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Ventures in Venue: Selecting the Proper Patent Venue

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Amongst the many decisions an attorney makes throughout litigation, there is one choice that can shape the outcome of a case way before filing a motion, setting discovery and trial strategy, or even calling a witness: venue, where the case will be adjudicated. The governing statute limits patent venue to (i) the judicial district in which the defendant resides; or (ii) where the defendant has "committed acts of infringement and has a regular and established place of business." 28 U.S.C. § 1400(b). If this sounds narrower than the "traditional" venue rules, that's because it is. Initially, the Supreme Court interpreted Section 1400(b) to be "a restrictive measure, limiting a prior, broader venue." *Stonite Prods. Co. v. Melvin Lloyd Co.*, 315 U.S. 561, 563 (1942). That said, plaintiffs are permitted to engage in "a certain amount of forum shopping" via Federal Rule of Civil Procedure 41(a)(1). *In re TikTok, Inc.*, 85 F.4th 352 (5th Cir. 2023) (recognizing Rule 41(a)(1) permits voluntary dismissal to secure a plaintiff's preferred forum). Comparatively, defendants have the protection of 28 U.S.C. § 1404(a), convenience transfer, to prevent brazen attempts at forum shopping.

Numerous factors are taken into account when determining the propriety of a chosen venue. Whether asserting patent infringement allegations or defending against them, these factors will impact a party's choice of forum and should be considered before filing a case or attempting to transfer venue.

Factors to Consider Regarding Venue

While there are numerous factors to consider regarding venue, below are ten important issues to examine before choosing where to file or where to request transfer. First and foremost, if you are looking to file a lawsuit you must ensure that venue is proper. If you are defending against an infringement allegation, a motion to dismiss for improper venue may be your first line of defense. With that in mind, here are ten of the most important considerations.

Proper Venue

Parties must look to the patent venue statute and determine in which district(s) either the defendant resides or the defendant has allegedly “committed acts of infringement and has a regular and established place of business.” 28 U.S.C. § 1400(b). Corporations reside wherever they are incorporated. *See e.g.*, *TC* Heartland *LLC v. Kraft Foods Grp. Brands, LLC*, 582 U.S. 258, 262 (2017). To establish a party has a regular and established place of business within a venue, the plaintiff has the burden of showing that the defendant: “(1) [] ha[s] a physical place of business in the district; (2) that physical place of business must be regular and established; and that place of business must be the defendant's.” *In re Cray*, 871 F.3d 1355, 1360 (Fed. Cir. 2017); *In re ZTE (USA) Inc.*, 890 F.3d 1008, 1013-14 (Fed. Cir. 2018). With that said, the business need not be a fixed, customer-facing location such as a brick-and-mortar office. Warehouses, employees’ homes that store company documents and products, and other locations where customers would know they can reach employees have all been found to be places of business. *Bel Power Sols. Inc. v. Monolithic Power Sys.*, 2022 U.S. Dist. LEXIS 86707, *3-4 (W.D. Tex. May 4, 2022) (collecting cases). And with remote work trends continuing, this has become an increasingly gray area.

A recent case out of the Southern District of New York, for example, sheds light on how remote workers will play a role in new venue considerations. *Trackthings LLC v. Netgear, Inc.* was transferred to the District of Delaware to address improper venue in New York instead of being dismissed because that is where the alleged infringer was incorporated. 2022 BL 252183 (S.D.N.Y. July 20, 2022). At issue was whether defendant, a California company incorporated in Delaware, had sufficient contacts for venue to be proper in the Southern District of New York. The defendant had acquired a start-up in New York City and let its office lease expire. *Id.* at *2. Four of the New York employees were allowed to work remotely from their homes outside of the district. *Id.* at *4 At the time of the suit, the defendant also had one summer intern in the district. *Id.* In finding that venue was improper because the defendant did not have a principal place of business in the district, the court opined that the presence of one remote worker in the district did not confer venue for patent infringement. *Id.* at *11. In aligning this with other cases, the court clarified remote workers *can* establish a principal place of business under certain circumstances including where (i) the business either requires the workers to be located there or owns/finances the lodging; (ii) documents and products are stored in the houses; or (iii) *all* of the employees are remote as part of the business model. *Id.* at *10-11 (discussing *In re Cray*, 871 F.3d 1355 (Fed. Cir. 2017); *Zaxcom, Inc. v. Lectrosonics, Inc.*, 2019 U.S. Dist. LEXIS 16975 (E.D.N.Y. Feb 1, 2019) (finding venue improper with a remote employee); *andRegenLab USA LLC v. Estar Tech.*, 335 F. Supp. 3d 526 (S.D.N.Y. 2018) (finding venue proper because all employees worked remote and stored inventory to conduct demonstrations within the district)).

