

REINING IN A “RENEGADE” COURT: *TC HEARTLAND* AND THE EASTERN DISTRICT OF TEXAS

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In TC Heartland v. Kraft Foods Group Brands, the Supreme Court tightened the venue requirement for patent cases, making it more difficult for a plaintiff to demonstrate that a district court has venue over a defendant. Many commentators, however, view TC Heartland as merely a “reshuffling” of the district courts that receive patent cases. Whereas before the case, a large percentage of patent cases were filed in the Eastern District of Texas, now, after TC Heartland, various other U.S. district courts (principally, the District of Delaware) have experienced an increase in patent infringement filings. Some commentators are unconvinced that this flow of patent cases out of the Eastern District of Texas and into the District of Delaware will benefit the patent system.

As this Article demonstrates, however, there are reasons to think that this “reshuffling” may be beneficial to the patent system. The District of Delaware, unlike the Eastern District of Texas, has incentives to maintain an even-handed approach to patent law. If the district came to be seen as overly patentee-friendly, the state would risk innovative companies choosing to incorporate elsewhere. Ultimately, the District of Delaware is much less likely than the Eastern District of Texas to create plaintiff-friendly procedural rules and administrative practices.

TC Heartland also speaks to the Supreme Court’s recent interest in patent cases. TC Heartland continued the recent trend of the Supreme Court granting certiorari in patent cases that concern issues of patent adjudication while avoiding tricky questions of core patent doctrine. This pattern likely points to a Supreme Court that is concerned about the patent system, yet is acutely aware of its own relative lack of expertise concerning patent doctrine. Thus, it may be said that in patent law, the Supreme Court acts as a “release valve,” changing patent law only when the Federal Circuit and Congress are incapable of changing the law.

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INTRODUCTION

In *TC Heartland L.L.C. v. Kraft Foods Group Brands L.L.C.*, the Supreme Court tightened the venue requirement for patent cases, making it more difficult for plaintiffs to demonstrate that a district court

has venue over a defendant. In doing so, the Supreme Court overturned twenty-seven years of patent litigation practice by holding that 28 U.S.C. § 1400 is the sole statute controlling venue in patent cases.¹ According to § 1400(b), to demonstrate venue, a defendant must (a) reside in the state in which the district is in or (b) must have a regular place of business and have committed alleged acts of infringement within the district.² The case overruled the prior ruling from the United States Court of Appeals for the Federal Circuit (Federal Circuit) in *VE Holding Corp. v. Johnson Gas Appliance Co.*, which held that venue was proper in patent cases whenever personal jurisdiction was met.³

The case struck a direct blow against what Justice Scalia famously referred to as the “renegade jurisdiction[]”: the United States District Court for the Eastern District of Texas (Eastern District of Texas).⁴ For many years, the judges in the Eastern District of Texas have encouraged patent plaintiffs to file their cases in the district.⁵ Prior to *TC Heartland*, the Eastern District of Texas was very successful in courting plaintiffs: the district received nearly forty percent of all U.S. patent cases, despite a near complete dearth of large companies with headquarters in the district.⁶ Now, after *TC Heartland*, the district’s dominance over patent law is tenuous. The Eastern District of Texas is still a top destination for patent plaintiffs, but it has seen its proportion of the U.S. patent docket shrink considerably.

Many commentators view *TC Heartland* as merely a “reshuffling” of the district courts that receive patent cases; they point out that cases that would have been filed in the Eastern District of Texas before *TC Heartland* will simply be filed in another, patent-heavy district court. They surmise that certain other district courts (principally the District of Delaware) will receive the cases that would have been filed in East Texas prior to *TC Heartland*. Thus far those predictions appear to be correct.⁷

But, as this Article demonstrates, there are reasons to think that this reshuffling may be beneficial to the patent system. Delaware, unlike East Texas, has financial incentives to maintain an even-handed

¹ 137 S. Ct. 1514, 1519–21 (2017).

² 28 U.S.C. § 1400 (2012).

³ See *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990).

⁴ See Transcript of Oral Argument, *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (No. 05-130), 2006 WL 846236, at *11.

⁵ See J. Jonas Anderson, *Court Competition for Patent Cases*, 163 U. PA. L. REV. 631 (2015) (finding that district courts compete for patent cases); Daniel Klerman & Greg Reilly, *Forum Selling*, 89 S. CAL. L. REV. 241 (2016) (same).

⁶ See *infra* Part I.

⁷ See, e.g., Lauren Cohen et al., “Troll” Check? A Proposal for Administrative Review of Patent Litigation, 97 B.U. L. REV. 1775, 1779 (2017) (arguing that *TC Heartland* has “shuffl[ed] the deck” of where patent cases are filed, but not offering in-depth commentary).

approach to patent law.⁸ If the district came to be seen as overly patentee-friendly, the state would risk companies choosing to incorporate elsewhere, to avoid being sued for patent infringement in Delaware district courts.⁹ The prospect of reducing the amount of corporate charters filed in Delaware in order to attract more patent litigation to the district is likely unappetizing to the judges of the District of Delaware.¹⁰ Furthermore, Delaware already has many patent litigants choosing Delaware as a venue for their patent cases. Delaware has a large percentage of corporate charters and has judges experienced with patent law.¹¹ The District of Delaware does not need to make plaintiff-friendly procedural quirks in order to encourage forum shopping plaintiffs to file in the district. Thus, it is different from the Eastern District of Texas which had to create plaintiff-friendly rules to attract plaintiffs in the first place.¹² Shifting some patent litigation out of Eastern Texas is likely to increase the overall fairness of patent litigation.

Aside from the holding of the case, *TC Heartland* also sheds some light on the Supreme Court's recent infatuation with patent law, or, more precisely, patent litigation. The Court's recent string of patent-heavy dockets has led commentators to debate the reasons for this sudden interest in patent cases. Is the Supreme Court interested in patent law because patents are increasingly important for the economy? Or, is the Supreme Court more interested in the specialized court that hears patent cases—the Federal Circuit—than in any particularities about patent doctrine?¹³

TC Heartland suggests the latter concern is preeminent in the Supreme Court's collective mind. In the last three years, the Court has taken thirteen cases about patent law arising from the Federal Circuit.¹⁴ All of those cases deal with issues regarding how patent litigation should be adjudicated (i.e., calculation of damages, standards of review for claim construction, when venue is proper) and avoid questions of patent doctrine (i.e., patentable subject matter, non-obviousness, written description).¹⁵ This three-year trend may represent a low point of patent doctrinal insight from the Court. On the other hand, it could indicate a more thorough examination of the Federal Circuit's practices. On the whole, the Supreme Court seems more interested in the ways in which

⁸ See *infra* Section III.B.1.

⁹ See *infra* Section III.B.1.

¹⁰ See Jill E. Fisch, *The Peculiar Role of the Delaware Courts in the Competition for Corporate Charters*, 68 U. CIN. L. REV. 1061, 1061 (2000) (chronicling how Delaware makes around \$440 million per year on corporate charters).

¹¹ See *infra* Section III.B.1.

¹² See *infra* Section III.B.1.

¹³ See *infra* Section III.A.1. Two cases have been argued but not decided, *SAS Institute, Inc. v. Matal*, and *Oil States Energy Services, L.L.C. v. Greene's Energy Group, L.L.C.*

¹⁴ See *infra* Section III.A.1.

¹⁵ See *infra* Section III.A.1.

Federal Circuit procedural rules differ from the rules of the larger judiciary. This trend suggests a Court that is more concerned with the ways in which patent cases are adjudged and less concerned that any particular doctrines are “incorrect.” Or, at the very least, this trend indicates a Court that feels that its comfort level with patent litigation far exceeds its comfort level with the particularities of patent doctrine.

This Article will proceed in three Parts. In Part I, this Article examines the long simmering problem of forum shopping in patent law. Specifically, this Part begins with an introduction to the Eastern District of Texas’s meteoric rise from judicial backwater to preferred court for patent holders. It chronicles that rise alongside changes to patent venue rules that occurred around the same time. Then, it looks at the various, recent attempts of the Federal Circuit as well as the United States Congress to remedy the patent forum shopping problem. This Part focuses, in particular, on the proposed remedies to the high concentration of patent cases in the Eastern District of Texas.

Part II then examines the recent case of *TC Heartland, L.L.C. v. Kraft Foods Group Brands, L.L.C.* After analyzing the case itself, this Part turns to the aftermath of *TC Heartland*. This Part also looks at the legal interpretations made by the judges of the Eastern District of Texas following the Supreme Court’s holding in *TC Heartland*. Many of those interpretations have seemingly been made in order to maintain the availability of the district to patent holders despite the tightened venue rules of *TC Heartland*. It analyzes whether recent changes to venue law post-*TC Heartland* have had the desired effect of reducing the Eastern District of Texas’s amount of patent filings. This Part concludes by examining potential future congressional action in this space.

Part III then evaluates the broader trends that *TC Heartland* may portend with regards to patent cases. First, this Part looks at the Supreme Court’s recent interest in patent law and ultimately determines that the Supreme Court is less interested in the particularities of patent doctrine and is more concerned about the Federal Circuit’s unique jurisprudence. This Part proposes that *TC Heartland* evinces a Supreme Court that is acting as a “release valve” for patent law, stepping in to realign policy when the Federal Circuit and Congress fail to act. This Part concludes with some thoughts about the future of patent forum shopping. Ultimately it concludes that the “reshuffling” of cases from East Texas to Delaware is beneficial to the patent system. But the issue of patent forum shopping and judges competing amongst themselves to attract patent cases is far from over.

I. THE FIGHT OVER PATENT VENUE

To fully understand the importance of the *TC Heartland* decision,

it is necessary to trace the history of the disputes that have occurred over the years regarding patent venue. This Section will do this by first examining the rise of the Eastern District of Texas, and then mapping the proposals to change patent venue with the rise of that district as the primary location for patent plaintiffs.

A. *The Rise of the Eastern District of Texas*

The United States District Court for the Eastern District of Texas enjoys a special importance among patent lawyers.¹⁶ The district—covering a sparsely populated region near the Louisiana border—has become the leading court for patent litigation case filings nationally.¹⁷ The court has a general, nonspecialized caseload like other federal district courts.¹⁸ This stands in contrast to the specialized jurisdiction of the Federal Circuit, the only appellate court with jurisdiction to hear patent appeals.¹⁹

The district traces its phenomenal growth in patent filings to the late nineties when Judge John Ward made it his goal to attract patent cases to the district.²⁰ Before his nomination to the bench, Judge Ward had almost no patent experience to speak of; he litigated few patent cases while in private practice in East Texas.²¹ But upon becoming a judge, Ward decided that he would seek out patent litigants to come to his courtroom. He could scarcely have imagined how successful his search would be.²²

¹⁶ See Melissa Repko, *How Patent Suits Shaped a Small East Texas Town Before Supreme Court's Ruling*, DALL. NEWS (May 23, 2017), <https://www.dallasnews.com/business/technology/2017/05/24/east-texas-supreme-court-ruling-setback-towns-final-verdict-locals-say> (“Marshall may be a small town in far East Texas, but in the world of patent litigation, it has been a giant.”).

¹⁷ See, e.g., Jacqueline Bell, *Patent Litigation in US District Courts: A 2016 Review*, LAW360 (Mar. 1, 2017, 12:13 PM), <https://www.law360.com/articles/895435/patent-litigation-in-us-district-courts-a-2016-review> (noting that the Eastern District of Texas “is by far the most popular jurisdiction for new patent cases”).

¹⁸ See, e.g., David L. Schwartz, *Courting Specialization: An Empirical Study of Claim Construction Comparing Patent Litigation Before Federal District Courts and the International Trade Commission*, 50 WM. & MARY L. REV. 1699, 1701 (2009) (noting that “[m]ost district court judges are generalists who never hear enough patent cases to become experts in that area of law”).

¹⁹ 28 U.S.C. § 1295 (2012) (defining the Federal Circuit’s jurisdiction).

²⁰ See Hilda Galvan et al., *The America Invents Act: A Tribute to the Honorable John Ward*, 15 SMU SCI. & TECH. L. REV. 459, 459 (2012) (introducing a symposium centered around Judge Ward and describing Judge Ward as “one person who did change the world of patent law and also put Texas on the map”).

²¹ *Id.* at 465.

²² Barrie McKenna, *Venue Shopping? See You in Marshall*, GLOBE & MAIL, <http://www.theglobeandmail.com/technology/venue-shoppingsee-you-in-marshall/article1099055> (last updated Apr. 5, 2009, 8:51 AM) (reporting an interview with Judge Ward about his docket).

Court competition—the process of district court judges competing for litigants—occurs in patent law.²³ No court has been more spectacularly successful in encouraging patentees to file in its courts than the Eastern District of Texas. When Chief Judge Ward started “seeking out” patentees, the Eastern District of Texas received almost no patent cases, as might be expected for a court with only eight active judges and composed entirely of sparsely populated rural towns.²⁴ Yet by 2015, the Eastern District of Texas received 2523 patent cases.²⁵ For some context, the next most popular court for patent cases, the District of Delaware, received 533 new patent case filings in 2015.²⁶ With forty-four percent of all patent cases in the United States, the Eastern District of Texas has gained prominence (or infamy, depending on your viewpoint) as the go-to court for patent cases.²⁷

Some judges from other districts have openly talked about their desire to increase patent litigation filings.²⁸ They seek to emulate what the Eastern District of Texas did in the early 2000s—attract patent cases to their court.²⁹ Yet despite this increased competition for cases, the Eastern District of Texas remained the top choice for patent plaintiffs through 2017.³⁰ Judge Ward has been retired since 2011, but the district’s new judges have taken the lead in trying (and attracting) the district’s patent cases.³¹ For example, Judge Rodney Gilstrap handles a majority of the district’s heavy patent workload.³² Judge Gilstrap

²³ See generally sources cited *supra* note 5.

²⁴ See Andrei Iancu & Jay Chung, *Real Reasons the Eastern District of Texas Draws Patent Cases—Beyond Lore and Anecdote*, 14 SMU SCI. & TECH. L. REV. 299, 299 (2011).

²⁵ See Ryan Davis, *Delaware Patent Suits Dwindle as Plaintiffs Flock to EDTX*, LAW360 (Feb. 10, 2016, 5:29 PM), <https://www.law360.com/articles/756753/delaware-patent-suits-dwindle-as-plaintiffs-flock-to-edtx> (reporting on the number of patent suits in various districts).

²⁶ *Id.*

²⁷ Brian Howard, *Announcing the Patent Litigation Year in Review 2015*, LEX MACHINA (Mar. 16, 2016), <https://lexmachina.com/14318> (“The Eastern District of Texas saw 43.7% of the cases filed in 2015. For comparison, Delaware, the next most popular district, saw less than 10%.”).

²⁸ Katie Angliss, *Patent Law in Pittsburgh: Perspectives from the Bench*, 11 U. PITT. J. TECH. L. & POL’Y 2 (2011) (quoting Judge Conti of the Western District of Pennsylvania that her district “ha[s] been trying to be a good forum for patent cases”); Roderick R. McKelvie, *Forum Selection in Patent Litigation: A Traffic Report*, 19 INTELL. PROP. & TECH. L.J. 1, 1, 3 (2007) (noting that several district courts have “hung out a welcome sign for patent cases by expressing interest in the cases, forming advisory committees, or adopting local rules”); Molly Hensley-Clancy, *U.S. District Court of Western Pennsylvania Attracts Patent Cases*, PITT. POST-GAZETTE (July 23, 2012, 4:00 AM), <http://www.post-gazette.com/business/legal/2012/07/23/U-S-District-Court-of-Western-Pennsylvania-attracts-patent-cases/stories/201207230211> (quoting a judge in the Western District of Pennsylvania as expressing hope that the Patent Pilot Program “will continue to attract more out-of-state [patent] cases to the area”).

²⁹ See sources cited *supra* note 28.

³⁰ See Bell, *supra* note 17.

³¹ Kaleigh Rogers, *The Small Town Judge Who Sees a Quarter of the Nation’s Patent Cases*, VICE: MOTHERBOARD (May 5, 2016, 9:00 AM), https://motherboard.vice.com/en_us/article/the-small-town-judge-who-sees-a-quarter-of-the-nations-patent-cases.

³² *Id.*

receives a quarter of the nation's patent case filings, a gigantic amount for one judge.³³

What explains East Texas's continued attraction for patent plaintiffs? Depending upon who you ask, it may be because of East Texas's notoriously friendly juries,³⁴ or judges who are "[k]nowledgeable, [w]elcoming, and [o]rganized,"³⁵ or plaintiff-friendly procedural rules,³⁶ unwillingness to transfer cases to a more convenient district court,³⁷ differences in substantive law rulings,³⁸ or a host of other reasons.³⁹ But what is not up for debate is that the district benefitted by a 1990 Federal Circuit case that liberalized patent venue rules: *VE Holding Corp.*⁴⁰

B. Patent-Specific Venue

Patent-specific venue statutes have a long history in United States law, dating back to 1897.⁴¹ In 1897, Congress enacted a patent-specific venue statute that allowed plaintiffs to file infringement lawsuits in any district where the defendant was an "inhabitant," or any district where

³³ *Id.*

³⁴ See Yan Leychkis, *Of Fire Ants and Claim Construction: An Empirical of the Meteoric Rise of the Eastern District of Texas as a Preeminent Forum for Patent Litigation*, 9 YALE J.L. & TECH. 193, 232 (2007) (concluding that the appeal of the Eastern District of Texas has to do with the "largely uneducated local juries who rule for the plaintiff 90% of the time"). *But see* Iancu & Chung, *supra* note 24, at 300 ("We conclude that there is little evidence that the District's popularity arises primarily from its jury pool.")

³⁵ Xuan-Thao Nguyen, *Justice Scalia's "Renegade Jurisdiction": Lessons for Patent Law Reform*, 83 TUL. L. REV. 111, 136–38 (2008).

