Krafting legislation

With oral arguments heard in TC Heartland v Kraft Foods, Mark Whitaker of the American IP Law Association says the question should be put to Congress

What was the crux of either side's arguments?

James Dabney, who argued for TC Heartland, said that the Supreme Court correctly held in the the 1957 decision in Fourco Glass v Transmirra Products that the patent venue statute, Section 1400(b), was to be read without any resort to any other statute including Section 1391(c), which defines venue generally in the US in more corporate terms. It maintained that Section 1400(b) provides that venue is where a defendant resides, and that means where it is domiciled or incorporated.

He further argued that the language in Section 1391(c), the venue in general statute, precludes compliance with Section 1391.

Therefore, Section 1400 can be the only statute interpreted in this case.

William Jay, who argued for Kraft, said that in 1988 and in 2011 Congress amended Section 1391 and the statute that defines venue generally and overturned Fourco.

He pointed specifically to the 2011 amendments of Section 1391(c) defining residency in federal cases. He argued that by adding that specific language for "all venue purposes", Congress specifically rendered Section 1391 applicable to all corporate defendants, including in patent cases.

Where were Supreme Court justices leaning after oral arguments in TC Heartland v Kraft Foods? What sort of decision might we see?

Certainly on one side, Justices Sonia Sotomayor, Elena Kagen, and Ruth Bader Ginsburg had some concerns with reversing the Court of Appeals for the Federal Circuit.

Conversely, an argument could be made that questions from Chief Justice John Roberts, Justice Anthony Kennedy and Justice Stephen Breyer suggested that they had significant problems with the Federal Circuit's decision, in that the appeals court overturned a fairly seminal decision by the Supreme Court many years ago in the Fourco decision.

TC Heartland v Kraft Foods in a nutshell

TC Heartland, in a lawsuit brought by Kraft over the alleged infringement of three patents, asked the Supreme Court whether the patent venue statute, which provides that patent infringement actions "may be brought in the judicial district where the defendant resides", is the sole and exclusive provision governing venue in patent infringement actions, and is not in fact supplemented by the statute governing "venue generally".

The US Code on Judiciary and Judicial Procedure contains Section 1400(b), better known as the patent venue statute, and Section 1391, or the venue in general statute.

Section 1400(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.

Section 1391: A civil action may be brought 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.

At the heart of TC Heartland's question is the US District Court for the Eastern District of Texas, where nearly half of 2015's 5,819 patent infringement actions were filed.

This is evidence of 'forum shopping', according to commentators, with the Eastern District of Texas appearing to favour, or at least being the preference of, the patent owner.

All of the justices appeared to delineate between the Fourco case and other cases. They clearly said that Fourco was based in the common law and not based on statutory construction.

Dabney argued that Fourco held Section 1400 as the exclusive provision governing patent cases, but Justice Sotomayer questioned whether that was the case. She pointed out that Section 1391 also governed venue for foreign corporate defences, so she then asked what should be done with unincorporated associations not defined in Section 1400. Dabney responded that, under Fourco, Section 1400(b) applies to all defendants.

Most people who attended the oral arguments walked away feeling as if the US Supreme Court would reverse the Federal Circuit's decision.

Could this case end up as a back and forth between the courts and Congress?

That gets down to the root of the position that the American Intellectual Property Law Association took in TC Heartland.

We think that the Federal Circuit should not be overturned. We agree that forum shopping is a big a problem. But we think that the better route to a nuanced and complete solution is to kick it back to the legislator, for Congress to come up with some language after getting input from stakeholders.

Congress should consult on this and then come up with a nuanced patent statute for venue that addresses everyone's concerns.

I'm anticipating that Congress will take up venue reform for patent cases, in all likelihood shortly after the TC Heartland decision comes out. From that point, we will be able to give our opinion on how reform should proceed. **IPPro**

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Mark Whitaker, Presdient, AIPLA