law leads to forum shopping in general patent cases, see Vasily Mayer, *Forum Shopping in Patent Litigation*, FISH & RICHARDSON (Mar. 22, 2016), <https://www.fr.com/fish-litigation/forum-shopping-patent-lit/> [<https://perma.cc/CTG6-NJ87>].

133. *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 414 n.9 (1984) (“When a State exercises personal jurisdiction over a defendant in a suit not arising out of or related to the defendant's contacts with the forum, the State has been said to be exercising ‘general jurisdiction’ over the defendant.”).

(sister-state or foreign-country) corporations to hear any and all claims against them when their affiliations with the State are so ‘continuous and systematic’ as to render them essentially at home in the forum State.”¹³⁴ In ANDA cases, courts have historically asserted general personal jurisdiction over generic drug company defendants based on their conduct in the state, including a history of business solicitation, substantial past sales, revenue generated in the forums, submission to previous lawsuits, and assignments of agents to accept service of process.¹³⁵

Since the Supreme Court’s decision in *Daimler AG v. Bauman*,¹³⁶ however, the exercise of general jurisdiction has become harder to satisfy. In *Daimler*, the Supreme Court elaborated on its previous decision in *Goodyear* and explained that only in a limited set of circumstances will a corporate defendant be “at home” and amenable to all-purpose jurisdiction in a forum state: “With respect to a corporation, the place of incorporation and principal place of business are ‘paradigm . . . bases for general jurisdiction.’”¹³⁷ Although the Court did not specify a formulation for principle place of business, it is a high standard to meet.¹³⁸ Further, the Court rejected the idea that a “State in which a corporation engages in a substantial, continuous,

134. *Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915, 919 (2011) (citing *Int’l Shoe Co. v. Washington*, 326 U.S. 310, 317 (1945)). In *Goodyear*, the Court notes two paradigm bases for the exercise of general jurisdiction over a corporate defendant—the place of incorporation and the principle place of business. *Id.* at 924.

135. *See* *Eli Lilly & Co. v. Mylan Pharm., Inc.*, 96 F. Supp. 3d 824, 830 (S.D. Ind. 2015); *AstraZeneca AB v. Mylan Pharm., Inc.*, 72 F. Supp. 3d 549, 554 (D. Del. 2014); *Weisblatt & Frezza, supra* note 118, at 355; *see, e.g., In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litig.*, 693 F. Supp. 2d 409, 421 (D. Del. 2010) (focusing on defendant’s substantial revenue from Delaware drug sales in upholding general jurisdiction); *Eli Lilly & Co. v. Mayne Pharma, Inc.*, 504 F. Supp. 2d 387, 394–95 (S.D. Ind. 2007) (focusing on the defendant’s regular business solicitation and distribution of substantial quantities of pharmaceuticals in Indiana as well as substantial revenues from those sales); *Eli Lilly & Co. v. Sicom Pharm., Inc.*, No. 1:06-CV-238-SEB-JMS, 2007 WL 1245882, at *7 (S.D. Ind. Apr. 27, 2007); *Abbott Labs. v. Mylan Pharm., Inc.*, No. 05-6561, 2006 WL 850916, at *3 (N.D. Ill. Mar. 28, 2006).

136. *Daimler AG v. Bauman*, 571 U.S. 117 (2014).

137. *Id.* at 137 (quoting *Goodyear*, 564 U.S. at 924).

138. One of the few Supreme Court precedents on point is *Perkins v. Benguet Consol. Mining Co.*, 342 U.S. 437 (1952). The defendant in *Perkins* was a company incorporated in the Philippines. *Id.* at 439. During the Japanese occupation of the Philippines in World War II, the company ceased its mining operations in the Philippines and moved to Ohio, where the president kept an office, maintained the company’s files, and oversaw the company’s activities. *Id.* at 447–48. The Court “held that the Ohio courts could exercise general jurisdiction over Benguet . . . because ‘Ohio was the corporation’s principal, if temporary, place of business.’” *Daimler*, 571 U.S. at 129 (quoting *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 780 n.11 (1984)).

and systematic course of business” can exert general jurisdiction over the corporation.¹³⁹

After *Daimler*, in adopting this narrowing application of general jurisdiction in ANDA cases, some courts have held that the defendant company’s contacts with the forum state, which would have been found sufficient for the exercise of general jurisdiction in the past, were insufficient in light of the *Daimler* standard.¹⁴⁰ Accordingly, since *Daimler*, the courts are limited to find general jurisdiction only in a corporate defendant’s place of incorporation or principle place of business.