³⁶ See Anderson, *supra* note 5, at 632–35 (arguing that the Eastern District of Texas "competes" for patent cases through plaintiff-friendly procedural rules); Leychkis, *supra* note 34, at 209, 232 (finding that "favorable patent rules" contributes to the Eastern District's attraction).

³⁷ See Elizabeth P. Offen-Brown, *Forum Shopping and Venue Transfer in Patent Cases: Marshall's Response to TS Tech and Genentech*, 25 BERKELEY TECH. L.J. 61, 73–74 (2011) (claiming that the Eastern District of Texas had "low" rates of granting motions to transfer venue); Saurabh Vishnubhakat, *Reconceiving the Patent Rocket Docket: An Empirical Study of Infringement Litigation 1985-2010*, 11 J. MARSHALL REV. INTELL. PROP. L. 58, 65 (2011) (noting that the Eastern District of Texas has a historical predilection to refuse motions to transfer). *But see* Paul M. Janicke, *Patent Venue and Convenience Transfer: New World or Small Shift?*, 11 N.C. J.L. & TECH. 1, 16 (2009) (demonstrating that the Eastern District of Texas had a higher grant rate for transfer motions on its civil docket than did other district courts).

³⁸ See 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, 30–31 (2017) (finding a low rate of granting *Alice* motions and predicting that litigants are unlikely to bring such motions given the procedural hurdles imposed by Judge Gilstrap).

³⁹ See Anderson, *supra* note 5, at 633–35 (listing assumed reasons for the Eastern District of Texas's popularity).

⁴⁰ *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990).

⁴¹ Act of Mar. 3, 1897, ch. 395, 29 Stat. 695; *see also* *TC Heartland L.L.C. v. Kraft Foods Grp. Brands L.L.C.*, 137 S. Ct. 1514 (2017); Judicial Code, ch. 231, Pub. L. No. 61-475, § 48, 36 Stat. 1100 (1911) (defining venue in patent cases).

the defendant both maintained a “regular and established place of business” and committed an act of infringement.⁴² At this time, it was well-understood that a corporation “inhabited” only one state: its state of incorporation.⁴³ In 1942, in *Stonite Products Co. v. Melvin Lloyd Co.*, the Supreme Court clarified that the patent venue statute was the sole, controlling statute for venue in patent cases.⁴⁴

In 1948, Congress codified the patent-specific venue provision in 28 U.S.C. § 1400(b).⁴⁵ That statute provides that: “[a]ny civil action for patent infringement may be brought [1] in the judicial district where the defendant resides, or [2] where the defendant has committed acts of infringement and has a regular and established place of business.”⁴⁶ Thus, § 1400(b) replaced the word “inhabits” from the previous statute with the word “resides.” There was some confusion among courts about the impact of that word change.⁴⁷

Further complicating things was the fact that at the same time that it codified § 1400, Congress also codified a general venue provision in 28 U.S.C. § 1391.⁴⁸ Section 1391(c), as originally enacted, states that “[a] corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.”⁴⁹ There was general confusion about § 1391’s impact on the definition of “residence” for purposes of § 1400.⁵⁰ Did § 1400 continue to be the sole test for patent venue, or had § 1391 subsumed or altered the definition of patent venue? Ultimately, the Supreme Court settled the issue.

In 1957 the Supreme Court, in *Fourco Glass Co. v. Transmirra Products Corp.*, held that “resides” had the same meaning as “inhabits” for purposes of patent venue.⁵¹ In so holding, the Court reaffirmed its holding in *Stonite* that § 1400(b) is “the sole and exclusive provision controlling venue in patent infringement actions, and that it is not to be

⁴² Act of Mar. 3, 1897, ch. 395, 29 Stat. 695.

⁴³ See *Stonite Prods. Co. v. Melvin Lloyd Co.*, 315 U.S. 561, 562 (1942); *Shaw v. Quincy Mining Co.*, 145 U.S. 444, 449–50 (1892) (holding that a corporation “inhabits” only the state of incorporation).

⁴⁴ *Stonite Prods.*, 315 U.S. at 563.

⁴⁵ Act of June 25, 1948, Pub. L. No. 80-773, 62 Stat. 936.

⁴⁶ 28 U.S.C. § 1400(b) (2012). Section 1400 has never been amended.

⁴⁷ Compare *Ackerman v. Hook*, 183 F.2d 11 (3d Cir. 1950) (holding that 28 U.S.C. § 1400(b) alone controls patent venue), and *Ruth v. Eagle-Picher Co.*, 225 F.2d 572 (10th Cir. 1955) (holding that 28 U.S.C. § 1400(b) alone controls patent venue), with *Dalton v. Shakespeare Co.*, 196 F.2d 469 (5th Cir. 1952) (finding that the provisions of 28 U.S.C. § 1391(c) are to be read into the patent venue statute).

⁴⁸ Act of June 25, 1948, ch. 646, Pub. L. No. 80-773, § 1391, 62 Stat. 869, 935 (1948) (Venue generally).

⁴⁹ *Id.*

⁵⁰ See cases cited *supra* note 47 and accompanying text.

⁵¹ *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 226–29 (1957).

supplemented by . . . § 1391(c).⁵² Nothing in the 1948 codification, the Court found, evidenced a congressional intent to alter that fact.⁵³ Despite § 1391's apparent claim to control venue for civil actions, the Court held that patent cases were governed by the venue statute of § 1400 and not § 1391.⁵⁴

The venue statutes remained virtually unchanged until 1988, when Congress amended § 1391(c).⁵⁵ That change provided that “[f]or 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.”⁵⁶

Two years later, the Federal Circuit held that the phrase “[f]or purposes of venue under this chapter” (of which § 1400(b) was a part) meant that § 1391(c) “clearly applies to § 1400(b), and thus redefines the meaning of the term ‘resides’ in that section.”⁵⁷ In that case, *VE Holding Corp. v. Johnson Gas Appliance Co.*, the Federal Circuit effectively subsumed the patent venue statute under the general venue provision of § 1391.⁵⁸ The Federal Circuit interpreted this change in the law as an “incorporation” of § 1400 under § 1391.⁵⁹ The court reasoned that because the amendment adopted “exact and classic language of incorporation,” § 1391 controlled venue for patent law.⁶⁰

In *VE Holding*, the Federal Circuit held that defendant corporations were subject to suit in any court that had personal jurisdiction over the defendant.⁶¹ Thus, for corporations in patent cases, as in all other civil actions, venue became synonymous with personal jurisdiction.⁶² Companies that offered products nationally were likely to be subject to personal jurisdiction in a large number of U.S. district

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ Judicial Improvements and Access to Justice Act, Pub. L. 100-702, § 1013(a), 102 Stat. 4642, 4669 (1988).

⁵⁶ *Id.*

⁵⁷ *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1578–80 (Fed. Cir. 1990).

⁵⁸ *Id.* at 1578–79.

⁵⁹ *Id.* at 1579–80.

⁶⁰ *Id.*

⁶¹ *Id.* at 1583–84 (applying the amended general federal venue provision, 28 U.S.C. § 1391(c), to patent infringement cases); Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889, 895–901 (2001) (describing the conflation of the patent venue statute and the general venue statute in patent cases); Thomas A. O'Rourke, *The Modernization of the Patent Venue Statute*, 14 GEO. MASON U. L. REV. 585, 600 (1992) (stating that the patent venue statute had been broadened by *VE Holding* and the 1998 amendment to the general venue provision).

⁶² See *VE Holding*, 917 F.2d at 1584 (“[T]he . . . test for venue under § 1400(b) with respect to a defendant that is a corporation, in light of the 1988 amendment to § 1391(c), is whether the defendant was subject to personal jurisdiction in the district of suit at the time the action was commenced.” (citations omitted)).

courts, if not all ninety-four.⁶³ Suddenly, plaintiffs realized that they could file their case in whichever district provided the best services, provided that personal jurisdiction was met. And, in patent cases, it is almost always met.

With few venue restrictions, plaintiffs began trying cases in a wide range of different courts. They experimented with the Western District of Wisconsin because of the district's penchant for resolving cases quickly.⁶⁴ They tried cases in the Eastern District of Virginia because of its proximity to the U.S. Patent and Trademark Office (USPTO) and the Federal Circuit as well as the district's reputation as a "rocket docket."⁶⁵ They were attracted to the Northern District of California because of the district's innovative new patent local rules.⁶⁶ They flocked to the District of Delaware because of that district's experience with complex civil cases.⁶⁷ But ultimately, many patent plaintiffs found the Eastern District of Texas, with its generous juries and welcoming judges, to be the best place to try a patent case.⁶⁸

In 2011, Congress again revised § 1391.⁶⁹ Pursuant to that amendment, § 1391(a) provides that "[e]xcept as otherwise provided by law . . . this section shall govern the venue of all civil actions brought in district courts of the United States."⁷⁰ Section 1391(c)(2) now provides that "[f]or all venue purposes" a corporation "shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court's personal jurisdiction with respect to the civil action in

⁶³ Megan M. La Belle, *Patent Litigation, Personal Jurisdiction, and the Public Good*, 18 GEO. MASON L. REV. 43, 69–70 (2010) (recognizing that the typical party sued for patent infringement is a company dealing in interstate commerce, essentially making it subject to personal jurisdiction in any federal court).

⁶⁴ See Allen A. Arntsen & Jeffrey A. Simmons, *The Tundra Docket: Western District of Wisconsin*, LAW360 (Mar. 12, 2008, 12:00 AM), <https://www.law360.com/articles/49923/the-tundra-docket-western-district-of-wisconsin> (discussing trends favoring the Western District of Wisconsin as a venue for patent litigation because of the speed of the court's docket).

⁶⁵ See Dabney J. Carr, IV & Robert A. Angle, *Litigating Patent Infringement Cases in the "Rocket Docket" of the Eastern District of Virginia*, 22 INTELL. PROP. & TECH. L.J. 14, 18 (2010) (concluding that the location of the court and the success of plaintiffs in patent infringement cases will make the Eastern District of Virginia a popular patent venue).

⁶⁶ See ROBERT MATZ & RON LEMIEUX, PAUL HASTINGS STAY CURRENT: THE NORTHERN DISTRICT OF CALIFORNIA REVISES ITS PATENT LOCAL RULES (2008), <https://www.paulhastings.com/docs/default-source/PDFs/859.pdf> (laying out the new patent local rules in the Northern District of California and addressing their early consequences).

⁶⁷ See Fabio E. Marino & Teri H.P. Nguyen, *Has Delaware Become the "New" Eastern District of Texas? The Unforeseen Consequences of the AIA*, 30 SANTA CLARA HIGH TECH. L.J. 527, 549 (2014) (discussing the rise in patent cases in the District of Delaware due to the court's strict venue jurisprudence).

⁶⁸ See Loren Steffy, *Patently Unfair*, TEX. MONTHLY (Oct. 2014), <https://www.texasmonthly.com/politics/patently-unfair> (explaining why the Eastern District of Texas appeals to plaintiffs in patent infringement cases).

⁶⁹ Federal Courts Jurisdiction and Venue Clarification Act of 2011, Pub. L. No. 112-63, § 202, 125 Stat. 758, 763.

⁷⁰ 28 U.S.C. § 1391(a) (2012).

question”⁷¹ Thus, with *VE Holding* as the law of the land, courts have had venue whenever the court has personal jurisdiction over the defendant. And the Eastern District of Texas was the beneficiary of this freedom to file suit in any court.

The Eastern District of Texas’s success in attracting patent plaintiffs to its courtrooms has not gone unnoticed. Scholars have bemoaned the high concentration of patent cases in a single jurisdiction; a jurisdiction which lacked high-technology industries.⁷² The popular press began to focus on the concentration of “patent trolls” in East Texas courtrooms.⁷³ Practitioner publications listed the Eastern District of Texas as a “judicial hellhole” and the “worst thing that ever happened to intellectual property law.”⁷⁴

And there were powerful people who also were aware of the Eastern District of Texas’s rise to prominence. The court that reviews the Eastern District of Texas’s patent decisions—the U.S. Court of Appeals for the Federal Circuit—was wary of the district’s notoriety.⁷⁵ Also, various congressmen and senators took an interest in how patent cases were distributed.⁷⁶ And they were desirous to more evenly balance the districts that handle patent litigation.⁷⁷ The following Sections will detail the efforts made by both the Federal Circuit and Congress to rein in the Eastern District of Texas.

C. Congressional Attempts to Restrict Patent Venue

Congress has put forth numerous proposals to curb patent forum shopping in recent years but has yet to pass any of the proposed measures. But, the continued congressional push to change the patent venue rules demonstrates that Congress is very much aware of the controversy surrounding the Eastern District of Texas. This Section will briefly review the proposed changes that Congress has proposed to patent venue rules in the past decade before commenting about why Congress has, as of yet, not passed legislation aimed at where patent cases can be filed.

⁷¹ § 1391(c)(2).

⁷² See Jeanne C. Fromer, *Patentography*, 85 N.Y.U. L. REV. 1444 (2010).

⁷³ See, e.g., 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>.

⁷⁴ See Steffy, *supra* note 68 (stating that the Eastern District of Texas “may be the worst thing that ever happened to intellectual property law”); *2015/2016 Executive Summary, JUDICIAL HELLHOLES*, <http://www.judicialhellholes.org/2015-2016/executive-summary> (last visited Apr. 9, 2018) (ranking the Eastern District of Texas ninth on the American Tort Reform Foundation’s 2015–2016 list of “Judicial Hellholes”).

⁷⁵ See *infra* Section I.D.

⁷⁶ See *infra* Section I.C.

⁷⁷ See *infra* Section I.C.

1. The America Invents Period: 2005–2011

On September 16, 2011, President Obama signed the America Invents Act (AIA).⁷⁸ The AIA represented the most comprehensive legislative reform of U.S. patent law since 1952.⁷⁹ Two major legal changes were wrought by the AIA: first, the U.S. patent system was changed from a first-to-invent system, to a first-to-file system;⁸⁰ second, the law created a host of post-grant review procedures at the USPTO.⁸¹ Additionally, Congress focused much of the debate about patent reform on the issue of venue in patent cases. Ultimately however, the AIA left the patent venue statute unchanged. The attempts made by Congress to direct some cases away from the Eastern District of Texas, however, merit attention.

On June 8, 2005, Congressman Lamar Smith introduced the Patent Reform Act of 2005.⁸² Representative Smith stated that the Act was, “without question, the most comprehensive change to U.S. patent law since Congress passed the 1952 Patent Act.”⁸³ A proposed amendment to the 2005 Patent Reform Act would have tightened the venue standard by limiting venue to (1) districts in which the defendant had its principal place of business, or (2) districts in which acts of infringement occurred and the defendant had an established place of business.⁸⁴

⁷⁸ See Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (codified as amended in scattered sections of 35 U.S.C. (2012)); Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 FED. CIR. B.J. 539, 651 (2012) [hereinafter Matal, Part II] (“After six years of efforts on patent reform, the sponsors and supporters of the AIA understandably were eager to send it directly to the President for his signature.”); see also Press Release, Office of the Press Sec’y, The White House, President Obama Signs America Invents Act, Overhauling the Patent System to Stimulate Economic Growth, and Announces New Steps to Help Entrepreneurs Create Jobs (Sept. 16, 2011), <http://www.whitehouse.gov/the-press-office/2011/09/16/president-obama-signs-america-invents-act-overhauling-patent-system-stim> (quoting the President as stating he was “pleased to sign” the “much-needed reform”).

⁷⁹ See Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part I of II*, 21 FED. CIR. B.J. 435, 435 (2011) [hereinafter Matal, Part I].

⁸⁰ See § 3, 125 Stat. at 285–87 (codified at 35 U.S.C. § 102(a) (2012)) (creating a first-to-file system, meaning that the critical date to determine whether a patent application meets the substantive requirements to be valid as a novel invention or improvement is defined by the date the application was filed, the United States previously determined the critical date by the patent’s invention date); see also Matal, Part I, *supra* note 79, at 453.

⁸¹ See § 3, 125 Stat. at 285–87; see also Matal, Part I, *supra* note 79, at 438 (describing the evolution and eventual adoption of the AIA post issuance proceedings including *inter partes* review and post-grant review).

⁸² Patent Reform Act of 2005, H.R. 2795, 109th Cong. (1st Sess. 2005). The Patent Reform Act included a number of changes to patent law, but this Article will focus on the proposed reforms to the venue statute.

⁸³ *Patent Act of 2005: Hearing on H.R. 2795 Before the Subcomm. on Courts, the Internet, & Intellectual Prop. of the H. Comm. on the Judiciary*, 109th Cong. 1 (2005) (statement of Rep. Lamar Smith, Chairman, Subcomm. on Intellectual Prop.).

⁸⁴ The proposed venue provisions, as well as the proposed modifications to the damages provisions, were introduced via amendment. See *Amendment in the Nature of a Substitute to*

Basically, the Patent Reform Act of 2005 would have reset patent venue law to how it existed pre-*VE Holding*. Thus, the law would have established § 1400 as the lone statute defining patent venue.

The proposed venue reform in the Patent Reform Act of 2005 was designed to limit forum shopping in patent litigation. In particular, the proposed law took aim at the Eastern District of Texas.⁸⁵ The Eastern District had recently experienced a huge increase in patent filings: from thirty-five patent suits in 2002, to 216 in 2006.⁸⁶ The district's newfound popularity was due to a combination of welcoming judges, infamously large jury awards, and a disinclination to grant motions to transfer venue.⁸⁷ Many industries that did not like being hauled into court in the Eastern District of Texas lobbied Congress in support of the bill.⁸⁸ But despite the support, the bill failed to gain traction.