Compare *Trackthings* with *In re Tiktok, Inc.*, where the Fifth Circuit granted a writ of mandamus ordering the transfer out of the Western District of Texas in the context of a copyright issue and an appealed ruling on motion to transfer for convenience. 85 F.4th 352, 356 (5th Cir. 2023). There, the defendant had an entire office located within the district, but the case centered around source code accessible only to the software engineering team located in California, save one remote worker in Texas outside the western district's jurisdiction. *Id.* at 359 (acknowledging the one remote worker in Irving, Texas 116 miles away from the Waco courthouse). Accordingly, since the evidence was only accessible by employees outside the district, it did not matter geographically how far outside the district they were; venue was improper regardless. *Id.* As a general matter, courts have held where files are accessible via electronic transfers, it is irrelevant what office they've normally dealt with (i.e., if the accounting team is in New York but the case is in California it's easy enough to transfer files across districts). However, when sensitive data that is password protected or requires additional security clearances, then location of those with access matters. *Id.*

Forum Non Conveniens Factors

Any venue discussion would be remiss to omit the *forum non conveniens* considerations laid out in cases such as *Piper Aircraft Co. v. Reyno,* 454 U.S. 235 (1981) or more recently *In re Volkswagen of Am., Inc.,* 545 F.3d 304 (5th Cir. 2008). After being served with a complaint, a defendant should consider moving to dismiss the complaint for improper venue or, in the alternative, transfer it to a more convenient venue. Courts look at eight factors in deciding whether to transfer. Those factors are as follows:

1) “the relative ease of access to sources of proof”;

2) “the availability of compulsory process to secure the attendance of witnesses”;

3) “the cost of attendance for willing witnesses”;

4) “all other practical problems that make trial of a case easy, expeditious and inexpensive”;

5) “the administrative difficulties flowing from court congestion”;

6) “the local interest in having localized interests decided at home”;

7) “the familiarity of the forum with the law that will govern the case”; and

8) “the avoidance of unnecessary problems of conflict of laws [or in] the application of foreign law.” *Id.*

These factors boil down to two things: private and public considerations. The private considerations (factors 1-4 above) analyze the logistics of your case. You need to consider how challenging—and costly—it will be to investigate and obtain evidence and accommodate witnesses. These expenses including paying for flights, hotels, and meals for your mandatory, expert, or eyewitnesses. There are also logistical issues such as local traffic and transportation; securing locations for lodging, document storage, and trial preparations; and time zone issues like trying to reach support staff or experts at odd hours.

The remaining factors are the public considerations (factors 5-8 above) and look at the court and general public's perspective to assess the benefits or harm from hearing your case in that venue. Congested court dockets can lead to extended timelines, which can be helpful or harmful to your case as discussed more in depth in Section I.iv, *infra*. Moreover, in general, courts tend to deny transfer motions regarding matters with a localized interest as compared to a foreign matter that just happens to have a contract of law provision requiring litigation in that district. *See e.g.*, *Volkswagen*, 545 F.3d at 317-318; *In re TikTok*, 85 F.4th at 364. As far as patent venue goes, Federal Circuit precedent tells us that the local interest factor “most notably regards not merely the parties’ significant connections to each forum writ large, but rather the significant connections between a particular venue and the events that give rise to a suit.” *In re Honeywell Int'l Inc.*, 2024 BL 26021, *3 (Fed. Cir. 2024) (quoting *In re Apple Inc.*, 979 F.3d 1332, 1345 (Fed. Cir. 2020)). This is typically where the alleged infringement occurred. This also ties into whether the court, and judge for that matter, are familiar with the substantive law governing the case. You should conduct a thorough search of both the judge overseeing the case, as well as the district and appellate court your case is within to determine if there have been cases with similar fact patterns or legal issues to your own. Any relevant decisions must be carefully weighed before filing a complaint or moving to transfer.