E. New Development in Specific Jurisdiction

At first glance, *Daimler* significantly restricted choice of forum in which an ANDA case may be brought. Interestingly, however, the narrowing of general jurisdiction by *Daimler* has spurred a new, broadening development in specific jurisdiction. As previously discussed, specific jurisdiction in ANDA cases has been traditionally limited to forum states where the generic drug is developed, tested, or prepared for the ANDA filing.¹⁴¹ However, the Federal Circuit issued the opinion of *Acorda Therapeutics, Inc. v. Mylan Pharmaceuticals, Inc.* shortly before the same court issued *TC Heartland* and unprecedentedly expanded the application of specific jurisdiction in ANDA cases.¹⁴² In *Acorda Therapeutics*, the plaintiffs were brand name drug companies who brought suit under 35 U.S.C. § 271(e)(2) against generic manufacturer, Mylan, alleging patent infringement by drugs that Mylan had sought FDA permission to manufacture and market in Delaware.¹⁴³ Mylan appealed from the district court’s denial of motion to dismiss for

139. *Daimler*, 571 U.S. at 138 (citation omitted) (“That formulation, we hold, is unacceptably grasping.”).

140. *See, e.g., Eli Lilly*, 96 F. Supp. 3d at 830 (finding “[t]he Supreme Court’s recent decision in [*Daimler* has] altered the analysis with respect to general jurisdiction such that the” factors on which courts have traditionally focused in ANDA cases—a history of business solicitation and substantial past sales and revenue generated in the forum—are no longer sufficient in most cases without more to support an exercise of general jurisdiction); *AstraZeneca*, 72 F. Supp. 3d at 554 (“AstraZeneca has failed to allege contacts sufficient to render Mylan at home in Delaware, in light of *Daimler*.”).

141. *See supra* Section VI.C.

142. *Acorda Therapeutics, Inc. v. Mylan Pharm., Inc.*, 817 F.3d 755, 764 (Fed. Cir. 2016). *Acorda Therapeutics* involved two parallel cases appealed from the District of Delaware. *See Acorda Therapeutics, Inc. v. Mylan Pharm., Inc.*, 78 F. Supp. 3d 572, 593–95 (D. Del. 2015); *AstraZeneca AB*, 72 F. Supp. 3d at 558–60.

143. *Acorda Therapeutics*, 817 F.3d at 757.

lack of personal jurisdiction.¹⁴⁴ The sole issue for the Federal Circuit to address was whether *Daimler* affected the analysis of specific jurisdiction in ANDA cases.¹⁴⁵ The Federal Circuit concluded that specific jurisdiction was proper based on Mylan’s suit-related contacts with Delaware.¹⁴⁶ Because Mylan took the costly, significant step of applying for FDA approval to engage in future activities—including the marketing of its generic drugs—that would be purposefully directed at Delaware, the minimum-contacts standard underlying specific jurisdiction analysis was satisfied.¹⁴⁷ In other words, Mylan’s ANDA filing for the purpose of engaging in allegedly wrongful marketing conduct in Delaware constituted substantial connection with Delaware.¹⁴⁸

The Federal Circuit’s specific jurisdiction analysis in *Acorda Therapeutics* deviated from the traditional, more limited approach in ANDA cases.¹⁴⁹ The Federal Circuit’s broadening approach of specific jurisdiction exposes generic drug companies to the possibility of being sued in any district that they intend to market the generic drug, thus opening the door to forum shopping for plaintiff-favorable courts.¹⁵⁰ However, *Acorda Therapeutics* is a recent decision whose effect on ANDA case filings remains to be seen.¹⁵¹

144. *Id.* “Mylan is incorporated in West Virginia and has its principal place of business there. Mylan submitted its ANDAs to the FDA in Maryland, and it did much if not all of its preparation of its ANDA filings in West Virginia. . . . Mylan has registered to do business and appointed an agent to accept service in Delaware. And, of particular importance, Mylan intends to direct sales of its drugs into Delaware, among other places, once it has the requested FDA approval to market them.” *Id.* at 758. Based on these facts, Mylan contended Delaware could not exercise personal jurisdiction over it, either under specific jurisdiction or general jurisdiction analysis. *Id.*

145. *Id.*

146. *Id.*

147. *Id.* at 759–60.

148. *Id.* at 760. The court also noted that Mylan undisputedly intended to market the generic drug elsewhere following FDA approval, implying that, for the same reasons, specific jurisdiction would be proper in other states as well. *Id.* at 759.

149. Traditionally, the courts have held that the intention to sell generic drugs in a state upon FDA approval is insufficient to establish specific jurisdiction in that state. *See supra* note 127 and accompanying text. Instead, the courts limit contacts sufficient for the exercise of specific jurisdiction to generic manufacturers’ preparation for the ANDA. *See supra* note 128 and accompanying text.