On April 18, 2007, Senator Patrick Leahy and Congressman Howard Berman introduced nearly identical patent reform legislation in the Senate and the House, respectively.⁸⁹ These new bills proposed significant and controversial changes to the patent system, including the same venue changes that had appeared in the Patent Act of 2005.⁹⁰ Perhaps recognizing the potential controversy the venue modifications would create, Senator Leahy, in his introduction, stated that the bill: "would amend the current statutory provision that determines the appropriate venue for patent litigation. The intent of the venue language is to serve as a starting point for discussions as to what restrictions[—]if any[—]are appropriate on the venue in which patent cases may be

H.R. 2795, the "Patent Act of 2005": Hearing on H.R. 2795 Before the Subcomm. on Courts, the Internet, and Intellectual Prop. of the H. Comm. on the Judiciary, 109th Cong. 11-12 (2005) (statement of Rep. Lamar Smith, Chairman, Subcomm. on Intellectual Prop). Although the substitute was never formally introduced, the draft was widely distributed and was the subject of committee hearings on September 15, 2005. See generally sources cited *supra* note 83.

⁸⁵ Nguyen, *supra* note 35, at 119 ("The venue provisions as proposed in numerous congressional bills are squarely directed at the [Eastern District of Texas] where patent litigation has risen sharply in the last three years.").

⁸⁶ See *id.* at 130 tbl.6 (chronicling the number of cases filed in the Eastern District of Texas from fiscal year 2001 to 2006).

⁸⁷ See generally Anderson, *supra* note 5, at 670-77 (arguing that the Eastern District's popularity was, in part, due to the district's judges' interest in attracting patent litigants).

⁸⁸ See *Amendment in the Nature of a Substitute to H.R. 2795, the "Patent Act of 2005": Hearing Before the Subcomm. on Courts, the Internet & Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. 63-67 (2005) (response of Philip S. Johnson, Chief Patent Counsel, Johnson & Johnson); see also *id.* at 22 (statement of Emery Simon, Counsel, The Business Software Alliance) ("[F]iling suit in jurisdictions with a demonstrated pro-plaintiff bent . . . undermines confidence in the fairness of adjudicated outcomes. It has proven very burdensome for technology companies sued in jurisdictions far removed from their principal places of business where the bulk of the evidence or witnesses are to be found.").

⁸⁹ Patent Reform Act of 2007, S. 1145, 110th Cong. (2d Sess.) (as introduced in the Senate, Apr. 18, 2007); Patent Reform Act of 2007, H.R. 1908, 110th Cong. (1st Sess.) (as introduced in the House, Apr. 18, 2007). These bills comprise "the Patent Reform Acts of 2007."

⁹⁰ As introduced, the bill had a stronger controlling provision, which would have replaced § 1400(b), but that provision was later removed by H.R. 1908.

brought.”⁹¹

On July 12, 2007, Senator Arlen Specter introduced an amendment to the Senate version of the bill that would have further limited venue in patent cases and would have resulted in many cases being filed in districts other than the Eastern District of Texas.⁹² The amendment would have limited venue to judicial districts in which (1) the defendant had its principal place of business; (2) the defendant has “committed substantial acts of infringement” or has a “substantial” physical facility that constitutes a “substantial” portion of defendant’s operations; or (3) the plaintiff resides if the plaintiff is an institute of higher learning or an individual inventor.⁹³ The new, more restrictive venue provision was aimed directly at reducing the patent docket in the Eastern District of Texas.⁹⁴

Some senators found this new venue provision to be overly restrictive. Senator John Cornyn of Texas was one who did not like the proposed changes. He lamented that the proposed changes to patent venue rules would drive cases out of the Eastern District and thus “waste[] the experience and expertise” of the district’s judges.⁹⁵ Similarly, Representative Louis Gohmert (TX-1, partially covering the Eastern District of Texas), thought that the venue restriction would harm the speed of justice.⁹⁶ The Eastern District of Texas’s popularity with plaintiffs was a good thing, according to Representative Gohmert, because it signaled that plaintiffs who had been wronged could receive justice in a timely manner.⁹⁷

But Texas senators and congressmen were not the only voices talking about patent venue during debates about patent reform. Congresswoman Zoe Lofgren of California forcefully pushed back against Senator Cornyn. Arguing for a more restrictive venue provision, Representative Lofgren stated that the Eastern District’s rise to prominence had also fueled the rise of patent trolls.⁹⁸ Representative Chris Cannon of Utah referred, rather forcefully, to “Judicial Hell Holes,” district courts in which the judges apply a plaintiff-friendly procedural law.⁹⁹ Some patentees, Representative Cannon suggested,

⁹¹ 152 CONG. REC. S8831 (daily ed. Aug. 3, 2006).

⁹² See Michael C. Smith, “A Battle over Where the War Is to Be Fought”: Venue in Patent Cases, *ADVOCATE* 10–11 (2007).

⁹³ *Id.*

⁹⁴ See *Cornyn Pledges to Fight for Fairness for Eastern District of Texas Courts*, JOHN CORNYN U.S. SENATOR FOR TEX. (July 13, 2007), <https://www.cornyn.senate.gov/content/cornyn-pledges-fight-fairness-eastern-district-texas-courts> (complaining that the new provision would make “waste of the experience and expertise” of the Eastern District of Texas judges).

⁹⁵ *Id.*

⁹⁶ 153 CONG. REC. H10277–78 (daily ed. Sept. 7, 2007).

⁹⁷ *Id.* at H10278.

⁹⁸ *Id.*

⁹⁹ *Id.* at H10284 (“During years of efforts on litigation reform, we have learned about what

were using the lax venue requirements to “manufacture” venue in one of these “Hell Holes.”¹⁰⁰ Other senators and congressmen recognized a problem with the Eastern District of Texas hearing so many patent cases.¹⁰¹

Finally, the legislative debates about patent reform culminated with the signing of the AIA. However, the final version of the AIA contained no mention of patent venue.¹⁰² Senators felt that there was too much resistance to the proposed patent venue changes to risk losing the wholesale changes that the AIA made on the patent system as a whole. As Senator Dick Durbin (D-IL), stated, “[i]n past years, there were some parts of the bill that generated controversy, including provisions relating to damages and venue in patent infringement lawsuits. The good efforts in this bill that have been negotiated have resulted in these provisions no longer being a subject of controversy.”¹⁰³ Congress had tried and failed to make significant changes to the patent venue statute. It had also passed a bill that ultimately had little to no effect on the increasing amount of patent cases heard by the Eastern District of Texas. Indeed, the years following enactment of the AIA would see a steep rise in patent cases filed in the Eastern District of Texas.

2. VENUE Act of 2016

After the AIA became law, there was a feeling among some members of Congress that venue reform was still needed. The VENUE Act of 2016 was an attempt by Congress to limit venue in patent cases; something that the AIA had failed to do. The goal of the VENUE Act was to restrict venue in a way that limited the courts that were available to non-practicing entities (specifically the Eastern District of Texas) while still maintaining court choice for most patent holders.¹⁰⁴ While

some have referred to as Judicial Hell Holes. These locations are where judges apply laws and procedures in an unfair and unbalanced manner. The underlying legislation's intent is to bring fairness and balance into the patent system. And the venue language will bring fairness and balance to patent litigation.”).

¹⁰⁰ *Id.*

¹⁰¹ For example, Senator Chuck Schumer (D-NY) emphasized that the Eastern District of Texas was incredibly plaintiff-friendly and that shifting patent cases away from Eastern District of Texas and towards the USPTO would be a good thing. 157 CONG. REC. S5402-10 (daily ed. Sept. 8, 2011).

¹⁰² There was an intervening provision that if adopted would have required a court to transfer a case upon a showing that the transferee district is clearly more convenient; this would have been a very modest update to the law which would have left the holding of *VE Holding* intact and merely codified the Federal Circuit's holding in *TS Tech*. See S. REP. NO. 111-18, at 16, 31, 35 (2009) (describing provisions of the Leahy-Specter-Feinstein amendment).

¹⁰³ 157 CONG. REC. S1108 (daily ed. Mar. 2, 2011).

¹⁰⁴ Andrew Williams, *The VENUE Act—a Last Ditch Attempt at Patent Reform?*, PATENTDOCS (Mar. 28, 2016), <http://www.patentdocs.org/2016/03/the-venue-act-a-last-ditch->

other attempts at patent reform affected patent owners generally, “[t]he Venue bill itself [was] more narrowly tailored to one particular perceived problem[—]the use of the Eastern District of Texas as the venue of choice by patent trolls.”¹⁰⁵

Critics argued that the VENUE Act of 2016 was flawed because it merely shifted patent litigation from plaintiff-friendly districts, such as the Eastern District of Texas, to defendant-friendly districts, such as the Northern District of California.¹⁰⁶ That shift was unacceptable to many senators who represented plaintiff-friendly districts. These same disagreements resulted in venue reform being removed from the AIA.¹⁰⁷ Meanwhile, the Eastern District of Texas continued to receive increasing amounts of patent cases.

The VENUE Act, like the previous attempts at venue reform during the AIA, demonstrates that some members of Congress are suspicious and apprehensive about the growth in patent filings at the Eastern District of Texas.¹⁰⁸ However, it also reveals Congress to be fractured. Numerous senators and congressmen stated that the Eastern District of Texas was the reason that venue reform was needed, both for fairness towards litigants and because businesses felt that they were subject to a court that shaded justice towards plaintiffs’ interests.¹⁰⁹ On the other hand, numerous senators and congressmen dismissed reform proposals as driven by big companies and thus unfair to the “little guy.”¹¹⁰ Not coincidentally, those senators opposed to venue reform were often representatives of East Texas.¹¹¹

D. Federal Circuit Attempts to Limit Patent Venue

While the issue of venue reform was swirling on Capitol Hill, the Federal Circuit was also very aware of the Eastern District of Texas’s rise to prominence. As I have written about previously, the Federal Circuit was keenly aware of congressional proposals during the AIA reform period.¹¹² This awareness manifested itself in two primary ways: first,

attempt-at-patent-reform.html.

¹⁰⁵ *Id.*

¹⁰⁶ See Paul R. Gugliuzza & Megan M. La Belle, *The Patently Unexceptional Venue Statute*, 66 AM. U. L. REV. 1027, 1054–55 (2017).

¹⁰⁷ See *supra* notes 94–101 and accompanying text.

¹⁰⁸ See *supra* notes 94–101 and accompanying text.

¹⁰⁹ See *supra* notes 94–101 and accompanying text.

¹¹⁰ See *supra* notes 94–101 and accompanying text.

¹¹¹ See *supra* notes 94–101 and accompanying text.

¹¹² See J. Jonas Anderson, *Congress as a Catalyst of Patent Reform at the Federal Circuit*, 63 AM. U. L. REV. 961, 981–1004 (2014) [hereinafter Anderson, *Congress as a Catalyst*] (detailing the moves and countermoves of the Federal Circuit to fend off congressional reform of venue); see also J. Jonas Anderson, *Patent Dialogue*, 92 N.C. L. REV. 1049, 1069–75 (2016) (summarizing the ways in which Congress and the Federal Circuit engaged in dialogue during

through the court's written decisions and second, through statements of the judges of the court, either during oral argument or otherwise.

1. Written Decisions

The Eastern District of Texas's success in attracting patent cases does not appear to have bothered the Federal Circuit, at least not in the written opinions of the court. The Eastern District of Texas's trial practices have not been identified by the Federal Circuit as problematic.

The Federal Circuit, however, has focused its attention on the Eastern District of Texas through its discretionary mandamus powers.¹¹³ Historically, a writ of mandamus in the federal appeals courts is used only in cases where important legal issues need to be settled.¹¹⁴ This limited use plays an important role in "preserv[ing] . . . the writ's historically extraordinary character . . ."¹¹⁵ This extraordinary character of the writ of mandamus power was on display through the Federal Circuit's first two decades, with the court rarely granting a request for writ of mandamus.

However, the court has granted a number of mandamus actions in the past ten years. The grants of mandamus from the Federal Circuit largely occurred in the three years between 2008 and 2010. And all but one of those mandamus actions arose from the actions of the Eastern District of Texas.¹¹⁶

In 2007, the Fifth Circuit Court of Appeals issued a decision in *In re Volkswagen*.¹¹⁷ That case changed the standard for motions to transfer venue, mandating that courts must transfer those cases that could be shown to be "clearly more convenient" in another jurisdiction.¹¹⁸ In December 2008, the Federal Circuit (for the first time in its history)

the AIA process).

¹¹³ See Paul R. Gugliuzza, *The New Federal Circuit Mandamus*, 45 IND. L. REV. 343, 390–92 (2012) (describing how the difficulties in getting Congress to act has led the court to use its mandamus power to combat forum shopping, particularly in the Eastern District of Texas).

¹¹⁴ *Id.* at 351–52, 356–57.

¹¹⁵ *Id.* at 360.

¹¹⁶ See *In re Microsoft Corp.*, 630 F.3d 1361, 1365 (Fed. Cir. 2011) (granted); *In re VTEch Commc'ns, Inc.*, No. 909, 2010 WL 46332, at *1 (Fed. Cir. Jan. 6, 2010) (denied); *In re Apple, Inc.*, 374 F. App'x 997, 998–99 (Fed. Cir. 2010) (denied); *In re Vistaprint Ltd.*, 628 F.3d 1342, 1345–47 (Fed. Cir. 2010) (denied); *In re Zimmer Holdings, Inc.*, 609 F.3d 1378 (Fed. Cir. 2010) (granted); *In re Telular Corp.*, 319 F. App'x 909 (Fed. Cir. 2009) (denied); *In re Genentech, Inc.*, 566 F.3d 1338, 1348–49 (Fed. Cir. 2009) (granted); *In re Hoffman-La Roche Inc.*, 587 F.3d 1333, 1335 (Fed. Cir. 2009) (granted); *In re Nintendo Co., Ltd.*, 589 F.3d 1194, 1201 (Fed. Cir. 2009) (granted); *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008) (granted). For the one mandamus action that the Federal Circuit granted during this period that arose from a district other than the Eastern District of Texas, see *In re Link_A_Media Devices Corp.*, 662 F.3d 1221, 1222 (Fed. Cir. 2011) (granting a mandamus action from the District of Delaware).

¹¹⁷ *In re Volkswagen of Am., Inc.*, 223 F. App'x 305 (5th Cir. 2007).

¹¹⁸ *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008).

granted mandamus review of a motion to transfer in *In re TS Tech USA Corp.*¹¹⁹ The Federal Circuit held that the Eastern District of Texas had given “inordinate weight to the plaintiffs’ choice of venue,” ignored the factors of convenience to non-parties and the public interest in localized matters, and improperly analyzed the factor of access to sources of proof.¹²⁰ In the years immediately following *TS Tech*, the Federal Circuit took a much more active role in policing denials of motions to transfer.¹²¹ And the court’s focus was undoubtedly the Eastern District of Texas. The Federal Circuit overturned denials of motions to transfer in eleven cases between 2008 and 2010, ten of which arose from the Eastern District of Texas.¹²²

2. Other Statements from Judges of the Federal Circuit

In another mandamus hearing, the Federal Circuit denied a mandamus petition seeking to move a case out of the United States District Court for the District of Delaware.¹²³ That case, *In re TC Heartland*, eventually led to the Supreme Court overturning the venue law of the Federal Circuit, and will be the focus of the next Part of this Article.¹²⁴ But, this Part will first examine the case before it reached the Supreme Court to get a better sense of what the Federal Circuit saw its role as being, vis-à-vis the Eastern District of Texas.

At oral argument, the Federal Circuit’s Judge Moore started by questioning whether consolidating patent litigation to a narrow number of districts is actually a benefit to the patent system.¹²⁵ Judge Moore seemed to support the idea of having centralized patent courts.¹²⁶ She

¹¹⁹ 551 F.3d 1315, 1318 (Fed. Cir. 2008).

¹²⁰ *Id.* at 1320–21.

¹²¹ See Gugliuzza, *supra* note 113, at 346 (elaborating that the court’s increasing “use of mandamus to repeatedly overturn discretionary, non-appealable rulings of one district court is unprecedented in any federal court of appeals”); Offen-Brown, *supra* note 37, at 66–67 (observing how the Federal Circuit’s increasing grant of mandamus petitions has “add[ed] to the precedential weight of the Fifth Circuit and Federal Circuit courts’ decisions”).

¹²² Gugliuzza, *supra* note 113, at 343. Incidentally, the Patent Reform Acts of 2007 would have amended the patent venue statute to do precisely what it appears the Federal Circuit was seeking to do: limit the influence of the Eastern District of Texas. See Nguyen, *supra* note 35, at 147–51 (describing that the Patent Reform Act of 2007 contained the same provision as the 2005 Senate Bill that limited the venue to the judicial districts where either party resides). Of course, if passed, the Patent Act of 2007 would have changed the venue standards nationwide, whereas the Federal Circuit’s ruling was based on the court’s interpretation of the law of the Fifth Circuit and had a more limited reach. See *In re Volkswagen of Am., Inc.*, 545 F.3d at 315 (holding that cases should be transferred when another venue is “clearly more convenient”).

¹²³ *In re TC Heartland L.L.C.*, 821 F.3d 1338 (Fed. Cir. 2016).

¹²⁴ See *infra* Part II.

¹²⁵ Oral Argument at 23:25, *In re TC Heartland L.L.C.*, 137 S. Ct. 1514 (2017) (No. 16-341), <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2016-0105.mp3>.