Likelihood of a Stay

The third venue consideration is how receptive a court is to a petition to stay the case. This is important because in many patent cases defendants seek guidance on the validity of asserted patents through some form of contested review at the Patent Office, which can lead to parallel proceedings. Will you be able to deal with the added costs, manhours, stress, and logistics of coordinating two separate, high-stakes proceedings occurring simultaneously? Take for example the Western District of Texas and then the Northern District of California. Statistically, N.D. Cal. granted 78% of stays pending PTAB proceedings whereas W.D. Tex. only granted 64%. For stays pending USPTO proceedings those numbers drop down to 53% and 47% respectfully. Of the two, you may prefer filing in the Northern District of California—or transferring to the Northern District of California—if you're looking to avoid active parallel proceedings. Compared to national averages of stays pending PTAB proceedings at 62% and stays pending USPTO proceedings at 58%.

Generally, a court has the inherent power to manage its own docket including issuing stays. *Landis v. N. Am. Co.*, 299 U.S. 248, 254-55 (1936). The standard three-factor test looks at "(i) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (ii) whether a stay will simplify the issues in question and trial of the case; and (iii) whether discovery is complete and whether a trial date has been set." *Murata Mach. USA v. Daifuku Co.*, 830 F.3d 1357, 1361. (Fed. Cir. 2016) (internal quotes omitted). This first factor usually weighs in favor of an aggressive, fast-acting plaintiff who alleges actual damages as a result of a defendant's infringement. Delaying, pushing back on discovery, and not actively attempting to move the case forward could effectively waive this argument by a plaintiff. The second factor generally involves whether the same claims are presented to the PTAB or USPTO. Since claim construction is not binding on the courts, only an invalidity ruling can simplify the issues. The last factor comes into play depending on how far along the case is. The earlier a motion is filed, the more likely it weighs in favor of a stay. On the other hand, if discovery has concluded, expert reports have been prepared, and trial is upcoming, a stay is unlikely.

Time to Trial

Another important consideration is how long will it take for the case to go to trial. Maybe your company is launching a major product in just under a year and you don't want that coinciding with claim construction. Or perhaps your company is seeking to go public or otherwise sell the company and need to sure up any intellectual property vulnerability. Then, perhaps avoid the Northern District of Illinois or Western District of Pennsylvania where the median patent case goes to trial 1,299 and 1,312 days after filing. On the quicker side, you're looking at 468 and 571 days in the Eastern District of Virginia and Southern District of Florida, respectively.

Resolution Mechanisms

You should also consider whether the venue's local rules require alternate dispute resolution (ADR) or pre-trial settlement conferences. Some, including all four Texas district courts' local rules provide the court may refer the parties to ADR *sua sponte* or on one party's motion. All counsel and those with authority to settle are required to attend and participate or risk sanctions. Compare this with Delaware where magistrate judges no longer engage in ADR for patent cases. Other varying aspects include how the mediator is appointed, whether the parties must pay, if the ADR is binding, and if there are any confidentiality requirements or sanctions for disregarding the local rules regarding ADR. The ADR systems could be a positive or negative for you, depending on the specific facts of your case and your overall goals. Both as a plaintiff and defendant, there are distinct advantages to avoiding and having a trial.

From a defendant's perspective, these ADR mechanisms can come in handy with a particular type of suit: nonpracticing entity and low stakes litigation. If a case is not initially filed in a venue with strong ADR requirements, it's worth investigating whether you can transfer to one. In a venue such as the Southern District of New York—where the magistrate will act as the mediator—it may be advantageous and economical to establish credibility early on with the magistrate judge. Or, use the settlement conferences to resolve the litigation before litigation expenses build up. As a general practice pointer, always read the local rules and determine how you can use them to your advantage.

The Timing of Discovery and Summary Judgment

Certain procedural timelines should be clearly understood before selecting a venue. Some courts, such as the Western District of Texas prefer to hear claim construction issues *before* fact discovery. Others, including the District of Massachusetts, have them run concurrently, forcing parties to argue claim construction in the midst of discovery. Compare this with the Northern District of Illinois which does fact discovery *before* claim construction. Lastly, the Eastern District of Texas sets out preliminary deadlines based on the trial schedule. In its Model Schedule, claim construction discovery concludes 56 days before the *Markman* hearing while fact discovery concludes 91 days before dispositive motions are due. It's clear that venue will impact your discovery schedule and case costs.