150. *See* Dennis Crouch, *ANDA Filing Creates Nationwide Personal Jurisdiction*, PATENTLY-O (Mar. 18, 2016), <http://patentlyo.com/patent/2016/03/nationwide-personal-jurisdiction.html> [<https://perma.cc/XM59-9YQC>].

151. Currently, the venue law in ANDA litigation is still in accordance with judicial economy, and forum shopping in ANDA cases is not as prominent as in general patent litigation. *See Patent Litigation Filings, supra* note 112. As introduced previously, ANDA cases heavily concentrate in Delaware and New Jersey, where a significant number of pharmaceutical companies are incorporated or headquartered. *See Rhoades, supra* note 100, at 83. According to *Patent Litigation Filings, supra* note 112, from 2009 to 2015, Delaware and New Jersey handled 911 and 725 ANDA cases, respectively, whereas the Eastern District

Nonetheless, the trend of broad interpretation of venue is alarming. If uncurbed, it will afford significant latitude to patent holders to bring infringement suits in states that do not have a substantial tie and forum shopping will become commonplace. Thus, the trend makes venue reform even more urgent and necessary.

VII. A COMPARATIVE STUDY OF THE VENUE ACT AND ANDA LITIGATION

When Senate legislators introduced the VENUE Act in March 2016, they aimed to “ensure that venue in patents cases is fair and proper” by restricting permissible venue where a case of patent infringement may be brought and to ameliorate the concentration of filings at the Eastern District of Texas, especially those initiated by NPEs.¹⁵² Intended as a stand-alone statute governing venue in patent cases, the VENUE Act modifies 28 U.S.C. § 1400(b) as to establish proper venue only if enumerated circumstances are met.¹⁵³

The similarities between the proposed VENUE Act and the jurisdictional scheme in ANDA cases are abundant, which makes ANDA litigation a valuable guide that Congress could draw lessons from when considering the VENUE Act. Therefore, a side-by-side comparison of the VENUE Act and ANDA jurisdictional law is helpful. Generally, the VENUE Act proposes to establish venue through two major categories: by the defendant’s residence at the forum state; or by the occurrence of infringing acts or preparation for the infringing products at the forum state.¹⁵⁴ The two categories also

of Texas handled only thirty-eight, Steve Brachmann, *Lex Machina ANDA Litigation Report Shows Recent Decline in Case Filings and Top Parties in Filings*, IP WATCHDOG (May 8, 2017), <http://www.ipwatchdog.com/2017/05/08/anda-litigation-report-shows-decline-case-filings/id=82930/> [https://perma.cc/V59U-X82G].

152. Venue Equity and Non-Uniformity Elimination Act of 2016, S. 2733, 114th Cong. (2016); see Love & Yoon, *supra* note 10, at 3 (“[The VENUE Act’s target] is crystal clear: the U.S. District Court for the Eastern District of Texas, a court made infamous as the location of choice for America’s ‘patent trolls,’ companies formed solely for the purpose of monetizing patent rights through litigation . . .”).

153. S. 2733, § 2(a). For a complete quotation of the relevant language of the VENUE Act, see *supra* pp. 199–200.

154. See S. 2733, § 2. To note, the VENUE Act also provides for venue by the defendant’s consent, which will not be discussed in this Comment.

parallel the general and specific jurisdictional analysis adopted in ANDA cases, respectively.¹⁵⁵

A. Venue by General Jurisdiction-Sufficient Contact

First, the general jurisdiction provisions in the VENUE Act present a clearer and simpler analytical approach. Under the VENUE Act, “any civil action for patent infringement or any action for a declaratory judgment that a patent is invalid or not infringed may be brought only in a judicial district—(1) where the defendant has its principal place of business or is incorporated”¹⁵⁶ Accordingly, the VENUE Act preserves what is already prescribed by the current § 1400(b)—jurisdiction can be established in a corporate defendant’s residence state.¹⁵⁷ The residence provision is also equivalent to the general jurisdictional approach in ANDA cases in the post-*Daimler* era, where alleged patent infringers can always be sued in states where they are “essentially at home.”¹⁵⁸

The VENUE Act differs from the general jurisdictional analysis in ANDA litigation by extending venue to also include forums “where the defendant has committed an act of infringement of a patent in suit and has a regular and established physical facility.”¹⁵⁹ Thus, a patent holder would have more latitude to bring an infringement suit outside of the defendant’s residence state. Nonetheless, this added flexibility of choice in venue is still limited—the Act further specifies that “the dwelling or residence of an employee or contractor of a defendant . . . shall not constitute a regular and established physical facility.”¹⁶⁰ This added qualification is intended to prevent NPEs

155. For detailed a discussion and case illustrations of the general and specific jurisdictional analysis in ANDA litigation, see *supra* Part IV of this Comment.