¹²⁶ *Id.* at 23:50.

also noted that Congress had considered proposals for specialized patent courts.¹²⁷ Further, she mentioned that Delaware has specialized patent law clerks, something that might benefit those litigating a patent case in Delaware.¹²⁸ The judges in Delaware (and, one assumes, East Texas) could hire specialized clerks familiar with the science behind the patent being litigated.¹²⁹ Judge Moore thought that the permissive venue rules created by *VE Holding* had caused the beneficial specialization in patent law seen in Delaware and other districts, albeit unintentionally.¹³⁰

Judge Moore concluded by questioning whether fixing the venue statute should be the court's responsibility: "boy, doesn't this feel like something the legislature should do, rather than something that [the Federal Circuit] should be asked to do?"¹³¹ She continued, stating that if anyone should be tasked with making a reform to patent laws, it should be Congress.¹³²

According to Judge Moore's questioning, she felt that the Eastern District of Texas has been a net benefit to the patent system. The Eastern District of Texas, like the District of Delaware, possesses the necessary expertise in patent law. If Congress disagreed, Judge Moore suggested, Congress could change the venue laws and therefore the ability of the Eastern District of Texas to attract patent cases.

Other judges have made public statements about the Eastern District of Texas as well, although in less formal settings. Chief Judge Rader, while addressing the Eastern District of Texas Bench and Bar Conference in Plano, Texas, thanked the judges of the district for their "dedication" to patent law.¹³³ He did not use the opportunity to suggest to the judges of the Eastern District that they might do more to stop patent forum shopping. In general, he was very positive about the district's contributions to patent law.¹³⁴

Striking a similar positive note, Judge Dyk showed support for the Eastern District of Texas's judges.¹³⁵ In a law review article, he pointed to the district's limited discovery as well as the reduced trial time imposed by the judges as positive innovations.¹³⁶ Publicly at least, the

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ *Id.* at 25:25.

¹³⁰ *Id.* at 24:10.

¹³¹ *Id.* at 25:45.

¹³² *Id.*

¹³³ Chief Judge Randall R. Rader, Speech at the Eastern District of Texas in Plano, Texas: Patent Law and Litigation Abuse (Nov. 1, 2013), <http://www.dlapiper.com/files/Uploads/Documents/Rader-2013-ED-Tex-BB-Speech.pdf>.

¹³⁴ *Id.*

¹³⁵ Timothy B. Dyk, *Ten Prescriptions for What Ails Patent Law*, 17 STAN. TECH. L. REV. 345, 352 (2014).

¹³⁶ *Id.*

Limiting discovery is important, as is limiting the length of a trial. In the Eastern

Federal Circuit judges do not appear to have any issue with the Eastern District of Texas attracting plaintiffs to file in the jurisdiction. Besides the various mandamus decisions overturning denials of motions to transfer venue, the Federal Circuit seems to have been content to have Congress or the Supreme Court correct whatever venue problems existed in patent law.

E. Summary

The evidence from the struggle over patent venue suggests that the Federal Circuit has been unwilling to take a leading role in patent venue law, preferring instead to defer to Congress and the Supreme Court. Although the court made finding venue in patent cases much easier in *VE Holding*, the court has been largely silent on the Eastern District of Texas's ascent to the district with forty-four percent of the nation's patent cases. Aside from a flurry of mandamus decisions striking down the Eastern District of Texas's refusal to transfer cases that clearly were better suited for another court, the Federal Circuit has been reluctant to comment negatively about the Eastern District of Texas.

And perhaps this is how it should be.¹³⁷ Although the court was created to unify patent law, the judges on the court have taken pains to leave patent policy decisions to Congress.¹³⁸ The judges are quick to suggest that it is Congress's job to direct the law; it is the role of a judge merely to apply congressional directives. Similarly, it may not be an appellate court's role to police the way a district court competes for cases.

But what should the court do when there is something in the way a district court competes for litigants that is harmful to the patent system? A broad range of commentators have complained about the Eastern District of Texas's increasing share of patent litigation.¹³⁹ And the Federal Circuit *has* attempted to rein in the Eastern District of Texas's

District of Texas, for example, allowing each side ten-to-fifteen hours total for direct- and cross-examination seems to work well without sacrificing the ability of counsel to present complex cases to the jury. By forcing the parties to litigate only those issues that are truly dispositive, it likely contributes to better advocacy[—]and outcomes[—]as well.

Id.

¹³⁷ See John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 283–84 (noting that the Federal Circuit can signal and illuminate cases that most require review to the Supreme Court); see also John M. Golden, *The Supreme Court as "Prime Percolator": A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA L. REV. 657, 662 (2009) (arguing that the Supreme Court should act as a percolator when patent policy is out of step with patent doctrine).

¹³⁸ See, e.g., source cited *supra* notes 130–32 and accompanying text.

¹³⁹ See source cited *supra* note 72 and accompanying text.

predilection for refusing to transfer cases once filed in East Texas. As previously pointed out, the Federal Circuit granted mandamus review in ten cases from the Eastern District of Texas and instructed the judge to transfer the case out of the Eastern District of Texas in all but one.¹⁴⁰ But whatever the intentions of the Federal Circuit in granting that unusual number of mandamus petitions, its intervention did not stem the flow of patent litigation into the Eastern District of Texas.¹⁴¹ Furthermore, while the Federal Circuit was willing to review the Eastern District's denial of motions to transfer, the Federal Circuit was unwilling to revisit its own precedent in *VE Holding*.

Congress seems to be more willing to alter patent policy, but perhaps less capable of doing so. Even though numerous congressmen and senators have complained about the Eastern District of Texas's patent docket, there has been enough opposition to venue change that nothing happened.¹⁴² The handful of senators opposed to venue reform (often from Texas) was strong enough to make patent venue reform a non-starter.¹⁴³

Thus, despite the clamor for needed changes to patent venue, the Supreme Court was, perhaps, the only institution capable of making the change, given the unique dynamics of the other institutions involved. Because the Federal Circuit felt that it had already tried to stem the flow of patent litigation towards the Eastern District of Texas and Congress had opposition within itself to venue changes, the Supreme Court was forced to be the "release valve" for patent venue reform.

II. *TC HEARTLAND L.L.C. v. KRAFT FOODS GROUP BRANDS L.L.C.*

The Supreme Court took up the issue of patent venue by granting certiorari in *TC Heartland L.L.C. v. Kraft Foods Group Brand L.L.C.*¹⁴⁴ This case was an odd vehicle to limit the Eastern District of Texas's patent docket; the case had no tie whatsoever to East Texas. Despite the lack of a Texas connection, much of the briefing concerned the Eastern District of Texas.¹⁴⁵ Furthermore, at oral argument all six judges that

¹⁴⁰ See *supra* Section I.D.

¹⁴¹ If anything, patent litigation has *increased* since the Federal Circuit attempted to make venue decisions more reliant on fairness to the parties. The district has seen a huge increase in patent cases since 2007.

¹⁴² See *supra* Part I.

¹⁴³ See *supra* Section I.C.1.

¹⁴⁴ *TC Heartland L.L.C. v. Kraft Foods Grp. Brands L.L.C.*, 137 S. Ct. 1514 (2017).

¹⁴⁵ For example, see Brief of Gen. Elec. Co. as Amicus Curiae Supporting Neither Party, *TC Heartland L.L.C. v. Kraft Foods Grp. Brands L.L.C.*, 137 S. Ct. 1514 (2017) (No. 16-341), http://www.scotusblog.com/wp-content/uploads/2017/02/16-341_amicus_np_general_electric.pdf (devoting more than half of its brief to discussing problems with patent litigation in the Eastern District of Texas).

spoke¹⁴⁶ expressed concerns about the Eastern District of Texas.¹⁴⁷ Clearly, the Eastern District of Texas was on the Court's mind in *TC Heartland*.

A. *The Case*

Kraft, a competitor of TC Heartland in the manufacturing of flavored drink mixes, sued TC Heartland for patent infringement.¹⁴⁸ Kraft originally filed in the District of Delaware. TC Heartland is an Indiana company with Indiana headquarters.¹⁴⁹ Kraft, on the other hand, is a Delaware company with headquarters in Illinois.¹⁵⁰ Thus, the District of Delaware did not have venue over TC Heartland according to the patent venue statute in § 1400; TC Heartland neither was incorporated in Delaware nor did it have a regular and established place of business in Delaware.¹⁵¹ In fact, TC Heartland's only connection to Delaware appears to have been shipping the accused items to Delaware pursuant to two contracts.¹⁵²

However, because of the Federal Circuit's decision in *VE Holding*, § 1400(b) had been subsumed under the general civil venue statute, § 1391, which permits venue in a much wider set of cases.¹⁵³ Section 1391 states that venue shall be proper in "a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred, or a substantial part of property that is the subject of the action is situated"¹⁵⁴ Relying on this more general venue statute

¹⁴⁶ *Id.* There were only eight members of the Court at the time of the oral argument. Justices Alito and Thomas did ask questions of either side, but they joined the issued opinion.

¹⁴⁷ See Transcript of Oral Argument at 14, *TC Heartland L.L.C. v. Kraft Foods Grp. Brands L.L.C.*, 137 S. Ct. 1514 (2017) (No. 16-341), https://www.supremecourt.gov/oral_arguments/argument_transcripts/2016/16-341_8njq.pdf (Justice Breyer: "but these amici briefs, and—they're filled with this thing about a Texas district which they think has too many cases."); *id.* at 43 (Justice Sotomayor: "So a lot of amici discussions as to their reasons for why so many suits are centered in this court in Texas, what is your reason, why do you think that is true?"); *id.* at 45 (Justice Roberts: "So we shouldn't worry that 25 percent of the nationwide cases are [in the Eastern District of Texas]?"); *id.* at 45 (Justice Kagan: "But the complaint is that it allows a kind of forum shopping, right? That it—you—let's go down to Texas where we can get the benefit of a certain set of rules."); *id.* at 14 (Justice Ginsburg: "Well, why, when you—you're complaining about a—a forum that's friendly to infringers."). Justice Ginsburg was talking about the District of Delaware ("friendly to infringers") and contrasting them with the Eastern District of Texas (which is "patentee friendly"). *Id.* at 46 (Justice Kennedy: "The general—generous jury verdicts [in the Eastern District of Texas] enter into this or is that something we shouldn't think about?").

¹⁴⁸ *TC Heartland*, 137 S. Ct. at 1517.

¹⁴⁹ *Id.*

¹⁵⁰ *Id.*

¹⁵¹ See 28 U.S.C. § 1400(b) (2012).

¹⁵² *In re TC Heartland L.L.C.*, 821 F.3d 1338, 1340 (Fed. Cir. 2016).

¹⁵³ See sources cited *supra* notes 59–62 and accompanying text.

¹⁵⁴ 28 U.S.C. § 1391(b)(2).

(and the Federal Circuit's decision in *VE Holding*), Kraft was well within its rights to bring a suit in the District of Delaware. The district court agreed.

The Federal Circuit, predictably, upheld the district court's decision. In rejecting Heartland's petition for a writ of mandamus to direct the District of Delaware to transfer venue, the court held that it was bound by *VE Holding*: "Heartland's arguments are foreclosed by our longstanding precedent."¹⁵⁵ In the court's view, the patent venue statute was altered by the 1988 amendments to the general venue statute; that view was confirmed by the holding in *VE Holding*; and that decision was not reviewable by the panel of the court. In the court's view, § 1391 merely served to define what "resides" means for a corporate defendant in § 1400.¹⁵⁶

The Supreme Court reversed the decision of the Federal Circuit and found that § 1400 was the sole statute that controlled patent venue.¹⁵⁷ In doing so, the Court focused on the history of the patent venue statute. The patent venue statute has a long history, dating back to 1897.¹⁵⁸ In 1948, Congress codified the patent-specific venue provision in 28 U.S.C. § 1400(b).¹⁵⁹ Congress also codified a general venue provision in 28 U.S.C. § 1391, which found venue to be proper for corporations wherever personal jurisdiction was also met.¹⁶⁰

In *Fourco Glass Co. v. Transmirra Products Co.*, the Supreme Court held that § 1400 was the sole venue statute for patent cases.¹⁶¹ Nothing in the 1948 codification, the Court found, evidenced a congressional intent to alter that fact.¹⁶² Despite § 1391's text appearing to cover all civil actions, the Court held that patent cases were governed by the venue statute of § 1400 and not § 1391.¹⁶³

The venue statutes remained virtually unchanged until 1988, when Congress amended § 1391.¹⁶⁴ That amendment updated the residence of

¹⁵⁵ *In re TC Heartland*, 821 F.3d at 1345.

¹⁵⁶ *Id.* at 1342–43.

¹⁵⁷ The holding is expressly limited to corporations, even though TC Heartland is, in fact, an unincorporated entity. See *TC Heartland L.L.C. v. Kraft Foods Grp. Brands L.L.C.*, 137 S. Ct. 1514, 1517, 1517 n.1 (2017) ("In their briefs before this Court, however, the parties suggest that petitioner is, in fact, an unincorporated entity Because this case comes to us at the pleading stage and has been litigated on the understanding that petitioner is a corporation, we confine our analysis to the proper venue for corporations.").

¹⁵⁸ Act of Mar. 3, 1897, ch. 395, 29 Stat. 695; see also *TC Heartland L.L.C.*, 137 S. Ct. at 1515–16.

¹⁵⁹ Act of June 25, 1948, ch. 646, 62 Stat. 936.

¹⁶⁰ 28 U.S.C. § 1391(c) (2012).

¹⁶¹ *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 229 (1957).

¹⁶² *Id.* at 226–28.

¹⁶³ *Id.* at 229.

¹⁶⁴ Judicial Improvements and Access to Justice Act, Pub. L. 100-702, § 1013(a), 102 Stat. 4669 (1988).

a corporation for venue purposes.¹⁶⁵ The Federal Circuit interpreted this change in the law as an “incorporation” of § 1400 under § 1391.¹⁶⁶ In that case, *VE Holding Corp. v. Johnson Gas Appliance Co.*, the Federal Circuit effectively subsumed the patent venue statute under the general venue provision of § 1391.¹⁶⁷ The court reasoned that because the amendment adopted “exact and classic language of incorporation,” § 1391 controlled venue for patent law.¹⁶⁸

But *VE Holding* was erroneous, according to the Supreme Court.¹⁶⁹ The Court held that *Fourco* remained good law,¹⁷⁰ and therefore § 1400 controlled patent venue. The Court dismissed Kraft’s arguments that the 1988 amendments to § 1391 had effectively subsumed § 1400: “The current version of § 1391 does not contain any indication that Congress intended to alter the meaning of § 1400(b) as interpreted in *Fourco*.”¹⁷¹ To the Court, if § 1391 did not subsume § 1400 when written (and *Fourco* holds as much), then nothing that Congress has done since indicates an explicit desire to change the law.¹⁷² That being the case, the Court held that *Fourco* controls. Thus § 1400 defines patent venue for corporations.

TC Heartland represented a sea change in patent venue law. No longer were all ninety-four district courts available to nearly every patent plaintiff. *TC Heartland* limited venue to the state in which a company is incorporated or the state where the defendant has an established place of business and has committed acts of infringement. So, for example, a plaintiff accusing Microsoft of patent infringement before *TC Heartland* could file in any district court across the country: personal jurisdiction—and hence venue—could be established in any of the ninety-four district courts (because Microsoft sells products in all states). On the other hand, post-*TC Heartland*, Microsoft can only be hauled into specific courts: the Western District of Washington where Microsoft is incorporated and has its headquarters, as well as anywhere that Microsoft has a “regular and established place of business.”

¹⁶⁵ See 28 U.S.C. § 1391(c) (2012) (“RESIDENCY – For all venue purposes an entity with the capacity to sue and be sued . . . shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court’s personal jurisdiction . . .”).

¹⁶⁶ *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1579 (Fed. Cir. 1990).

¹⁶⁷ *Id.* at 1578–79.

¹⁶⁸ *Id.* at 1579.

¹⁶⁹ *TC Heartland L.L.C. v. Kraft Foods Grp. Brands L.L.C.*, 137 S. Ct. 1514, 1519–20 (2017).

¹⁷⁰ Indeed, neither party challenged the continuing validity of *Fourco*. See *id.* at 1520 (“Congress has not amended § 1400(b) since *Fourco*, and neither party asks us to reconsider our holding in that case.”).

¹⁷¹ *Id.* at 1520.

¹⁷² *Id.* at 1521 (“This Court was not persuaded then [when *Fourco* was decided], and the addition of the word ‘all’ to the already comprehensive provision does not suggest that Congress intended for us to reconsider that conclusion.”).

B. *Patent Venue Post-TC Heartland*

Since the Supreme Court's decision in *TC Heartland L.L.C. v. Kraft Foods Group Brands L.L.C.*,¹⁷³ the meaning of § 1400 has meant a great deal to patent litigators, patent defendants, and judges. This Section will address the developments in patent venue post-*TC Heartland* from both the judiciary and Congress. But patent scholars have also weighed in on the expected repercussions of the change in venue standards. This Section will also provide a summary of what scholars and commentators predict will happen to the Eastern District of Texas's patent docket in the wake of *TC Heartland*.

As discussed previously, § 1400 has a two-pronged structure: venue is appropriate (1) where the defendant resides or (2) "where the defendant has committed acts of infringement *and* has a regular and established place of business."¹⁷⁴ The Supreme Court left no question about the requirements to fulfill the first prong. The Court held that patent venue law had not changed since the Court issued *Fourco Glass Co. v. Transmirra Products Corp.*¹⁷⁵ in 1957.¹⁷⁶ Ultimately, the Court held that "a domestic corporation 'resides' only in its State of incorporation for purposes of the patent venue statute."¹⁷⁷

Notwithstanding the clear holding, the Court left many unaddressed questions regarding the patent venue statute. Among these unanswered questions is what venue rules apply for entities other than corporations. The Court, in two footnotes, noted that it limited its holding to "proper venue for corporations"¹⁷⁸ and was not answering any questions regarding "foreign corporations."¹⁷⁹ Thus, it remains to be seen how the patent venue statute will apply to unincorporated entities and entities incorporated abroad.¹⁸⁰ District courts that seek to attract patent cases may interpret *TC Heartland* narrowly, stating that the ruling only applies to corporations.¹⁸¹ This would allow courts to find they have proper venue for most unincorporated patent defendants.

