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Disputes Over Venue in Patent Litigation

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Dallas Intellectual Property Litigation Partner Michael Bittner has authored a *Texas Lawyer* article titled "Disputes Over Venue in Patent Litigation," published April 1, 2018.

The article explores current jurisprudence on the second prong of the exclusive patent statute, 28 U.S.C. § 1400(b), which provides that "[a]ny civil action for patent infringement may be brought in the judicial district ... [2] where the defendant has committed acts of infringement and has a regular and established place of business." Since *TC Heartland* only addressed the first prong of the statute, "where the defendant resides," litigation has arisen around the country regarding the scope of the second part.

Michael explains that while some district courts initially found that "'minimum contacts' for personal jurisdiction or 'doing business' for general venue" would satisfy the "regular and established place of business" requirement of the second prong, the Federal Circuit rejected these interpretations in *In re Cray*. Instead, the Federal Circuit ordered a three-part test: "'a regular and established place of business' must (1) be a physical place in the district; (2) be a regular and established place of business, and (3) be the place of the defendant.'" Since the facts of *Cray* involved a single work-from-home employee within the district, the three facets of the test were not met to establish venue.

Other factors may complicate this analysis moving forward, including whether "at-home employees accompany a corporate 'virtual office' in a venue." Virtual offices sometimes provide a company mailing address, which may be enough for a court to consider it a "place of the defendant" for venue purposes. This remains an open question.

In *Bristol-Myers Squibb*, the court explored the "place of the defendant" test established in *Cray*, noting that "the operation of an 'alter ago or a sham entity' would likely be attributable to the defendant," and thus permitted discovery on these issues.

Finally, Michael reviews *West View Research v. BMW*, the recent California district court case that addressed whether to uphold or ignore corporate formalities, a question that is highly fact-specific. In that instance, the court found in favor of BMW, because while the dealerships were indisputably in the venue, those dealerships were distinct corporate entities. "BMW had no ownership stake in the dealerships and the court found no evidence that they operated as an alter ego for BMW."

The courts will continue to examine this evolving area of patent venue law.

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