156. S. 2733, § 2(a).

157. 28 U.S.C. § 1400(b) (2012) (“Any civil action for patent infringement may be brought in the judicial district where the defendant resides . . .”).

158. *Daimler AG v. Bauman*, 571 U.S. 117, 152 (2014); see, e.g., *Eli Lilly & Co. v. Mylan Pharm., Inc.*, 96 F. Supp. 3d 824, 830–31 (S.D. Ind. 2015); *AstraZeneca AB v. Mylan Pharm., Inc.*, 72 F. Supp. 3d 549, 558 (D. Del. 2014); see also *supra* note 140. However, the Supreme Court in *TC Heartland* held that the word “resides” in § 1400(b) means where the corporate defendant was incorporated and does not include the location of its principle place of business. *TC Heartland, LLC v. Kraft Foods Grp. Brands, LLC*, 137 S. Ct. 1514, 1517 (2017). In this sense, the VENUE Act is broader than what is allowed under *TC Heartland*.

159. S. 2733, § 2(a). To note, this provision is more specific than the second prong of the patent specific venue statute. See 28 U.S.C. § 1400(b) (providing that venue is also proper where the defendant has “a regular and established place of business”).

160. S. 2733, § 2(a). However, it should be noted, the VENUE Act does not define what a regular and established physical facility is, nor does it provide any examples of such a facility. See generally S. 2733. Nonetheless, it suffices to say that the sham offices NPEs have in the Eastern District of Texas for the sole purpose of establishing venue would not qualify.

from employing sham offices and employees for the sole purpose of establishing venue in Texas.¹⁶¹ As such, Congress strikes a good balance between affording patent owners more leniency in where to bring suit and reducing the likelihood of forum shopping, especially in reputed plaintiff-friendly districts.

Although the residence or established physical facility requirement will effectively eliminate the popularity of the Eastern District of Texas, some legal scholars criticize the VENUE Act because it is likely to cause re-concentration of patent cases in other districts.¹⁶² “More than 50 percent of all publicly traded companies in the United States, including 64 percent of the Fortune 500, are incorporated in Delaware,” so a natural outcome of this bill is that Delaware will see a dramatic increase in patent infringement filings.¹⁶³ Moreover, in ANDA litigation, New Jersey is a popular forum because it is where many pharmaceutical companies are located.¹⁶⁴ Likewise, the VENUE Act is predicted to drive a surge of patent cases to the Northern District of California, where a significant number of high technology companies have their principle place of business.¹⁶⁵

161. See Michael Su, Lionel Lavenue & Ben Cassady, *Patent Reform Beyond the Innovation Act: The VENUE Act*, LAW360 (May 9, 2016, 11:07 AM), <http://www.law360.com/articles/788794/patent-reform-beyond-the-innovation-act-the-venue-act> [<https://perma.cc/8PE6-HDJ2>]. Under the most recent “regular and established place of business” test advanced by Judge Gilstrap, NPEs could still establish proper venue in the Eastern District of Texas relatively easily. See *supra* text accompanying note 76.

162. The group of twenty-eight law professors opposing the VENUE Act argued in a letter to Congress that the Act “would not spread lawsuits throughout the country. . . . [but instead] would likely result in concentrating more than 50% of patent lawsuits in just two districts: the District of Delaware (where most publicly traded corporations are incorporated) and the Northern District of California (where many patent defendants are headquartered).” Crouch, *supra* note 94. This Comment will respond to this criticism in Section VII.D. Meanwhile, the *TC Heartland* decision arguably created the same problem. See Davis, *supra* note 67.

163. Su, Lavenue & Cassady, *supra* note 161.

164. See *supra* note 151 and accompanying text.

165. Jason Rantanen, *Guest Post: What Would Happen to Patent Cases if They Couldn't All Be Filed in Texas*, PATENTLY-O (Mar. 11, 2016), <http://patentlyo.com/patent/2016/03/happen-patent-couldnt.html> [<https://perma.cc/S4V6-VWAT>] (predicting that if the VENUE Act were to pass, “Delaware would be the top venue [followed by] the Northern District of California”). The Northern District of California is known to be less favorable to patent holders than the Eastern District of Texas—they have an average win rate of 16% at N.D. Cal. and at E.D. Texas, compared to the national average of 26%. See generally Klerman & Reilly, *supra* note 17 (outlining the general data surrounding filing and win rates in patent cases in various jurisdictions); Pauline M. Pelletier, *The Impact of Local Patent Rules on*