¹⁷³ 137 S. Ct. 1514 (2017).

¹⁷⁴ See 28 U.S.C. § 1400(b) (2012) (emphasis added).

¹⁷⁵ 353 U.S. 222 (1957).

¹⁷⁶ *TC Heartland*, 137 S. Ct. at 1517.

¹⁷⁷ *Id.*

¹⁷⁸ *Id.* at 1517 n.1.

¹⁷⁹ *Id.* at 1520 n.2.

¹⁸⁰ Ironically, *TC Heartland* is itself an unincorporated entity. As of the writing of this Article, one district court—the Eastern District of Tennessee—has weighed in on the question of *TC Heartland*'s application to unincorporated entities. In that case, *Maxchief Investments v. Plastic Development Group*, the court held that the venue rules established by *TC Heartland* apply to unincorporated entities as well. See *Maxchief Invs. Ltd. v. Plastic Dev. Grp., L.L.C.*, No. 16-63, 2017 U.S. Dist. LEXIS 128432, at *4–5 (E.D. Tenn. Aug. 14, 2017).

¹⁸¹ But, the one district court to rule on the issue has come out the other way. See *id.*

1. Was *TC Heartland* an Intervening Change in the Law?:
Harvard v. Micron

Another question left unanswered by *TC Heartland* was whether the decision was an intervening change in the law. If not, then defendants who had failed to file a transfer of venue motion because they felt that the law would not support such a transfer, could do so after *TC Heartland*. That is because companies seeking transfer of their case are generally deemed to have waived venue objections if not raised early on in their case.¹⁸² One exception to this rule is when an “intervening change in the law” occurs.¹⁸³ Although *TC Heartland* altered the Federal Circuit’s thirty-year holding in *VE Holding*, many district courts dismissed motions to transfer brought after *TC Heartland* as waived.¹⁸⁴ The Eastern District of Texas was among the district courts that so ruled.¹⁸⁵

Precisely that issue arose in a patent dispute between Micron Technology and Harvard College. In 2016, Harvard sued Micron in the United States District Court for the District of Massachusetts alleging patent infringement.¹⁸⁶ Micron is a Delaware corporation with its principal place of business in Idaho.¹⁸⁷ Micron moved to dismiss the complaint for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6), but it did not object to venue at that time.¹⁸⁸ In May 2017, the Supreme Court issued its decision in *TC Heartland*. Shortly thereafter, Micron filed a motion to transfer venue, which the district court denied.¹⁸⁹ Micron filed a writ of mandamus asking the Federal Circuit to transfer to the District of Delaware or the District of Idaho.¹⁹⁰

¹⁸² See FED. R. CIV. P. 12(h)(1)(A), 12(g)(2) (stating that a defendant who omits an available venue defense from an initial motion to dismiss has waived such a defense).

¹⁸³ FED. R. CIV. P. 12(h)(1)(A), (g)(2) (stating that a venue defense is waived if not included in the initial motion *unless* the defense was not “available to the party”). In determining whether a defense was “available,” courts weigh various factors, including subsequent changes in the law. See 56 AM. JUR. 2D *Motions, Rules, and Orders* § 40 (May 2010) (“A trial court has jurisdiction to reconsider a prior ruling and may examine several factors in determining the propriety of such reconsideration, including whether: a matter is presented in a different light or under different circumstances; *there has been change in governing law*; a party offers new evidence; manifest injustice will result if the court does not reconsider its prior ruling; the court needs to correct its own errors; or an issue was inadequately briefed when first contemplated by court.” (emphasis added)).

¹⁸⁴ See, e.g., *President & Fellows of Harvard Coll. v. Micron Tech., Inc.*, 270 F. Supp. 3d 331, 334–37 (D. Mass. 2017).

¹⁸⁵ See, e.g., *Elbit Sys. Land & C4I Ltd. v. Hughes Network Sys., L.L.C.*, No. 15-00037-RWS-RSP, 2017 WL 2651618, at *20 (E.D. Tex. June 20, 2017) (denying a motion to transfer because *TC Heartland* did not change the law).

¹⁸⁶ *In re Micron Tech., Inc.*, 875 F.3d 1091, 1094 (Fed. Cir. 2017).

¹⁸⁷ *Id.*

¹⁸⁸ *Id.*

¹⁸⁹ *Id.*

¹⁹⁰ *Id.*

A three-judge panel of the Federal Circuit found that *TC Heartland* was a change in the law and remanded the case to consider whether Micron had waived venue arguments by something other than Rule 12(h)(1).¹⁹¹ They found that *TC Heartland* had clearly (if not expressly) rejected *VE Holding*.¹⁹² Because the state of the law at the time Harvard filed the case was controlled by *VE Holding* and *TC Heartland* had subsequently rejected that case, “[t]he Supreme Court changed the controlling law when it decided *TC Heartland* in May 2017.”¹⁹³

2. What Is a “Regular and Established Place of Business?”:

In re Cray

Another unanswered question after the decision in *TC Heartland* was: what does the second prong of § 1400(b) mean? That prong provides that district courts have venue over a defendant that “has committed acts of infringement and has a regular and established place of business” within the district.¹⁹⁴ In the wake of *TC Heartland*, district courts around the country faced a wave of motions to dismiss for lack of venue.¹⁹⁵ With the heaviest patent docket in the country and a reputation as plaintiff-friendly,¹⁹⁶ the Eastern District of Texas faced numerous transfer motions. Ten days after the Supreme Court’s decision in *TC Heartland*, Cray, Inc. filed a motion to transfer its case with Raytheon Co. out of the Eastern District of Texas under 28 U.S.C. § 1406(a).¹⁹⁷ Cray is a Washington corporation with facilities in Washington, Minnesota, Wisconsin, California, and Houston and Austin, Texas, all of which are outside the boundaries of the Eastern District of Texas.¹⁹⁸ Cray’s only connection to the Eastern District of Texas was a single Cray sales representative who worked from his home within the Eastern District of Texas.¹⁹⁹ The Eastern District of Texas evaluated the motion in light of the Supreme Court’s decision in *TC Heartland*, ultimately finding venue to be proper.²⁰⁰

The Eastern District of Texas began its venue discussion focusing on each of the two prongs within the patent venue statute.²⁰¹ The court

¹⁹¹ *Id.* at 1099–1102.

¹⁹² *Id.* at 1099.

¹⁹³ *Id.*

¹⁹⁴ 28 U.S.C. § 1400(b) (2012).

¹⁹⁵ See *In re Cray, Inc.*, 871 F.3d 1355, 1359 (Fed. Cir. 2017).

¹⁹⁶ Bell, *supra* note 17 (labeling the Eastern District of Texas as the district court with the most filed patent litigation complaints).

¹⁹⁷ *Raytheon Co. v. Cray, Inc.*, 258 F. Supp. 3d 781, 785 (E.D. Tex. 2017).

¹⁹⁸ *In re Cray, Inc.*, 871 F.3d at 1356–57.

¹⁹⁹ *Id.*

²⁰⁰ *Raytheon Co.*, 258 F. Supp. 3d at 784.

²⁰¹ *Id.* at 788.

quickly dismissed the first prong—which, post-*TC Heartland*, is interpreted to mean that “a domestic corporation ‘resides’ only in its state of incorporation”²⁰²—because Cray is incorporated in the State of Washington, not within the Eastern District of Texas.²⁰³ Thus, to find proper venue, Cray had to fulfill the requirements of the second prong.²⁰⁴ As Judge Gilstrap noted, the law behind the second prong of the test was unclear and had not been resolved by *TC Heartland* or any other Supreme Court case.²⁰⁵

Prior to proffering his own test, Judge Gilstrap provided an overview of previous decisions issued by both district courts and the Federal Circuit regarding the second prong of § 1400(b).²⁰⁶ Noting that there were two aspects to the prong—“committed acts of infringement” and “regular and established place of business”—the decision focused on each aspect in turn.²⁰⁷

For the first aspect of the second prong, the Eastern District of Texas interpreted committed “act[s] of infringement” with “allegation[s] of infringement.”²⁰⁸ According to the court’s research, “courts have ‘consistently held that an *allegation* of infringement is itself sufficient to establish venue and [the] plaintiff is not required to demonstrate actual infringement by [the] defendant[.]’”²⁰⁹ In summary, the court concluded that to fulfill this aspect, “an allegation that a defendant has committed [making, using, offering to sell, or selling a patented invention, or inducing such conduct] in the district is sufficient to satisfy this requirement of the venue statute.”²¹⁰

Noting the variety of tests in the district courts, Judge Gilstrap turned to the Federal Circuit’s 1985 decision in *In re Cordis Corp.*²¹¹ to analyze the second aspect of § 1400(b)’s second prong—a “regular and established place of business.”²¹² In Judge Gilstrap’s reading of *Cordis*, the appropriate test under the second prong “whether the corporate defendant does its business in that district through a permanent and continuous presence there and not . . . whether it has a fixed physical presence in the sense of a formal office or store.”²¹³ Based on that test, and the numerous analogies he drew between the defendants in *Cordis* and *Cray*, Judge Gilstrap found that the activities were “sufficient to

²⁰² *Id.* (citing *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 226 (1957)).

²⁰³ *Id.*

²⁰⁴ *Id.*

²⁰⁵ *See id.* at 794.

²⁰⁶ *Id.* at 791–92.

²⁰⁷ *Id.* at 788.

²⁰⁸ *Id.*

²⁰⁹ *Id.*

²¹⁰ *Id.*

²¹¹ 769 F.2d 733 (Fed. Cir. 1985).

²¹² *Raytheon Co.*, 258 F. Supp. 3d at 792–93.

²¹³ *Id.* at 793.

meet the ‘regular and established place of business’ requirement of § 1400(b).”²¹⁴

Following this conclusion, “[f]or the benefit of... litigants and their counsel,” Judge Gilstrap outlined a four-factor test to reduce the aforementioned uncertainty in the second prong of § 1400(b).²¹⁵ In his view, courts should weigh the following factors: the defendant’s (1) physical presence; (2) representations; (3) benefits received; and (4) targeted interactions with the district.²¹⁶

Following Judge Gilstrap’s decision, Cray petitioned the Federal Circuit for a writ of mandamus to vacate the court’s order to deny its motion to transfer.²¹⁷ In reversing the district court, the Federal Circuit granted Cray’s petition for mandamus and directed transfer of the case.²¹⁸ Rather than focus on the first aspect of § 1400(b)—the meaning of an “act[] of infringement,”—the Federal Circuit focused all of its attention on the second aspect: the meaning of a “regular and established place of business.”²¹⁹ In contrast to the Eastern District of Texas’s ruling, the Federal Circuit interpreted this part of § 1400(b) much more strictly, placing three requirements on this aspect of the second prong.²²⁰

The Federal Circuit’s test for § 1400(b)’s “regular and established place of business” includes three requirements: “(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).”²²¹ To arrive at these three requirements, the Federal Circuit interpreted the specific language in the statute to mean that “‘a defendant has’ a ‘place of business’ that is ‘regular’ and ‘established.’”²²² The Federal Circuit critiqued the Eastern District of Texas’s four-factor test as “not sufficiently tethered to [the] statutory language and [that] it fail[ed] to inform each of the necessary requirements of the statute.”²²³

The court then walked through each of the three requirements in much more detail. The Federal Circuit stated that the “physical place in the district” requirement must be a “physical, geographical location in the district from which the business of the defendant is carried out.”²²⁴

²¹⁴ *Id.* at 794.

²¹⁵ *Id.*

²¹⁶ *Id.* at 796–99 (outlining each of the four factors in detail and providing citations to various district court and appellate court cases that appear to weigh each factor).

²¹⁷ *In re Cray Inc.*, 871 F.3d 1355, 1356 (Fed. Cir. 2017).

²¹⁸ *Id.* at 1356–57.

²¹⁹ *Id.* at 1360.

²²⁰ *See id.*

²²¹ *Id.*

²²² *Id.* at 1361–62.

²²³ *Id.* at 1362.

²²⁴ *Id.*

The court specifically stated that the statute excluded virtual spaces or electronic communications to establish a physical place.²²⁵ The court interpreted the second requirement—“regular and established place of business”—to mean that the business must for a meaningful time period be stable and established.²²⁶ Finally, the court interpreted the third requirement of “the place of the defendant” to be a place of business that “the defendant must establish or ratify” and “[r]elevant considerations include whether the defendant owns or leases the place, or exercises other attributes of possession or control over the place.”²²⁷

With these factors outlined, the Federal Circuit found that the Eastern District of Texas did not possess proper venue over Raytheon.²²⁸ The court underscored that the totality of the circumstances should be taken into account and that “no one fact is controlling.”²²⁹ Thus, the Federal Circuit granted the petition for mandamus and remanded to determine the district that would be proper.²³⁰ Thus, the Federal Circuit provided a three-requirement test for lower courts to apply regarding what constituted a “regular or established place of business” and added some color regarding the meaning of each of the three requirements. However, the Federal Circuit remained silent as to the “committed acts of infringement” aspect of that prong.

Here we see the Federal Circuit restricting venue in a way that directly affects the Eastern District of Texas. Despite Judge Gilstrap’s attempts to continue to allow broad choice for patent plaintiffs as to district courts, the Federal Circuit established that venue can only be established where the defendant resides or where they have a *physical* business establishment. The travelling salesman’s home in *Cray* was not sufficient to establish venue. This ruling was felt acutely by the courts in East Texas because few companies have a physical place of business in the largely rural Eastern District of Texas. Thus, this ruling (perhaps more than *TC Heartland* itself) drove patent litigants out of the Eastern District of Texas.²³¹

The filing of patent cases post-*TC Heartland* looks starkly different than before the case. Patent filings have dropped off sharply in the Eastern District of Texas: from about forty percent of all patent cases to now just over fifteen percent of patent cases.²³² In sum, after four

²²⁵ *Id.*

²²⁶ *Id.* at 1362–63.

²²⁷ *Id.* at 1363. The court also stated that “[m]arketing or advertisements . . . may be relevant, but only to the extent they indicate that the defendant itself holds out a place for its business.” *Id.*

²²⁸ *Id.* at 1366 (“[T]aken together, the facts here do not show that Cray maintains a regular and established place of business in the Eastern District of Texas.”).

²²⁹ *Id.*

²³⁰ *Id.*

²³¹ See *infra* Section II.B.2.

²³² See Scott W. Doyle et al., *A Look at District Court Filing Trends 120 Days After TC*

months of patent filings post-*TC Heartland*, the data shows that patent plaintiffs are no longer flocking to the Eastern District of Texas to file their patent infringement cases.²³³ Instead, they are choosing another district court, like the District of Delaware and the Northern District of California, to file their cases.²³⁴ Other districts have also experienced growth in patent filings, such as the Central District of California and the District of New Jersey.²³⁵ It is too soon to say for sure whether this really is the end of the Eastern District of Texas's dominance over patent law. There are many things that the court could do to attempt to steer patent plaintiffs back to the district. But, it does seem that this may be more than a temporary downturn in business. *TC Heartland* and *Cray* mean not only that the Eastern District may not have the appeal it once did for patent litigants, but that the district might be unable to have most patent cases heard in its courtrooms.

C. Continued Congressional Interest After *TC Heartland*

As discussed in Section I.C.2, Congress introduced the VENUE Act prior to the decision in *TC Heartland* in an effort to reduce the patent litigation cases in the Eastern District of Texas.²³⁶ The VENUE Act would amend § 1400(b) and clarify that it is the sole statute for patent venue: "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 . . ." ²³⁷ The VENUE Act would make it more difficult than *VE Holding* for patent plaintiffs to establish venue, but easier than the holding in *TC Heartland*. In addition to the two prongs of *TC Heartland*, the VENUE Act would also permit venue in the state where the research that led to the patent was conducted, or where either party had an established place of business and manufactured a product or practiced a patented method.²³⁸

The VENUE Act has not progressed after the Supreme Court's *TC Heartland* decision for obvious reasons. However, the House Judiciary Committee has held hearings on the status of the law based on the Supreme Court's decision to create more certainty in patent venue

Heartland, FRIED FRANK INTELL. PROP.: INTO THE HEARTLAND 2 (Oct. 3, 2017), <http://www.friedfrank.com/siteFiles/Publications/10317IPHeartlandDistrictCourtFilingTrends120DaysAfter.pdf>.

²³³ *Id.*

²³⁴ *Id.*

²³⁵ *Id.*

²³⁶ Venue Equity and Non-Uniformity Elimination Act of 2016, S. 2733, 114th Cong. § 2 (2d. Sess. 2016), <https://www.congress.gov/bill/114th-congress/senate-bill/2733/text>.

²³⁷ *Id.* at § 2(b).

²³⁸ *Id.* at § 2(b)(4)-(6).

questions.²³⁹ Congress remains concerned with patent venue, and in particular with the Eastern District of Texas. Representatives are concerned that *TC Heartland* may just shift patent litigation from Texas to other districts.²⁴⁰ If that is Congress's concern, it may need to revisit the patent venue issue to ensure that courts cannot compete for cases.

D. *Scholarly Commentary on TC Heartland*

Patent scholars had commented about the merits of the *TC Heartland* decision even before the decision was issued. Many opined about the value of an as-then hypothetical outcome. For example, Paul Gugliuzza and Megan La Belle argued that the VENUE Act (for example) would have been a better solution to the patent venue problem than a court decision.²⁴¹ Whether Congress changes the law through the adoption of uniform procedural rules for patent cases,²⁴² or it amends the patent venue statute,²⁴³ or it alters the personal jurisdiction rules,²⁴⁴ congressional action is the best way to stem the piecemeal procedural rules which allow for widespread patent forum shopping.²⁴⁵ Gugliuzza and La Belle believed that only congressional change can effectively eliminate district courts competing for cases.

