Akin®

New Life for Venue Challenges under TC Heartland after Rule 12 Motions Are Concluded

May 25, 2017

Reading Time : **2 min**

TC Heartland upended 30 years of Federal Circuit precedent concerning proper venue for corporate defendants in patent infringement cases. The patent venue statute provides that venue is proper in any judicial district in which the defendant "resides" or where "the defendant has committed acts of infringement and has a regular and established place of business." 28 U.S.C. § 1400(b). Prior to *TC Heartland*, the term "resides" was defined in accordance with the definition of residency in the general venue statute, which provides that "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." 28 U.S.C. § 1391(c). Thus, under the old standard, a plaintiff could establish proper venue for a corporate defendant simply by establishing personal jurisdiction.

In *TC Heartland*, the Supreme Court held that the term "resides" in § 1400(b) refers to only the state of incorporation for domestic corporations. *TC Heartland*, 2017 U.S. LEXIS 3213, at *17. Therefore, to establish venue for a domestic corporation under the new standard, a plaintiff must demonstrate that the defendant is incorporated in the state within which the district sits or that "the defendant has committed acts of infringement and has a regular and established place of business." *See* §1400(b) (emphasis added); *see also TC Heartland*, 2017 U.S. LEXIS 3213, at *10, 17.

TC Heartland opens the door for defendants to raise improper venue defenses in cases filed outside their home states and where they do not maintain a "regular and established place of business." But, in many active cases, plaintiffs may argue that despite the change resulting from the Supreme Court's decision, the rules do not permit a venue challenge. Such an

argument ignores the limits of the waiver rule and also the courts' inherent authority to manage their dockets and exercise discretion in permitting challenges based on changed law or circumstances. Under Rule 12 of the Federal Rules of Civil Procedure, certain defenses—including improper venue—may be waived if they are not raised in a Rule 12 motion or responsive pleading. *See* Fed. R. Civ. P. 12(h)(1). But, such defenses are only susceptible to a waiver argument if they were "available" at the time of the motion or responsive pleading. *See* Fed. R. Civ. P. 12(g)(2).

The Court's decision to order both parties to brief the venue issue supports either that the Court believes that these circumstances fall outside the waiver provision of Rule 12 or that a venue challenge at this time is warranted in any event due to the significance of the Supreme Court's decision (or that such briefing is appropriate on both grounds). Although the Court did not recite its rationale in the Text Order, this case signals an important consideration for defendants sued outside of their home courts, regardless of the stage of the case and proximity to the initial pleadings.

Columbia Insurance Co. et al v. Integrated Stealth Technology Inc., 3-16-cv-03091 (ILCD May 23, 2017, Order) (Myerscough, USDJ)

Categories

District Court | Patent Infringement

other associated entities under which the Akin Gump network operates worldwide, please see our Legal Notices page.