B. Venue by Specific Jurisdiction-Sufficient Contact

Nonetheless, the VENUE Act is unlikely to simply shift the concentration of patent cases from Texas to Delaware and California, as opponents of the act have predicted, because it provides additional mechanisms to established proper venue.¹⁶⁶ In addition to provisions that resemble the general jurisdiction approach, the VENUE Act also provides for proper venue based on research, development, or preparation activities for the infringing products, analogous to the specific jurisdictional approach in ANDA cases.¹⁶⁷ First, under the VENUE Act, venue is proper in districts where an inventor of the patent “has conducted research or development that led to the application for the patent in suit.”¹⁶⁸ Recall that in ANDA cases, specific jurisdiction can be established in states where the ANDA is prepared or where the generic drug is tested or developed.¹⁶⁹ Similarly here, venue is proper where the accused infringer has a facility that developed or manufactured products embodying the patent in suit. Accordingly, this provision is more stringent than the second prong of the current specific venue statute, § 1400(b), but more lenient than the residence requirement under the first prong.

Furthermore, under the specific jurisdiction approach, venue is proper in districts where either party—the plaintiff or the defendant—has a “regular and established physical facility that such party controls and operates, not primarily for the purpose of creating venue, and has” a research, development, or manufacturing nexus to the accused products embodying the invention.¹⁷⁰ This provision distinguishes patent owners that practice their invention from those that do not by conferring more latitude in venue to the former, but not the latter. Patent owners that actually engage in patent research, development, and manufacturing could enforce their rights in venues convenient to them. For instance, university or research institute plaintiffs could enforce their patents in forums where they are located, but NPEs would not be able to file suit in the Eastern District to enforce a purchased patent that was not developed in Texas.¹⁷¹ In another likely scenario,

Rate and Timing of Case Resolution Relative to Claim Construction: An Empirical Study of the Past Decade, 8 J. BUS. & TECH. L. 451 (2013).

166. The same group of twenty-eight professors opposing the VENUE Act also argued that the venue limiting proposals serve as a mechanism for weakening patent holders’ rights and catering to large corporations’ choice of defendant-friendly venues. See Crouch, *supra* note 94. This Comment will address this criticism in Section VII.D.

167. See *supra* Section VI.C.

168. Venue Equity and Non-Uniformity Elimination Act of 2016, S. 2733, 114th Cong. § 2(a) (2016).

169. See *supra* note 128.

170. S. 2733, § 2(a).

171. See Su, Lavenue & Cassady, *supra* note 161.

because Apple is headquartered in Cupertino, California, and designs, develops, and sells its popular iPhone products in California, Apple could sue its competitor Samsung for infringing the application logo design patent in Northern California at its convenience.¹⁷² Conversely, because NPEs do not engage in patent research and development, nor do they manufacture products embodying the patents, they would not be able to arbitrarily tie a patent to the Eastern District of Texas under this provision.¹⁷³ As a result, this provision would significantly limit NPEs' choices in forum shopping, while preserving practicing patent owners' ability to bring suits in convenient forums.

C. Predicted Outcomes of the VENUE Act

Ultimately, the VENUE Act is a targeted reform to the patent system, intended to accomplish three main objectives. First, the VENUE Act will clarify statutory provisions governing where patent owners may sue to enforce their patent rights. Second, the VENUE Act will reduce NPE forum shopping at the Eastern District of Texas while affording practicing patent owners sufficient choice in venue. Third, the VENUE Act will redistribute case filings to other parts of the country in accordance with judicial economy. The VENUE Act will also have the advantage of making it easy for plaintiffs to identify which forum to bring suit—plaintiffs will not need to engage in substantial research to find out where defendants are incorporated, have a principle place of business, or operate a research, development, or manufacturing facility.

A question that concerns scholars and practitioners alike is: Will the VENUE Act achieve the objectives? In a recent study, Professor Collen Chien and Professor Michael Risch gathered empirical filing data and conducted an experiment to attempt to answer the question: where would plaintiffs have filed patent infringement suits had the VENUE Act been

172. This scenario can be illustrated through the most recent battle between Apple and Samsung over design patent damages. See Dennis Crouch, *Samsung v. Apple: Design Patent Damages May Be Limited to Components*, PATENTLY-O (Dec. 6, 2016), <http://patently.com/patent/2016/12/samsung-limited-components.html> [https://perma.cc/GU24-JY8J]. Apple sued its competitor Samsung in the Northern District of California, alleging infringement of various design patents related to iPhones. *Apple, Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 989 (Fed. Cir. 2015), *rev'd*, 137 S. Ct. 429 (2016). Apple was able to bring suit under the current nationwide venue regime but will also be able to bring suit under the VENUE Act.