Similarly, Brian Love and James Yoon felt that patent venue needed to be tightened, but they were ambivalent as to whether that was best handled by the courts or Congress.²⁴⁶ They also showed that the judges of the Eastern District of Texas tend to use their discretion to “dampen” judicial and legislative reforms at restricting where patent cases are filed.²⁴⁷ Thus, to them, some form of venue restraints were necessary.²⁴⁸

Colleen Chien and Michael Risch empirically predicted where patent litigation would take place in the event that *TC Heartland*

²³⁹ See Press Release, Bob Goodlatte, Chairman, House Judiciary Comm., Goodlatte Statement at Hearing Examining the Supreme Court's *TC Heartland* Decision (June 13, 2017), <https://judiciary.house.gov/press-release/goodlatte-statement-hearing-examining-sctus-tc-heartland-decision>.

²⁴⁰ See Ryan Davis, *Congress Has Options on Post-TC Heartland Venue Tweaks*, LAW360 (June 15, 2017, 9:45 PM), <https://www.law360.com/articles/934704/congress-has-options-on-post-tc-heartland-venue-tweaks> (stating that *TC Heartland* “would basically just shift the burden of handling the bulk of patent suits from Texas to two other courts, such a filing pattern could spur Congress to rewrite venue rules in an effort to distribute patent cases more evenly across the country . . .”).

²⁴¹ Gugliuzza & La Belle, *supra* note 106, at 1059–60.

²⁴² *Id.* at 1057–59.

²⁴³ *Id.* at 1054–57.

²⁴⁴ *Id.* at 1059.

²⁴⁵ *Id.* at 1060.

²⁴⁶ Love & Yoon, *supra* note 38.

²⁴⁷ *Id.* at 5–6.

²⁴⁸ *Id.*

changed the venue laws.²⁴⁹ Their predictions have proven remarkably accurate.²⁵⁰ Other scholars also commented about what the general implications of *TC Heartland* might be.²⁵¹

Since the decision, scholars have generally received *TC Heartland* favorably.²⁵² Robert Bone has analyzed how the decision is odd because the Court never mentions the court that is obviously the focus of patent venue reform: the Eastern District of Texas.²⁵³ In general, what other legal scholarship exists about *TC Heartland* has focused on how it will impact patent litigation filings, particularly at the Eastern District of Texas.²⁵⁴

The aim of the next Part is slightly different from what other scholars have written about the case. The goal of the next Part is to glean information about the Supreme Court's contribution to patent policy.

III. SOME LESSONS FROM *TC HEARTLAND*

A. *The Supreme Court and Patent Policy*

1. Deciphering the Supreme Court's Interest in Patent Cases

There has been a lot of recent attention paid to the Supreme Court's interest in patent law.²⁵⁵ The Court has issued twenty-two

²⁴⁹ Colleen V. Chien & Michael Risch, *Recalibrating Patent Venue*, 77 MD. L. REV. 47, 93–101 (2017).

²⁵⁰ *Id.* at 90–92.

²⁵¹ See generally Brian L. Frye & Christopher J. Ryan, Jr., *Fixing Forum Selling*, 25 U. MIAMI BUS. L. REV. 1 (2017); Ana Santos Rutschman, *Patent Venue Exceptionalism after TC Heartland v. Kraft*, 25 U. MIAMI BUS. L. REV. 29 (2016).

²⁵² See Robert G. Bone, Comment, *Forum Shopping and Patent Law—a Comment on TC Heartland*, 96 TEX. L. REV. 141, 162 (2017) (concluding that “*TC Heartland* might be good enough after all, despite its thin rationale”).

²⁵³ *Id.* at 156–62.

²⁵⁴ See *id.*; Cohen et al., *supra* note 7, at 1779 (arguing that *TC Heartland* has “shuffle[d] the deck” of where patent cases are filed, but not offering in depth commentary).

²⁵⁵ See, e.g., Gregory A. Castanias, *Developments in Patent Law: A View from an Appellate Perspective*, ASPATORE, Oct. 2014, 2014 WL 6632918; Gregory Dolin, *Patents at the Supreme Court: It Could've Been Worse*, 2013 CATO SUP. CT. REV. 267; Rochelle Cooper Dreyfuss, *What the Federal Circuit Can Learn from the Supreme Court—and Vice Versa*, 59 AM. U. L. REV. 787 (2010); Timothy B. Dyk, *Thoughts on the Relationship Between the Supreme Court and the Federal Circuit*, 16 CHI.-KENT J. INTELL. PROP. 67 (2016); Rebecca S. Eisenberg, Comment, *The Supreme Court and the Federal Circuit: Visitation and Custody of Patent Law*, 106 MICH. L. REV. FIRST IMPRESSIONS 28 (2007); Timothy R. Holbrook, *Is the Supreme Court Concerned with Patent Law, the Federal Circuit, or Both: A Response to Judge Timothy B. Dyk*, 16 CHI.-KENT J. INTELL. PROP. 313 (2017); Peter Lee, *The Supreme Assimilation of Patent Law*, 114 MICH. L. REV. 1413 (2016); Tejas N. Narechania, *Certiorari, Universality, and a Patent Puzzle*, 116 MICH. L. REV. (forthcoming 2018) (suggesting that the Supreme Court looks for “field splits” when examining cert petitions; Steven Seidenberg, *Patent Tension: The Federal Circuit and the Supreme Court Continue Their Tug-of-War over Interpretations of Patent Law*, 102 A.B.A. J. 17

patent opinions between 2010 and 2016, significantly more than the number they issued in the previous two decades.²⁵⁶ Scholars and judges have put out differing reasons for the Supreme Court's increased interest in patent cases.²⁵⁷ Some have surmised that the real purpose behind the Court's taking so many patent cases is to police the Federal Circuit's enforcement of bright-line rules in patent cases.²⁵⁸ Others claim that the interest is due to the increasing awareness of the patent system's role in the economy.²⁵⁹ But an overlooked aspect of the Supreme Court's recent patent jurisprudence is how little guidance the Court has provided on patent law doctrine.²⁶⁰ The Court appears to be more interested in the procedural aspects of patent litigation than the substance of patent doctrine.²⁶¹

To demonstrate the Court's lack of substantive engagement with patent law, let us examine the most recent cases. Since 2015, the Court has heard thirteen patent cases, although two, as of the writing of this Article, do not have written opinions.²⁶² In five of those eleven cases that have opinions, the Supreme Court reviewed rules for patent infringement—what actions constitute patent infringement.²⁶³ This is a focus of patent litigation and these issues matter a great deal to businesses. These infringement rules do not, however, touch on patentability—what sorts of things are patentable. This omission of patentability cases is likely intentional.

Looking further, the six recent cases that address something other

(2016); Anderson, *Congress as a Catalyst*, *supra* note 112 (proposing a dialogic model for the interactions between the Federal Circuit, Congress, and the Supreme Court).

²⁵⁶ See, e.g., Paul R. Gugliuzza, *How Much Has the Supreme Court Changed Patent Law?*, 16 CHI.-KENT J. INTELL. PROP. 330, 330 (2017) (“The U.S. Supreme Court has decided a remarkable number of patent cases in the past decade, particularly as compared to the first twenty years of the Federal Circuit’s existence.”).

²⁵⁷ See Holbrook, *supra* note 255, at 315.

²⁵⁸ See *id.* (“[O]ne reason for the Court’s interest [in patent law] is clearly some suspicion about the Federal Circuit as an institution.”); Lee, *supra* note 255, at 1422–24 (arguing that the Supreme Court favors holistic standards over formalistic rules).

²⁵⁹ See, e.g., Dyk, *supra* note 255, at 83.

²⁶⁰ See Golden, *supra* note 137, at 669.

²⁶¹ *Id.*

²⁶² As of this writing, the Court has heard, but not issued opinions in two cases: *Oil States Energy Services, L.L.C. v. Greene’s Energy Group, L.L.C.* and *SAS Institute, Inc. v. Matal*. *Oil States Energy Servs., L.L.C. v. Greene’s Energy Grp., L.L.C.*, No. 16-712, 2017 U.S. LEXIS 6130 (Oct. 10, 2017); *SAS Inst. Inc. v. Matal*, No. 16-969, 2017 U.S. LEXIS 6181 (Oct. 10, 2017).

²⁶³ See *Sandoz Inc. v. Amgen Inc.*, 137 S. Ct. 1664 (2017) (clarifying rules for when biosimilar manufacturers can enter a market); *Impression Prods., Inc. v. Lexmark Int’l, Inc.*, 137 S. Ct. 1523 (2017) (holding that foreign and conditional sales exhaust a patentee’s rights); *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., L.L.C.*, 137 S. Ct. 954 (2017) (holding that laches cannot be invoked beyond the six-year statute of limitations period of 35 U.S.C. § 286); *Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734 (2017) (holding that the supply of a single component abroad does not give rise to infringement under 35 U.S.C. § 271(f)(1)); *Commil USA, L.L.C. v. Cisco Sys., Inc.*, 135 S. Ct. 1920 (2015) (defendant’s good-faith belief regarding a patent’s invalidity is not a defense under 35 U.S.C. § 271(b)).

than infringement liability further demonstrate the Supreme Court's focus on patent litigation practice as opposed to substantive patent law.²⁶⁴ As described in detail in Part II, *TC Heartland* addressed a question of civil procedure that just happened to touch on patent law because of the existence of a patent-specific venue statute.²⁶⁵ Similar procedural issues were at the heart of *Cuozzo v. Lee* and *Teva v. Sandoz*. In those cases, the Court dealt with the appropriate standards by which to judge patent claim construction, a critical part of every patent litigation.²⁶⁶ In *Teva*, the Court held that the standard of review of claim construction decisions is for "clear error," and is not de novo as the Federal Circuit had previously held.²⁶⁷ This was an important point for patent attorneys but again was not directed at what you have to do in order to receive a patent: it is about how a patent document should be interpreted by a judge.

Similarly, in *Cuozzo*, in a multi-prong holding, the Court ruled that the standard for claim construction before the newly formed Patent Trial and Appeal Board was not required to have the same standard as claim construction in federal district court.²⁶⁸ Once again, the Court addressed issues that impact litigation: appellate review, administrative procedures before the Patent Trial and Appeal Board, etc. The Court did not address core patentability doctrines in these cases.

The Court has also taken an interest in patent damages and royalties. In *Samsung v. Apple*, the Court determined that for design patent damages the "article of manufacture" need not always be the end product sold to consumers.²⁶⁹ In *Halo v. Pulse* and *Stryker v. Zimmer*, the Court determined that the Federal Circuit's test for enhanced damages was unduly rigid.²⁷⁰ And in *Kimble v. Marvel* the Court held that licensees could not collect post-patent expiration royalties.²⁷¹ While

²⁶⁴ The two cases yet to be decided are not about substantive patent doctrine either. *Oil States* addresses the question of the constitutionality of non-Article III judges at the Patent Trial and Appeal Board (PTAB) extinguishing private rights. *SAS Institute* addresses whether the PTAB must issue a final written decision to every challenged claim.

²⁶⁵ See 28 U.S.C. § 1400 (2012).

²⁶⁶ For more on the importance of claim construction to patent litigants, see J. Jonas Anderson & Peter S. Menell, *Informal Deference: A Historical, Empirical, and Normative Analysis of Patent Claim Construction*, 108 NW. U. L. REV. 1, 21–33 (2013); J. Jonas Anderson & Peter S. Menell, *Restoring the Fact/Law Distinction in Patent Claim Construction*, 109 NW. U. L. REV. ONLINE 187 (2015).

²⁶⁷ *Teva Pharm. USA, Inc. v. Sandoz Inc.*, 135 S. Ct. 831, 836–40 (2015). For background on the debate about the proper standard of review for claim construction, see J. Jonas Anderson, *Specialized Standards of Review*, 18 STAN. TECH. L. REV. 151 (2014).

²⁶⁸ *Cuozzo Speed Techs., L.L.C. v. Lee*, 136 S. Ct. 2131, 2142–46 (2016). Also at issue in *Cuozzo* was whether institution decisions by the PTAB are reviewable on appeal; they are not. *Id.* at 2139–42. Again, a purely procedural question.

²⁶⁹ *Samsung Elecs. Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429 (2016).

²⁷⁰ *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016) (consolidated) (rejecting the Federal Circuit's *Seagate* test for enhanced damages).

²⁷¹ *Kimble v. Marvel Entm't, L.L.C.*, 135 S. Ct. 2401 (2015) (rejecting the opportunity to

patent damages matter a great deal to litigants, they are not the doctrines that impact whether a patent may be obtained or its validity once it is obtained. All told, the Supreme Court has heard and issued decisions in eleven recent patent cases, but none are concerned with substantive patent doctrine.

So, if the Supreme Court is not interested in patent doctrine, why does it continue to take a large number of patent cases? First, I think that the Supreme Court recognizes the limited expertise that it has with patent eligibility and thus feels less comfortable setting doctrine than establishing the rules that are to be used in the litigation of that doctrine. The Supreme Court does feel that it has some expertise about litigation generally and thus may weigh in on tricky matters of patent litigation.

It is true that the Supreme Court examined a number of substantive patent doctrines prior to 2015.²⁷² The results of those cases were decidedly mixed.²⁷³ The Supreme Court appears to be more comfortable lately in monitoring the Federal Circuit's rules about patent litigation (rules about damages, rules about patent-specific venue, rules about appellate review standards, etc.) and less comfortable monitoring patent doctrine (the subject matter of patents, the obviousness standard, written description, etc.).²⁷⁴ As of right now, the Supreme Court seems to be closely monitoring the Federal Circuit, but in areas that avoid substantive patent law.²⁷⁵

2. The Role of the Supreme Court in Patent Policy

Prior to *TC Heartland*, the Supreme Court had not commented very often about the Eastern District of Texas's success at attracting patent plaintiffs to the district. There have been passing references to the

overrule *Brulotte*).

²⁷² See *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014) (holding that abstract ideas are not patentable); *Nautilus, Inc. v. Biosig Instruments, Inc.* 134 S. Ct. 2120 (2014) (holding that patent claims which have "reasonable certainty" are considered definite for purposes of 35 U.S.C. § 112); *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576 (2013) (holding that isolated genes are patent ineligible); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012) (holding that laws of nature are not patentable); *Bilski v. Kappos*, 561 U.S. 593 (2010) (holding that abstract ideas are not patent eligible); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) (holding that the teaching/suggestion/motivation test alone is too rigid to determine non-obviousness under 35 U.S.C. § 103).

²⁷³ See, e.g., J. Jonas Anderson, *Applying Patent-Eligible Subject Matter Restrictions*, 17 VAND. J. ENT. & TECH. L. 267, 270 (2015) (criticizing the Supreme Court's § 101 jurisprudence for a "lack of a coherent theory"); Holbrook *supra* note 255, at 315.

²⁷⁴ The doctrine of disclosure is a perfect example of a patent doctrine in need of some modification that the Supreme Court has not indicated a desire to modify. For more on disclosure, see J. Jonas Anderson, *Nontechnical Disclosure*, 69 VAND. L. REV. 1573 (2016).

²⁷⁵ Cf. Holbrook, *supra* note 255, at 319 ("What is clear, however, is that the Supreme Court is interested in both patent law and the Federal Circuit.").

issue in oral arguments when discussing non-practicing entities or trolls, but typically this is done by the oralist, not by the Justices themselves.²⁷⁶ Aside from one case, the Supreme Court has remained surprisingly silent as the Eastern District of Texas made itself the dominant forum for patent litigation.

The sole occasion where the Supreme Court acknowledged the volume of patent cases finding their way to the Eastern District of Texas occurred during oral arguments in *eBay Inc. v. MercExchange, L.L.C.*²⁷⁷ During oral arguments of a case that questioned when permanent injunctive relief should be awarded, two Justices commented on what was going on with patent venue in the Eastern District of Texas. Justice Ginsburg questioned whether Marshall, Texas (in the Eastern District of Texas) was the only jurisdiction where such a high volume of patent infringement lawsuits were being filed.²⁷⁸ Further, she raised the question of whether high volumes of patent litigation in a specific district court is something with which the Justices should be concerned.²⁷⁹ Justice Scalia, in response to Justice Ginsburg, made perhaps the most famous remark by any Justice about the Eastern District of Texas. Without further discussion, Justice Scalia referred to the Eastern District of Texas as a “renegade jurisdiction.”²⁸⁰ This is the first public acknowledgement that the Supreme Court recognized that something significant was going on with patent venue in Marshall, Texas. Furthermore, Justice Scalia suggested that the Court might “remedy the problem” of the Eastern District of Texas.²⁸¹

But the Court did not take up the issue of the Eastern District of Texas and patent law again until *TC Heartland*.²⁸² Although *TC Heartland* concerned a motion to transfer out of the District of Delaware, and did not explicitly concern the Eastern District of Texas, the Justices spent a great deal of oral arguments asking about the district.²⁸³ From March 2006 until 2017, Justice Scalia’s suggestion to remedy the problems with the Eastern District of Texas did not get attention from the Supreme Court.

So, what is the current Supreme Court’s view of what its role

²⁷⁶ See Transcript of Oral Argument, *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016) (Nos. 14-1513, 14-1520), 2016 WL 707304.

²⁷⁷ See Transcript of Oral Argument, *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (No. 05-130), 2006 WL 846236, at *9-12.

²⁷⁸ See *id.* at *11-13.

²⁷⁹ *Id.*

²⁸⁰ As Justice Scalia once famously referred to the district. *Id.* at *10-11 (“[T]hat’s a problem with Marshall, Texas, not with the patent law. I mean, maybe—maybe we should remedy that problem I don’t think we should [] write our patent law because we have some renegade jurisdictions.”).

²⁸¹ *Id.*

²⁸² See *supra* Part II.

