Keywords: Venue

General: Current patent litigation defendants sued before the decision in *TC Heartland* and that failed to initially contest venue may now contest venue when jurisdiction was based solely on personal jurisdiction.

In Re Micron Technology, Inc.
2017-138 Fed. Cir. 2017
Decided November 15, 2017

I. Facts and Procedural History

In June 2016, President and Fellows of Harvard College (Harvard) filed a patent-infringement case in the District of Massachusetts against Micron. At the time of the suit, Micron did not contest the venue. Before May 22, 2017, a domestic corporation could be sued anywhere in the United States where the corporation was subject to personal jurisdiction. This all changed with the Supreme Court's decision in *TC Heartland* on May 22, 2017, which found the term "resides" in 28 U.S.C. § 1400(b) to mean where the domestic corporation was incorporated. *See TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514, 1517 (2017). After *TC Heartland* a domestic corporation can be sued only where a defendant resides (e.g., where it was incorporated), or where the defendant has committed acts of infringement and has a regular and established place of business. *See* U.S.C. § 1400(b). In response to this decision, Micron filed a motion requesting that the district court dismiss or transfer the case to the District of Delaware or the District of Idaho because the District of Massachusetts was now an improper venue. Micron is incorporated in Delaware and has its principal place of business in Idaho. The district court found that Micron waived its venue objection by failing to contest venue in its initial motion to dismiss. In response, Micron filed a writ of mandamus to the Federal Circuit requesting that the district court's denial be set aside.

II. Issues

Was the improper-venue defense ***available*** to Micron under Federal Rule of Civil Procedure Rule 12(g)(2) at the time the initial motion to dismiss was filed?

III. Discussion

No. The Court found that *TC Heartland* changed the controlling law and therefore the improper-venue defense was ***unavailable*** under Rule 12(g)(2) when Micron filed its initial motion to dismiss.

Section 1406(a) of Title 28 of the United States Code states that "[t]he district court of a district in which is filed a case laying venue in the wrong division or district shall dismiss, or if it be in the interest of justice, transfer such case to any district or division in which it could have been brought." A defendant that objects to venue may file a motion to dismiss for improper venue under Federal Rule of Civil Procedure Rule 12(b)(3). However, the ability to file this motion is subject to Rule 12(h)(1) which states:

> When Some [Defenses] Are Waived. A party waives any defense listed in Rule 12(b)(2)-(5) by:
> (A) omitting it from a motion in the circumstances described in Rule 12(g)(2); or
> (B) failing to either:
> (i) make it by motion under this rule; or
> (ii) include it in a responsive pleading or in an amendment allowed by Rule 15(a)(1) as a matter of course.

Rule 12(g)(2) goes on to explain that "a party that makes a motion under this rule must not make another motion under this rule raising a defense or objection that was ***available*** to the party but omitted from its earlier motion." The Court found that the crucial condition for Rule 12(g)(2) is that the defense had to be ***available***.

The Court found that until the Supreme Court decided *TC Heartland* it would have been improper for district courts to transfer venue in a patent infringement case when the district court had personal jurisdiction over the defendant. At the time Micron filed its initial motion to dismiss, the district court was bound by the Federal Circuit's opinion in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1571 (Fed.Cir. 1990), which found that Congress's amendment to 28 U.S.C. § 1391(c) created a personal jurisdiction definition of "resides" that applied to corporate patent litigants under 28 U.S.C. 1400(b). In other words, at the time of the suit between Harvard and Micron, the District of Massachusetts was a proper venue because the district court had personal jurisdiction over Micron.

Accordingly, because the District of Massachusetts was bound to follow the precedent in *VE Holdings* the defense of improper venue under Rule 12(b)(3) was not available to Micron. This barred the district court from adopting venue objections where personal jurisdiction existed, even if Micron had made the objection. Micron's ability to contest venue was therefore not ***available*** under the Federal Rule of Civil Procedure Rule 12(g)(2) and the district court should have considered Micron's motion to dismiss.

However, the Court found that the district court could still find that Micron forfeited the venue objection for other reasons including Rule 1's command of a just, speedy, and inexpensive resolution of disputes.

IV. Conclusion

The Federal Circuit appears to be telling district courts to transfer patent litigation suits that are just starting if there is improper venue in light of *TC Heartland*, but to keep them if it would result in significant delays and cost.

V. Relevant Materials

28 U.S.C. § 1391 – Venue generally

(a)APPLICABILITY OF SECTION.—*Except as otherwise provided by law—*

(1) this section shall govern the venue of all civil actions brought in district courts of the United States; and
(2) the proper venue for a civil action shall be determined without regard to whether the action is local or transitory in nature.

(b)VENUE IN GENERAL.—A civil action may be brought in—
(1) a judicial district in which any defendant resides, if all defendants are residents of the State in which the district is located;
(2) 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; or
(3) if there is no district in which an action may otherwise be brought as provided in this section, any judicial district in which any defendant is subject to the court's personal jurisdiction with respect to such action.

(c)RESIDENCY.—*For all venue purposes—*
(1) a natural person, including an alien lawfully admitted for permanent residence in the United States, shall be deemed to reside in the judicial district in which that person is domiciled;
(2) an entity with the capacity to sue and be sued in its common name under applicable law, whether or not incorporated, 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 question and, if a plaintiff, only in the judicial district in which it maintains its principal place of business; and
(3) a defendant not resident in the United States may be sued in any judicial district, and the joinder of such a defendant shall be disregarded in determining where the action may be brought with respect to other defendants.

(d)RESIDENCY OF CORPORATIONS IN STATES WITH MULTIPLE DISTRICTS.—

For purposes of venue under this chapter, in a State which has more than one judicial district and in which a defendant that is a corporation is subject to personal jurisdiction at the time an action is commenced, such corporation shall be deemed to reside in any district in that State within which its contacts would be sufficient to subject it to personal jurisdiction if that district were a separate State, and, if there is no such district, the corporation shall be deemed to reside in the district within which it has the most significant contacts.

28 U.S.C. § 1400 – Patents and copyrights, mask works, and designs

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant *resides*, or where the defendant has committed acts of infringement *and has a regular and established place of business*.