173. See Su, Lavenue & Cassady, *supra* note 161.

in place?¹⁷⁴ Both professors studied 939 random cases filed in 2015 involving 1128 defendants and compared the actual filing venue to venues that would be proper under the VENUE Act.¹⁷⁵ Their results showed that, if the VENUE Act were to be adopted, NPE plaintiffs would have significantly constrained choices of where to file.¹⁷⁶ Notably, NPE cases “would be decidedly away from the Eastern District of Texas, though 19% of cases could still be brought there, down from nearly 65%.”¹⁷⁷

The next question was: what would happen to cases that could not be filed under the VENUE Act? Professors Chien and Risch predicted a shift of patent cases towards Delaware and Northern District of California under the VENUE Act, as discussed earlier.¹⁷⁸ Taken together, Professors Chien and Risch’s model suggests that the VENUE Act would likely achieve its intended goals in reducing patents case filings in the Eastern District of Texas and redistributing cases to states where many companies are incorporated, headquartered, or have an active practice of their patents.

D. Response to Criticism of the VENUE Act

Since its proposal, the VENUE Act has gathered considerable enthusiasm and support from the community.¹⁷⁹ However, some legal scholars have voiced their opposition to the VENUE Act precisely because it is predicted to cause re-concentration of cases Delaware and California, where most large corporations are located.¹⁸⁰ It would be analogous to the fact that most ANDA litigation occurs in Delaware and New Jersey, where most pharmaceutical companies are located.¹⁸¹ The group of twenty-eight professors opposing the VENUE Act argued that the proponents of the act were “primarily large

174. Colleen V. Chien & Michael Risch, *Recalibrating Patent Venue*, 77 Md. L.R. 47, 78 (2017).

175. *Id.* To note, their model calculated the number of cases in which venue would not have been proper under the VENUE Act. This is slightly different from ascertaining where the plaintiff would have brought suit had the VENUE Act been in place. This is because even in those cases where venue would be considered proper under the VENUE Act, the plaintiff might have had other choices and had filed in a different forum under the Act.

176. *Id.* at 89 (showing 54% of NPEs would not be able to file suits where they had actually filed in 2015).

177. *Id.* at 91. In comparison, only 18% of operating company plaintiffs would have to move their cases while the rest would still be able to sue in venues as they did. *Id.* at 89.

178. *Id.* at 91–92. Under Chien and Risch’s model, the District of Delaware, the Eastern District of Texas, and the Northern District of California are predicted to hear 19.5%, 14.9%, and 12.8% of all patent cases, respectively, accounting for about 50% of all cases in total. *Id.* at 93. These districts actually heard 9%, 44%, and 4% of patent cases, respectively, in 2015. *Id.*

179. *See, e.g.*, Harmon, *supra* note 92.

180. *See supra* notes 162, 166.

181. *See supra* text accompanying note 112.

high-tech companies and retailers with an online presence sued in the Eastern District of Texas that would rather litigate in a small number of more defendant-friendly jurisdictions.”¹⁸² Big companies including Intel and Dell—those that often find themselves defending patent infringement suits in the Eastern District of Texas—filed amicus briefs in support of the petitioner in *TC Heartland* and advocated for venue reform to prevent forum-shopping, which suggests they will indeed benefit from the VENUE Act.¹⁸³

On the contrary, inventors, patent owners, and a non-profit organization representing inventors urged to keep the broad venue rules intact, cautioning against a venue reform that is overly defendant-friendly.¹⁸⁴ Critics of the VENUE Act argue that the proposed venue reform “will unduly benefit defendants by moving cases to their home districts.”¹⁸⁵ Additionally, they argue that the proposed reform would have “sweeping changes to our patent system that would primarily benefit large infringers to the detriment of these innovators and, ultimately, our innovation economy.”¹⁸⁶ Finally, some critics of the VENUE Act suggest forum shopping would not be eliminated even if the VENUE Act were enacted.¹⁸⁷ This argument is supported by the fact that Delaware—the home of the vast majority of corporate entities—also has plaintiff-friendly local rules and would likely become the next capital of patent cases.¹⁸⁸

However, critics inaccurately assess the VENUE Act when they claim that it would disproportionately benefit corporate defendants by limiting filings of patent infringement to their domicile state or where they operate

182. Crouch, *supra* note 94.

183. See Su, Lavenue & Cassady, *supra* note 161; see also, e.g., Brief of Intel Corp. & Dell, Inc. as Amici Curiae in Support of Petitioner at 4–7, *TC Heartland, LLC v. Kraft Foods Grp. Brands, LLC*, 137 S. Ct. 1514 (2017) (No. 16-341).