²⁸³ See *supra* note 147 and accompanying text.

should be with regard to patent policy? Should it be monitoring for the rise of the next Eastern District of Texas, knowing that Congress and the Federal Circuit may not be able to stop another district from successfully competing for cases? After all, the Supreme Court is responsible for the lower federal courts. The Court is the ultimate backstop against the rise of another “renegade” jurisdiction. Clearly, the Court has some duty to police the judicial system.

Aside from being a “percolator”²⁸⁴ for the Federal Circuit or a “catalyst”²⁸⁵ for patent reform, the Supreme Court appears to be a “release valve” for needed changes to the law. In its role as “release valve” for patent law, the Court changes the law only when the pressure has built up to do so from industry and the public at large. This limited role in patent policy suits the realities of the Court’s limited docket quite nicely. If Congress is unable to come to consensus in the face of overwhelming evidence and outcry about the need for change, and the Federal Circuit is bogged down by its own incorrect precedents, then the Court should step in to change the direction of patent policy. This combines the hands-off approach suggested by some scholars²⁸⁶ with the “policing” role suggested by members of the Federal Circuit.²⁸⁷ The Supreme Court takes a hands-off approach when it comes to core patent doctrine, but when it comes to procedure and litigation-heavy rulings, the Supreme Court is quick to notice when the Federal Circuit deviates from other courts or does not follow precedent, as was the case in *TC Heartland*.²⁸⁸ This “release valve” approach also allows the Federal Circuit to oversee patent law, while allowing the Supreme Court to intervene when the Federal Circuit has let a problem fester for too long. Given the last three years of certiorari grants (and the lack of issues affecting core patent doctrine), we might even say the Court has fully embraced the role of “release valve” for patent policy.

B. *TC Heartland and the Future of Patent Forum Shopping*

One question that remains following *TC Heartland* is: to what extent the holding will reduce forum shopping in patent cases? Does *TC Heartland* merely reshuffle the deck of which district courts receive patent cases, or does the case do something about reducing the concentration of patent cases in a handful of districts? Early reports suggest that *TC Heartland* has had a major effect on patentees choosing

²⁸⁴ See Golden, *supra* note 137.

²⁸⁵ See Anderson, *Congress as a Catalyst*, *supra* note 112.

²⁸⁶ See, e.g., Mark D. Janis, *Patent Law in the Age of the Invisible Supreme Court*, 2001 U. ILL. L. REV. 387.

²⁸⁷ See Dyk, *supra* note 255.

²⁸⁸ See *supra* Part II.

to file in districts other than the Eastern District of Texas.²⁸⁹ Since the case was decided, the Eastern District of Texas has received a greatly reduced number of patent cases.²⁹⁰ Also, due to the *Cray* and *Micron* decisions, a number of defendants who previously were resigned to their fate of litigating in Marshall, Texas, now have hope of leaving the district.²⁹¹ The district is currently receiving numerous motions requesting a transfer of venue.²⁹²

Some of the cases that would have been filed in the Eastern District of Texas if not for *TC Heartland* are now being filed in the District of Delaware.²⁹³ The District of Delaware now receives the largest number of patent filings of any district court.²⁹⁴ This raises various concerns. First, are we not likely to see some of the same pro-plaintiff procedural rules from the District of Delaware that we also saw from the judges in the Eastern District of Texas? Second, isn't the District of Delaware (or another district) prone to the same competition that fueled the Eastern District of Texas's rise? Third, should Congress just create specialized patent courts to eliminate the worry of court competition and capture? This Section will focus on these three questions.

1. Are We Likely to See Pro-Plaintiff Procedural "Innovations" in Delaware?

Even though *TC Heartland* has increased the number of patent cases in the District of Delaware, the same incentives to create procedural rules that favor plaintiffs do not exist in Delaware as they do in the Eastern District of Texas. First, Delaware is already the number one place for patent litigation right now, and it has not had to engage in

²⁸⁹ See Doyle et al., *supra* note 232.

²⁹⁰ *Id.* at 2. (finding that the Eastern District of Texas has dropped from 39.61% of patent cases filed between May and September 2016 to 15.04% of cases between the same months of 2017).

²⁹¹ Although, that hope may be illusory. The Eastern District of Texas has already held post-*Micron* that a defendant had waived its right to challenge venue even after *TC Heartland* because that defendant had engaged in discovery. See *Intellectual Ventures II L.L.C. v. FedEx Corp.*, No. 16-00980-JRG, 2017 U.S. Dist. LEXIS 193581 (E.D. Tex. Nov. 22, 2017). Because considerable judicial resources had already been expended in the case, the court refused to grant a motion to transfer. *Id.*; see also *Nichia Corp. v. VIZIO, Inc.*, Nos. 16-1453-JRG, 16-CV-01452-JRG, 16-00875-JRG (E.D. Tex. Nov. 15, 2017), <https://www.bloomberglaw.com/document/X1Q6NU1PQL82/download> (order—decided the same day as *In re Micron Tech.* and therefore may not be good law—denying motion to transfer venue because defendant committed a procedural misstep).

²⁹² See Conor Tucker, *The New Patent Venue Regime*, LAW.COM (Nov. 3, 2017, 1:04 PM), <https://www.law.com/sites/almstaff/2017/11/03/the-new-patent-venue-regime/?slreturn=20180010114318>.

²⁹³ See Doyle et al., *supra* note 232.

²⁹⁴ *Id.*

the procedural machinations that East Texas engaged in.²⁹⁵ That is starkly different than the Eastern District of Texas, which had relatively few patent cases on its docket in 2000 and had to do something to attract plaintiffs to the district.²⁹⁶ Assuming that Delaware wants to increase its patent docket (a shaky assumption),²⁹⁷ the district does not need to entice patentees with perks like judge shopping: patentees were already choosing Delaware before *TC Heartland*.²⁹⁸ Prior to *TC Heartland*, the District of Delaware received about twelve percent of cases filed in the United States.²⁹⁹ With only four full-time judges in the district, that number of patent cases (over 1000, annually) is quite a lot to handle.³⁰⁰ Now, after *TC Heartland*, the district is receiving around twenty-eight percent of patent cases in the United States.³⁰¹ This has all been achieved without resorting to the pro-plaintiff procedural and administrative rules adopted by the Eastern District of Texas.

Second, the economy of Delaware does not rely on patent litigation to the same degree as does East Texas.³⁰² East Texas has little business to speak of, thus patent litigation makes a significant part of the district's economy.³⁰³ Hotels, caterers, and local counsel in East Texas say that their business depends on a steady stream of patent litigators coming to town.³⁰⁴ Not so in Delaware. Although the caterers, hotels, and local counsel in Delaware certainly want the judges of the district to bring in

²⁹⁵ *Id.*

²⁹⁶ See Creswell, *supra* note 73.

²⁹⁷ For an example that they might not want to vastly increase patent litigation, see MEC Res., L.L.C. v. Apple, Inc., 269 F. Supp. 3d 218, 225–26 (D. Del. 2017) (granting motion to transfer venue out of the District of Delaware, in part, because the district's judges are overloaded with patent cases).

²⁹⁸ See Doyle et al., *supra* note 232.

²⁹⁹ See *id.*

³⁰⁰ *Id.* As of the writing of this Article, there are only two active judges in Delaware: Judges Leonard P. Stark and Richard G. Andrews. Additionally, Judges Gregory M. Sleet and Joseph J. Longobardi were on senior status, with Judge Sleet having announced his plan to retire later this year. See *Judges*, U.S. DISTRICT CT.: DISTRICT DEL., <http://www.ded.uscourts.gov/judges> (last visited Mar. 17, 2018); see also *The Honorable Joseph J. Longobardi*, U.S. DISTRICT CT.: DISTRICT DEL., http://www.ded.uscourts.gov/judge_17 (“Assumed senior status on June 15, 1997.”); Tom McParland, *Sleet Announces Plan to Retire from Del. Federal Bench This Fall*, DEL. L. WKLY. (Feb. 16, 2018, 6:13 PM), <https://www.law.com/delawarelawweekly/2018/02/08/sleet-announces-plan-to-retire-from-del-federal-be> (announcing March 2017 he would take senior status and nearly one year after senior status Judge Sleet confirmed his plans to retire Fall 2018). President Trump has nominated Colm Connolly and Maryellen Noreika to fill the vacancies. See Tom McParland, *Trump Nominates Connolly, Noreika for Delaware District Court*, DEL. L. WKLY. (Dec 21, 2017), <https://www.law.com/delawarelawweekly/sites/delawarelawweekly/2017/12/21/trump-nominates-connolly-noreika-for-delaware-district-court/>.

³⁰¹ See Doyle et al., *supra* note 232.

³⁰² See Repko, *supra* note 16 (“As the patent docket fades away, so will a chunk of Marshall's economy.”).

³⁰³ *Id.*

³⁰⁴ *Id.*

as much business as possible, the district does not depend on one type of litigation (patent) for the majority of its business.

Lastly, Delaware is incentivized to maintain an even playing field in patent litigation. The Delaware economy is based, in large part, around business incorporation and the concomitant work that comes from that incorporation.³⁰⁵ A large part of that work is the litigation that comes from having jurisdiction over the large number of suits against corporate defendants.³⁰⁶ Even though the state makes business litigation a part of the state's economy, the state cannot make their courts pro-plaintiff without repercussions. If the district were to be seen as overly patentee-friendly, that may drive corporate entities to seek out other jurisdictions in which to incorporate.³⁰⁷ As one of the only states that has jurisdiction in the majority of patent cases, it is in Delaware's interest to maintain a neutral procedural process that does not favor either defendants or plaintiffs systematically. Ironically, it is the threat of defendants seeking to avoid the Delaware courts (i.e., by incorporating elsewhere) that would hurt the local economy, not the other way around. Thus, it is in Delaware's interest to be seen as neutral to both plaintiffs and defendants. This should lead to fair procedural rules.

2. Will *TC Heartland* Reduce Forum Shopping in Patent Cases?

Even if Delaware does not have reasons to engage in forum shopping, the concerns about courts engaging in Eastern Texas-like behavior will continue to exist. Competition among courts for forum shopping plaintiffs may result in the concentration of a large percentage of particular cases in a certain court.³⁰⁸ This allows a generalist court to become a specialist court, in the sense that they have experience and expertise with that particular type of case.³⁰⁹ Concentration of cases has major implications for the federal courts as a whole. First, as demonstrated by the Eastern District of Texas, acquiring that expertise also comes at a cost to defendants.³¹⁰ To get plaintiffs to file in a district, the district must first make things very favorable to plaintiffs, either

³⁰⁵ See Law of Dec. 31, 1963, ch. 218, Del. Laws 724 ("The favorable climate which the state of Delaware had traditionally provided for corporations has been a leading source of revenue for the state."); see also William L. Cary, *Federalism and Corporate Law: Reflections upon Delaware*, 83 YALE L.J. 663 (1974).

³⁰⁶ See Jonathan R. Macey & Geoffrey P. Miller, *Toward an Interest-Group Theory of Delaware Corporate Law*, 65 TEX. L. REV. 469, 489–512 (1987) (discussing the state's prominence in corporate headquarters as advantaging, among others, Delaware lawyers).

³⁰⁷ *Id.*

³⁰⁸ See Anderson, *supra* note 5, at 680–88 (analyzing the connection between concentration of cases and forum shopping by patent litigants).

³⁰⁹ *Id.*

³¹⁰ *Id.* at 678–80 (describing the costs of court competition).

through outcomes, or procedure.³¹¹ This favored treatment for one side (usually the plaintiff) may alter individual case outcomes.³¹²

Second, court concentration usually means a lack of diversity in the decision makers. Fewer courts means fewer judges that are opining on difficult issues. If a court becomes the predominant court for particular types of cases, the leveling effects of different viewpoints disappears. If a court seeks to encourage filings of a particular type of case, that court may develop a pro-plaintiff bias as a means of attracting litigants.³¹³

Third, with concentration comes fear of capture.³¹⁴ Whether the concentration of cases arises from statute (as with the Federal Circuit) or through other means (like the Eastern District of Texas competing successfully for patent cases), the attraction of capturing courts increases dramatically when the court hears large numbers of similar cases.³¹⁵ Capture was a worry of opponents of the creation of the Federal Circuit, and those critics usually based their criticism on the concentration of patent cases in one court. Opponents of the court's creation expressed concern that the court would be prone to capture, in that repeat litigants before the court might gain influence and sway over the court's decisions.³¹⁶ Concentrating a particular type of case in a single court increases the incentives for affected parties to influence the decisions of that court as well as the future appointments of judges.³¹⁷

In the case of the Eastern District of Texas, this concentration of cases was made possible, in part, by the venue rules governing patent cases.³¹⁸ *VE Holding* allowed most patent plaintiffs to file in any district court in the United States.³¹⁹ With all ninety-four U.S. district courts from which to choose, plaintiffs could select the court that they felt offered them the greatest odds of success.³²⁰ The plaintiff's venue

³¹¹ *Id.* at 679–80.

³¹² *Id.*

³¹³ *Id.* at 697–98 (arguing that competition for patent cases is fueled by adopting “pro-plaintiff” procedural rules).

³¹⁴ J. Jonas Anderson, *Court Capture*, B.C. L. REV. 1, 32–33 (forthcoming 2018) (demonstrating that courts can be at risk for capture in a variety of settings).

³¹⁵ *Id.* at 689 (listing capture as one of the potential drawbacks from court specialization).

³¹⁶ See Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 3 (1989) (articulating the criticism that specialized judges “are susceptible to ‘capture’ by the bar that regularly practices before them” (citing RICHARD A. POSNER, *THE FEDERAL COURTS: CHALLENGE AND REFORM* 157 (2d ed. 1985))).

³¹⁷ *Id.*

³¹⁸ See 28 U.S.C. § 1400(b) (2012) (establishing venue for patent infringement actions “in the judicial district where the defendant resides”); see also 28 U.S.C. § 1391(c) (2012) (establishing residence for corporate entities in multiple jurisdictions).

³¹⁹ See sources cited *supra* notes 61–68 and accompanying text.

³²⁰ See, e.g., Kevin M. Clermont & Theodore Eisenberg, *Exorcising the Evil of Forum-Shopping*, 80 CORNELL L. REV. 1507, 1508 (1995) (“The plaintiff’s opening moves include shopping for the most favorable forum.”); see also Debra Lyn Bassett, *The Forum Game*, 84 N.C. L. REV. 333, 382 (2006) (applying rational choice theory to forum shopping and concluding that “the rational lawyer will choose” the venue that potentially offers “a more

decision was likely to stand, seeing as how only two percent of cases are transferred to a new venue.³²¹ Furthermore, the Eastern District of Texas kept cases filed within its district by rarely granting motions to transfer.³²² Thus, the initial choice of venue played a great role in determining the final outcome of a case.³²³ Now, after *TC Heartland*, many patent defendants will not have proper venue in the Eastern District of Texas. But that does not mean that other courts (District of Delaware, Northern District of California, Central District of California, etc.) could not achieve a high concentration of patent cases by employing the same tactics that have proven successful in the Eastern District of Texas.

Many commentators predict that *TC Heartland* may be the end of the Eastern District of Texas's dominance of patent law.³²⁴ Without the option of filing in any district court in the United States, litigants will be forced to look at district courts in places other than East Texas.³²⁵ The Eastern District of Texas will be unable to compete for litigation because venue will restrict many litigants from filing there. Without the specialization that comes from centralization, it is much less likely that courts and judges will be subject to capture; they will not be attractive targets because there is no way of knowing *ex ante* which cases a judge will hear.

Of course, similar predictions of the demise of the Eastern District of Texas have been wrong in the past.³²⁶ The judges of the district have

favorable outcome”).

³²¹ See Clermont & Eisenberg, *supra* note 320, at 1526–27 (calculating the percentage of cases that were transferred to another district as between one percent and two percent between 1979 and 1991).

³²² See, e.g., Offen-Brown, *supra* note 37, at 73 (noting that until 2008, “it was difficult to obtain transfer” from jurisdictions like the Eastern District of Texas). *But see* Paul M. Janicke, *Venue Transfers from the Eastern District of Texas: Case by Case or an Endemic Problem?*, *LANDSLIDE*, Mar.–Apr. 2010, at 16 (finding that the percentage of patent cases transferred by the Eastern District of Texas “was about the same” as the average nationwide in 2006 and “significantly more” in 2007).

³²³ See sources cited *supra* notes 320–21 and accompanying text.

³²⁴ See, e.g., Matthew Bultman, *Justices Could Deal Blow to East Texas Patent Docket*, *LAW360* (Dec. 15, 2016, 9:12 PM), <https://www.law360.com/articles/873372/justices-could-deal-blow-to-east-texas-patent-docket> (predicting that the case could “end up barring most patent owners from filing cases in the patent hotbed of the Eastern District of Texas . . .”).

³²⁵ If the Supreme Court restricts venue to a defendant's place of business, much litigation would shift from the Eastern District of Texas to the District of Delaware as many companies are headquartered in Delaware. This, of course, raises the specter of court capture occurring in Delaware, which has a history of such court capture. See generally LYNN M. LOPUCKI, *COURTING FAILURE: HOW COMPETITION FOR BIG CASES IS CORRUPTING THE BANKRUPTCY COURTS* (2005) (chronicling the moves by bankruptcy courts of the District of Delaware to attract plaintiffs to Delaware).

³²⁶ See, e.g., Ryan Davis, *Del. May Eclipse Texas as Top Patent Venue Under AIA*, *LAW360* (Oct. 28, 2011, 2:00 PM), <https://www.law360.com/delaware/articles/278301/del-may-eclipse-texas-as-top-patent-venue-under-aia> (claiming that the America Invents Act could “hasten the long-predicted decline of the Eastern District of Texas as a popular venue for patent cases”).

proven adept at narrowly construing appeals court rules that would limit the cases that can be filed.³²⁷ It appears that the judges of the district have tried to do the same thing following *TC Heartland*, yet they have been overruled by the Federal Circuit thus far.³²⁸ The discretion afforded to a district court judge is powerful. We are unlikely to see the end of patent forum shopping, or courts engaging in attracting forum shopping plaintiffs, any time soon. But, *TC Heartland* does point the courts in the right direction and minimizes forum shopping behavior. However, despite the diminished patent docket, the Eastern District of Texas will continue to play a powerful role in patent law for the foreseeable future.

3. Should We Reconsider Specialized Courts?

The federal judiciary is, to a large extent, comprised of generalist judges and generalist courts; courts that hear all types of disputes and are not considered to specialize in any one particular type of case.³²⁹ However, in 1982, Congress began an “experiment” in specialized appellate adjudication by creating the United States Court of Appeals for the Federal Circuit.³³⁰ Proponents of the court offered various rationales for the need to create a specialized patent appellate court. First, proponents argued that concentrating patent appeals in a single court would create stability and predictability in the law.³³¹ The creation of the Federal Circuit, it was argued, would result in a single, uniform body of law and eliminate the widespread practice of patent forum shopping that existed in the 1970s.³³² It was hoped that uniformity and predictability in the law would encourage increased investment in patent-eligible technologies.³³³ Second, proponents argued that the

³²⁷ See sources cited *supra* notes 246–47 and accompanying text.

³²⁸ See *supra* Sections II.B.1–2.

³²⁹ See LAWRENCE BAUM, SPECIALIZING THE COURTS 1 (2011) (noting that while the legislative and executive branches are bastions of specialization, the judiciary prides itself on “specializ[ing] in judging but not in any particular subject matter”).

³³⁰ Dreyfuss, *supra* note 316, at 3 (referring to creation of the Federal Circuit as “a sustained experiment in specialization”).

³³¹ See COMM’N ON REVISION OF THE FED. COURT APPELLATE SYS., STRUCTURE AND INTERNAL PROCEDURES: RECOMMENDATIONS FOR CHANGE, 67 F.R.D. 195, 369–71 (1975) (advocating for a single court with nationally binding jurisdiction to guide and monitor the field of patent law to end the geographical circuit deviations).

³³² See, e.g., *id.* at 370–71 (“Patentees now scramble to get into the 5th, 6th and 7th circuits since the courts there are not inhospitable to patents whereas infringers scramble to get anywhere but in these circuits. Such forum shopping not only increases litigation costs inordinately and decreases one’s ability to advise clients, it demeans the entire judicial process and the patent system as well.”); Dreyfuss, *supra* note 316, at 7 (maintaining that one of the purposes of the Federal Courts Improvement Act of 1982 was to resolve forum shopping issues by providing a single forum for patent arguments).

³³³ See Dreyfuss, *supra* note 316, at 2–3, 7 (describing the difficulties of multiple forums

expertise gained by judges on the new court would allow the court to efficiently adjudicate patent cases.³³⁴ Specialization requires judges to repeatedly hear a particular type of case; repetition, in turn, allows judges to quickly dispose of their work.³³⁵ Specialization also frees generalist courts from having to occasionally wade into complicated areas with which they have little experience, such as patent law.³³⁶ Clearing dockets of unwanted patent cases, it was thought, would allow generalist judges outside of the Federal Circuit to more quickly dispose of their remaining caseload.³³⁷ Lastly, proponents believed that concentrating patent cases in one court would lead to increased judicial expertise and thus higher-quality decisions.³³⁸

The creation of the Federal Circuit was not without criticism. One of the main critiques of the court's creation was that the concentration of patent cases could lead to the court becoming captured. A specialized court will attract the attention of special-interest groups interested in strengthening or weakening the patent system.³³⁹ Richard Posner and

hearing patent disputes and the measures taken to remedy these difficulties); Duffy, *supra* note 137, at 283–84

The Federal Circuit was created in the hope that the court would develop a unified and coherent body of patent precedents. . . . More importantly, the expertise of the Federal Circuit judges tends to illuminate the difficult issues of patent law, making the issues more visible, more comprehensible, and easier to review.

Duffy, *supra* note 137, at 283–84.

³³⁴ See, e.g., *Court of Appeals for the Federal Circuit—1981: Hearing on H.R. 2405 Before the Subcomm. on Courts, Civil Liberties, & the Admin. of Justice of the H. Comm. on the Judiciary*, 97th Cong. 42–43 (1981) (statement of the Hon. Howard T. Markey, C.J., Court of Customs and Patent Appeals) (analogizing judicial specialization to “brain surgery” and arguing that specialized courts will be more efficient, just as specialized surgeons perform brain surgery much more quickly than general surgeons).

³³⁵ See *id.*

³³⁶ See *id.* at 43.

³³⁷ See *id.* at 14.

³³⁸ See BAUM, *supra* note 329, at 33.

The most useful way to define [quality] is in relation to what judges are trying accomplish. If judges seek to interpret the law well, expertise helps them choose the best interpretation. If they seek to make good policy, expertise helps them . . . identify the case outcomes and legal doctrines that constitute good policy as they define it.

Id.; cf. David P. Currie & Frank I. Goodman, *Judicial Review of Federal Administrative Action: Quest for the Optimum Forum*, 75 COLUM. L. REV. 1, 67–68 (1975) (articulating arguments for the creation of specialized administrative courts, such as “the notion that review of highly technical administrative decisions requires a better grasp of the subject matter than can be expected from the generalist judge”). *But see* Rochelle Cooper Dreyfuss, *Specialized Adjudication*, 1990 BYU L. REV. 377, 379–82 (expounding the negative impacts that specialized courts create, such as “an isolation that jeopardizes [a specialized court’s] ability to shape the law”). See generally Harold H. Bruff, *Specialized Courts in Administrative Law*, 43 ADMIN. L. REV. 329, 330–32 (1991) (comparing and contrasting the “general benefits and costs of specialized courts”).

³³⁹ I have written elsewhere about the Federal Circuit’s strange relationship with lobbyists, oftentimes with the judges acting as the lobbyist themselves. See J. Jonas Anderson, *Judicial Lobbying*, 91 WASH. L. REV. 401, 432–35 (2016); see also Dreyfuss, *supra* note 316; text

William Landes state that:

It was predictable that a specialized patent court would be more inclined than a court of generalists to take sides on the fundamental question whether to favor or disfavor patents, especially since interest groups that had a stake in patent policy would be bound to play a larger role in the appointment of the judges of such a court than they would in the case of the generalist federal courts.³⁴⁰

While critics complained about the worries of capture, they rarely defined what the term meant when applied to a federal court. Rochelle Dreyfuss, the leading scholar of the Federal Circuit's creation, notes that there were worries about judges on the court being "susceptible to capture by the bar that regularly practices before them."³⁴¹ However, in her view, capture has not yet materialized at the Federal Circuit.³⁴² To her, something other than capture is taking place. She considers capture to mean that the court has succumbed to its constituents—patent lawyers.³⁴³ She does not observe this sort of capture in the Federal Circuit's decisions.³⁴⁴ If the Federal Circuit had been captured, one would expect a pro-patentee bias in its decisions.³⁴⁵ While one can find those leanings in the decisions of the court, Dreyfuss sees something more innocuous having occurred: "the CAFC's leanings toward patentees may not be so much evidence of capture as recognition of national priorities."³⁴⁶ Part of the reason the Federal Circuit has been insulated from capture, in Dreyfuss's view, is the additional non-patent caseload that the court handles.³⁴⁷ Similarly, she does not view the appointments process as having been captured.³⁴⁸

Most observers tend to agree with Dreyfuss: the Federal Circuit, whatever its faults, has not been captured.³⁴⁹ The Federal Circuit has, in fact, avoided the pitfalls of classic capture. The appointments process cannot be said to be controlled by any one group of interest holders or

accompanying note 36.

³⁴⁰ William M. Landes & Richard A. Posner, *An Empirical Analysis of the Patent Court*, 71 U. CHI. L. REV. 111, 111–12 (2004).

³⁴¹ Dreyfuss, *supra* note 316, at 3.

³⁴² *Id.* at 28 n.174 ("For reasons expressed in the text, the CAFC's leanings toward patentees may be not so much evidence of capture as recognition of national priorities.").

³⁴³ *Id.* at 3 (identifying the capturers as "the bar that regularly practices before" the court).

³⁴⁴ *Id.* at 28 n.174.

³⁴⁵ *Id.* at 26–27.

³⁴⁶ *Id.* at 28 n.174.

³⁴⁷ *Id.* at 30 n.178 ("[I]t may be that the CAFC has avoided capture because much of its attention is drawn to other types of cases.").

³⁴⁸ Dreyfuss, *supra* note 255, at 790 ("There has been no capture of the [Federal Circuit] appointment process.").

³⁴⁹ See generally Janis, *supra* note 286, at 399. But see Sapna Kumar, *Expert Court, Expert Agency*, 44 U.C. DAVIS L. REV. 1547, 1601–08 (2011) (applying interest group theory to the creation of the Federal Circuit and finding that "[t]he origin of the Federal Circuit does not tell us whether the court today is susceptible to interest group pressure").

industry. Of the six most recent appointments, only two came from the patent bar, the industry that most would suspect would be interested in capturing the court.³⁵⁰ On a court that specializes in patent law, that is a surprisingly low number of patent-experienced jurists. Some have surmised that the court's alternate areas of specialized jurisdiction protect the appointment process for judges on the court from becoming captured by patent holders.³⁵¹ Others have suggested that the balance between interested parties in patent law has discouraged capture.³⁵² But whatever the reason, the majority of scholars agree that the Federal Circuit has not been captured.

But the same cannot be said for the judges on the Eastern District of Texas. For whatever reason, the court has been interested in attracting patent plaintiffs to its courtroom for years. And to achieve this goal, the court became extremely friendly to patent plaintiffs. Specialized courts, with their built-in concentration of cases, are even more prone to capture-like symptoms. While *TC Heartland* and other congressional modifications to the court system may minimize capture possibilities at courts of general jurisdiction, specialized courts (or courts that are centralized repositories for all cases of a certain type) will remain prone to capture.³⁵³ For this reason, Congress may want to reevaluate the move towards specialization and centralization in the judiciary.³⁵⁴ Specialization is a very valuable asset for judges and makes

³⁵⁰ Kara Stoll was a patent attorney in Washington, D.C. Raymond Chen was previously the Solicitor at the USPTO. Judge Taranto tried a number of patent infringement cases prior to his appointment to the bench. The other three, Judges Hughes, Wallach, and Reyna had little patent experience prior to appointment to the court. See *Judges*, U.S. CT. APPEALS FOR FED. CIR., <http://www.cafc.uscourts.gov/judges> (last visited Mar. 17, 2018). Interestingly, two judges (Chief Judge Moore and Judge O'Malley) are married to patent litigators.

³⁵¹ See Dreyfuss, *supra* note 255, at 790.

³⁵² See Janis, *supra* note 286, at 400 ("Conceivably, patent enforcement litigation is inherently balanced, and this inherent balance discourages capture.").

³⁵³ See, e.g., Landes & Posner, *supra* note 340, at 112:

A patent court would be more likely to take the pro-patent side of this fundamental controversy simply because a court that is focused on a particular government program, like an administrative agency (invariably specialized), is more likely than a generalist court to identify with the statutory scheme that it is charged with administering.

Id.

³⁵⁴ For an overview of the specialized courts in the federal judiciary, see generally BAUM, *supra* note 329. For arguments for and against specialized courts, see Lawrence Baum, *Judicial Specialization and the Adjudication of Immigration Cases*, 59 DUKE L.J. 1501, 1560 (2010) (arguing for caution in establishing immigration courts); Sarang V. Damle, *Specialize the Judge, Not the Court: A Lesson from the German Constitutional Court*, 91 VA. L. REV. 1267, 1269 (2005) (arguing for a "rapporteur" system for specialized judges); Jeffrey W. Stempel, *Two Cheers for Specialization*, 61 BROOK. L. REV. 67, 128 (1995) (favoring, with reservations, a move to a more specialized judiciary); Diane P. Wood, *Generalist Judges in a Specialized World*, 50 SMU L. REV. 1755, 1768 (1997) (arguing for federal judges to retain their generalist character).

the process of judging more efficient.³⁵⁵ But judicial specialization is acquired only by repeatedly hearing similar cases, which is often accomplished by concentrating cases in the hands of a few judges.³⁵⁶ Concentration of cases makes judges more capture-prone, or at least more likely to be targeted for capture.³⁵⁷

Proposals for new specialized, or concentrated, courts should seriously consider the risk that the courts will be captured by the litigants that practice before those courts.³⁵⁸ There are already a number of specialized Article III federal courts. In addition to the Federal Circuit, the Court of International Trade handles all cases involving import transactions³⁵⁹; while the Foreign Intelligence Surveillance Court entertains applications by the federal government for approval of electronic surveillance, physical search, and other investigative actions for foreign intelligence purposes.³⁶⁰ Additionally, there are a number of specialized Article I federal courts, including the Tax Court, and the Court of Federal Claims, among others.³⁶¹ Congress is considering how to handle various forms of litigation, and specialized courts have an intuitive appeal³⁶²: they can make decisions more quickly than generalist courts, they have deeper subject matter knowledge, and they can address the concerns of a specialized field in ways that generalists generally do not.³⁶³ Although capture is difficult to gauge, it can have deleterious effects on the court system, causing defendants to doubt whether justice can be achieved through the court system as a whole. Capture invites us to question judicial neutrality.³⁶⁴ Courts should do everything they can to protect against capture.

³⁵⁵ See BAUM, *supra* note 329.

³⁵⁶ See Jonas Anderson, *Judge Shopping in the Eastern District of Texas*, 48 LOY. CHI. L. REV. 539, 542–47 (2016) (describing how Judge Gilstrap of the Eastern District of Texas became the nation's preeminent patent judge).

³⁵⁷ See *id.* at 1767 (“[T]he generalist judge is less likely to become the victim of regulatory capture than her specialized counterpart, despite the best intentions on the latter’s side.”).

³⁵⁸ See *id.*

³⁵⁹ 28 U.S.C. §§ 1581–85 (2012).

³⁶⁰ 50 U.S.C. §§ 1801–85(c); see also *About the Foreign Intelligence Surveillance Court*, U.S. FOREIGN INTELLIGENCE SURVEILLANCE CT., <http://www.fisc.uscourts.gov/about-foreign-intelligence-surveillance-court> (last visited Feb. 21, 2018).

³⁶¹ See generally Wood, *supra* note 354, at 1765–66 (arguing that these Article I specialists differ from Article III judges, that are for the most part generalists).

³⁶² See Michael Landau & Donald E. Biederman, *The Case for a Specialized Copyright Court: Eliminating the Jurisdictional Advantage*, 21 HASTINGS COMM. & ENT. L.J. 717 (1999) (proposing specialized copyright courts).

³⁶³ See BAUM, *supra* note 329, at 52.

³⁶⁴ See Christine Lockhart Poarch, *The FBA’s Proposal for the Creation of a Federal Immigration Court*, FED. LAW., Apr. 2014, at 10 (highlighting the Federal Bar Association’s proposal to create a federal immigration court).

CONCLUSION

TC Heartland was a needed change. The case tightened the venue rules for patent cases, making it much more difficult to demonstrate that a district court has venue over a defendant. Now, to demonstrate venue, a defendant must (a) reside in the state in which the district is in or (b) must have a regular place of business and have committed alleged acts of infringement in the district. The Eastern District of Texas, the district that had received the most patent filings annually prior to the ruling, has attempted to narrowly construe the case in order to maintain the high number of patent cases filed with the court. At first, the district attempted to construe the second test for venue quite loosely, finding venue in a case that involved one employee in the district working from his home. But that interpretation has been struck down by the Federal Circuit in *In re Cray*. Then, the Eastern District of Texas attempted to keep cases that had been in the district before the ruling in *TC Heartland* under the theory that defendants waived their opportunity to challenge venue. Again, the Federal Circuit reversed the Eastern District by holding in *Harvard v. Micron* that *TC Heartland* was an intervening change in the law and therefore defendants had not waived their right to challenge venue. In the coming months and years, the Eastern District of Texas will undoubtedly try other means of attracting patent cases to the district, even with the increased difficulty of finding venue in the Eastern District of Texas for defendant corporations.

What does the future hold for patent forum shopping after *TC Heartland*? Most immediately, we have seen a surge in filings at the District of Delaware and that trend is likely to continue for the foreseeable future. But Delaware is unlikely to enact the plaintiff-friendly procedural rules and practices that made the Eastern District of Texas an irritant of legislators and Supreme Court Justices. Delaware, unlike East Texas, has some incentive to maintain an even-handed approach to patent law. If the district came to be seen as overly patentee-friendly, the state would risk innovative companies choosing to incorporate elsewhere.

Although the District of Delaware will likely be more even-handed with patent cases than the Eastern District of Texas was, *TC Heartland* has not killed patent forum shopping as a practice. There is nothing preventing any other district court from employing the same plaintiff-friendly rules developed by the Eastern District of Texas. And this worry about forum shopping is exacerbated with specialized courts, whether those courts are specialized by design or by accident. Congress should consider the downsides of specialization when it entertains the creation of new specialized courts.

TC Heartland sheds further light on the Supreme Court's recent infatuation with patent law, or more precisely, patent litigation. The

case represents a significant data point in the question of why the Supreme Court takes so many cases about patent law. In the last three years, the Court has taken thirteen cases about patent law arising from the Federal Circuit. All of those cases concern questions of patent litigation (damages, standards of review, procedure) and avoid the harder questions of patent doctrine. This three-year trend may represent a low point of patent doctrinal insight from the court, or it could represent a Court that is unsure of its competence when opining about patent law doctrine, and is more confident in deciding the proper way patent cases should be adjudged.