184. See Su, Lavenue & Cassady, *supra* note 161. To note, however, the venue reform proposed in the VENUE Act affords significantly more leniency to practicing patentees than is allowed under the Supreme Court’s *TC Heartland* decision because, under the VENUE Act, practicing patentees can bring infringement suit in states where they develop, practice the invention, or have an established physical facility relating to the patent at issue. See *supra* Section VII.B.

185. Chien & Risch, *supra* note 174, at 85.

186. Crouch, *supra* note 94.

187. See *id.*

188. *Id.* On this point, some legal scholars have suggested a reform that could reduce the incentive for litigants to forum shop and the ability of district courts to forum sell, namely, by mandating increased procedural uniformity in patent cases across the country. See Megan M. La Belle & Paul R. Gugliuzza, *In Defense of the Federal Circuit: TC Heartland and Patent Venue*, PATENTLY-O (Feb. 16, 2017), <https://patentlyo.com/patent/2017/02/federal-circuit-heartland.html> [<https://perma.cc/WUV4-WN53>].

their research, development, and manufacturing activities. This is because the VENUE Act also has counterbalancing provisions that allow patent owners to enforce their rights in forums convenient to them. For instance, venue is proper in districts where a named inventor “conducted research and development that led to the application of the patent.”¹⁸⁹ Venue is also proper in districts where patent owners have an “established physical facility” as well as research, development, or manufacturing activities involving the patent.¹⁹⁰ These two provisions allow significant freedom for practicing entities to enforce their patent rights. The VENUE Act will likely prevent NPEs from shopping for forums that do not have any tie to the patented invention or the defendant, which is precisely what the act is intended to achieve. Results from Professors Chien and Risch’s study also support this bifurcated effect over practicing and non-practicing patent owners.¹⁹¹

Even if the proposed venue reform would simply replace Texas with Delaware or Northern California as the new capital of patent cases, it is still better than the status quo. The problem is not patent case concentration per se; it is the concentration at a remote, irrelevant forum that is toxic to the patent system.¹⁹² If most Delaware-incorporated companies or Silicon Valley-based high technology companies are sued for patent infringement in their respective resident states, the defendants will have sufficient ties and resources needed for litigation close to the forum court, consistent with the concept of judicial economy.¹⁹³ A corporation voluntarily seeking to incorporate in a state is bound by its “home” state laws and can hardly

189. Venue Equity and Non-Uniformity Elimination Act of 2016, S. 2733, 114th Cong. § 2(a) (2016).

190. *Id.*

191. See Chien & Risch, *supra* note 174, at 92 (predicting the VENUE Act would more disproportionately affect NPEs than plaintiffs that actually perform research, development, and manufacturing).

192. Crouch, *supra* note 94 (“In the abstract, concentration of cases is not necessarily bad—here though, the particular arguable “badness” is that the high concentration of cases is in the Eastern District of Texas rather than Silicon Valley, New York, Chicago, or Delaware.”).

193. Although many companies are incorporated in Delaware because of its favorable corporate and tax laws and although these companies may have little connection to the state, they “can hardly complain about being sued” in Delaware because they expect to be subject to all types of lawsuits given personal jurisdiction laws’ long history. See Chien & Risch, *supra* note 174, at 85. On this note, the VENUE Act is consistent with the Supreme Court decision in *Daimler*, which held that the “paradigm bases” for exercising general jurisdiction over corporate defendants were “place of incorporation and principle place of business.” *Daimler AG v. Bauman*, 571 U.S. 117, 137 (2014); see also *supra* note 137 and accompanying text. If a plaintiff can sue a corporate defendant for any cause of action in the state where the defendant is incorporated, the plaintiff can certainly sue for patent infringement in that state.

complain about being sued in their home state for matters arising out of regular course of business.¹⁹⁴

Moreover, by allowing plaintiffs to sue where defendant corporations are incorporated or headquartered, the VENUE Act will have an added benefit of clustering patent cases by industry, which promotes efficiency and uniformity of patent case adjudication.¹⁹⁵ For instance, Northern California will handle mostly patents involving high technologies while New Jersey will continue to handle mostly pharmaceutical patent cases. Some scholars have suggested that patent cases clustering would “promote better decisionmaking . . . by tending to aggregate technology and industry-specific patent cases in those districts that already have clusters of business engaging in a technology or industry.”¹⁹⁶ Finally, because the District of Delaware and the Northern District of California already have extensive experience in patent law, the district courts are unlikely to be overwhelmed by an increase of patent cases on their docket. For example, Delaware is the second most popular state in general patent litigation and the most popular state in ANDA litigation, and it manages patent cases routinely.¹⁹⁷ Thus, the VENUE Act, if passed, might not cause such a dramatic change in patent case filings as its critics fear.¹⁹⁸

VIII. CONCLUDING REMARKS

Forum shopping is not a foreign concept to patent law. However, the recent staggering concentration of patent cases, especially those filed by NPEs in the Eastern District of Texas, plagues our patent systems and has led to low quality adjudication, undue pressure on defendant corporations, and waste of judicial economy. The reason for forum shopping in patent

194. See Chien & Risch, *supra* note 174, at 85.

195. See Jeanne C. Fromer, *Patentography*, 85 N.Y.U. L. REV., 1444, 1444 (2010) (“Harnessing patentography by restricting venue in patent litigation to the principal place of business of one of its defendants will help repair [problems—including forum shopping—and that] . . . [c]lustering together large numbers of an industry’s patent cases in a limited number of district courts will develop those courts’ proficiencies in patent law and in the underlying industry-specific facts critical to sound legal determinations.”).

196. *Id.* at 1478–79.

197. See *supra* text accompanying note 67.

198. Regarding the criticism that Delaware would replace Texas as the new destination of forum shopping due to its plaintiff-friendly procedural rules, it is simply beyond the scope of this Comment and the VENUE Act to address the differences in local rules among district courts. For further reading on the differences in procedural rules among district courts, see Klerman & Reilly, *supra* note 17.

cases is the ambiguity in the venue statute and the room for broad judicial interpretation, despite the most recent Supreme Court landmark case *TC Heartland*.¹⁹⁹ In light of the limitation of judicial remedies, congressional reform of the venue law remains the most viable avenue. Now before Congress is the VENUE Act—a Senate bill that specifically targets the venue provisions and aims to curb abusive patent litigation practices, restrict where NPEs can file suit, and promote filings in accordance to both patent owners’ and corporations’ interests.

By comparing the language of the VENUE Act to the current jurisdictional scheme in ANDA litigation, this Comment seeks to shed light on how the proposed venue reform will operate and how likely it is going to achieve the intended results. The VENUE Act would likely be effective at limiting NPEs’ choice of where to file suits while protecting practicing patentees’ ability to enforce their patent rights, redistributing patent cases to states with more prominent corporate or operation activities, as well as clustering patent cases by industry—all in favor of achieving efficient judicial economy.

The future of the VENUE Act under the current administration remains uncertain.²⁰⁰ It requires the collective efforts of lawmakers, patent practitioners, and the science and technology industry to advocate venue reform to the current administration.²⁰¹ Meanwhile, in her first post-election speech, the then Director of the U.S. Patent and Trademark Office, Michelle Lee, sounded optimistic about the incoming administration:

Support for IP in the United States has a long history of bipartisanship, and there’s no reason to imagine that changing with a new president and a new Congress, both of whom have economic growth as a top priority. . . . I’m optimistic the incoming administration will share our appreciation of the importance of intellectual property as a driver of economic growth.²⁰²

199. *TC Heartland, LLC v. Kraft Foods Grp. Brands, LLC*, 137 S. Ct. 1514 (2017).

200. The 2017 Trump administration casts some uncertainty on the VENUE Act because president Trump’s views on patent law remain largely unknown. Ryan Davis, *Patent Legislation Has Uncertain Path in Trump Presidency*, LAW360 (Nov. 10, 2016, 8:13 PM), https://www.law360.com/ip/articles/861705?utm_source=shared-articles&utm_medium=email&utm_campaign=shared-articles [https://perma.cc/JP7H-3WMM]. Some observers of the Trump campaign worried that patent reform might not be high on the president’s agenda, rendering bills like the VENUE Act in hiatus for the near future. *Id.*

201. *See id.*

202. Dennis Crouch, *Director Lee: IP is a Necessary Key Piece of President-Elect Trump’s Promised Economic Growth and Job Creation*, PATENTLY-O (Nov. 15, 2016), http://patentlyo.com/patent/2016/11/necessary-president-promised.html?utm_target=/feedburner&utm_medium=email&utm_campaign=Feed%3A+PatentlyO+%28Dennis+Crouch%27s+Patently-O%29 [https://perma.cc/J253-GN35].

In conclusion, intellectual property has historically been a driving force of innovation within the United States. It is vitally important that the patent system operates efficiently and that abusive practices such as forum shopping are limited. Given what is at stake, venue reform—as proposed by the VENUE Act—is a cause worth fighting for.