Moreover, courts have varying rules on summary judgment motions (“MSJs”) and your case could have a very different discovery schedule based on which venue you choose. Some districts will rule on MSJs after discovery is complete, while others elect to wait until after trial and treat them like, or have them filed as, post-trial motions and renewed MSJs. Timing of claim construction and summary judgment has a very real impact on cases—providing parties with a potentially early-out by obtaining a promising claim construction to support an early motion for summary judgment based on infringement or non-infringement.

Precedent Setting Venue

If you have a choice in where to bring or transfer a case, consider whether you want to be on record as having voluntarily decided to litigate in that jurisdiction. Just because you like the discovery schedule, for example, does not mean that this is the most advantageous venue to bring your case. Also consider whether you've availed yourself to this venue's jurisdiction before. If not, you could be setting yourself up for future suits in that same district. Your strategic actions regarding venue paint a distinct picture about your company. Your arguments, or lack thereof, will also be scrutinized.

Take for example, *In Re TikTok*, where the defendant had to file a writ of mandamus in order to get its motion to transfer granted. 85 F.4th 352, 356 (5th Cir. 2023). This writ added months, and likely material costs, to an already costly proceeding that not every party would be able to sustain. And as the Fifth Circuit itself notes in its opening, "[a] writ of mandamus is reserved for extraordinary circumstances." *Id.* at 356. TikTok Inc. not only successfully stood their ground, refusing to play games and subject itself to forum shopping, but also put the legal world on notice that they were willing to spend the time and money to ensure that fact. We also saw this in *Trackthings LLC v. Netgear, Inc.,* where once the defendant Netgear acquired a startup in Manhattan, New York, it shortly thereafter declined to renew the office's lease, terminated most of the employees that lived there, and ended its relationship with two retailers in the area. 2022 BL 252183 (S.D.N.Y. July 20, 2022). Netgear successfully prevented the creation of a record that its business had become "regular and established" within the Southern District of New York. *Id.*at *10.

IPR Estoppel Effect

When a defendant chooses to file an *inter partes* review ("IPR") petition at the PTAB, the court may agree to stay the district court litigation pending the IPR proceeding or the IPR may proceed to resolution faster than the district court case. If the IPR petition is instituted, a question arises: what prior art is available for use in the district court after the IPR final written decision? 35 U.S.C. § 315(e) bars a petitioner in an IPR from asserting in district court that the patent claim(s) are invalid based on any ground that petitioner raised or reasonably could have raised during that IPR. This could be any patent or printed publication that the party reasonably should have known about, even those not within the petition. This estoppel is only triggered after the Patent Trial and Appeal Board issues its final written decision in the IPR. 35 U.S.C. § 315(e). And while parties may make *Sotera* or *Sand Revolution* stipulations to get an IPR instituted, they are not mandatory. *Sotera* Wireless*, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 13-14 (PTAB Dec. 1, 2020) (stipulating "not [to] pursue in [the District Court] the specific grounds [asserted in the IPR], or any other ground… that was raised or could have been reasonably raised in an IPR."); *Sand Revolution II, LLC v. Continental Intermodal Grp-Trucking LLC*, IPR2019-10393, Paper 24 (Jun. 16 2020) (stipulating that it will not pursue "the 'same grounds' presented in the [IPR] petition in this case" which is narrower than a *Sand Revolution* stipulation.). Ignoring those possibilities, it's up to the district courts to interpret the statute and apply the estoppel rules.

Some courts require an estoppel stipulation to grant the stay during proceedings. Within the "pro-estoppel" districts there is another schism. Some districts such as the Southern District of California require litigants to stipulate to stricter estoppel than that provided in 35 U.S.C. § 315, barring any grounds that could have been raised (whether reasonable or not). *Wi-LAN Inc. v. LG* Elecs*., Inc.*, 421 F. Supp. 3d 911, 924 (S.D. Cal. 2019). This leaves just public, commercialized system art for the trial. Other districts adhere to the limits of Section 315, such as the Eastern District of Texas. On the other hand, the Southern District of Ohio and the Northern District of Georgia are among those districts that require no stipulation to grant a stay.

Section 315 states that prior art "patents or printed publications" relied on for IPR proceedings cannot be raised again in district court litigation. Nor can those materials that "reasonably could have been raised." 35 U.S.C. § 315(e). However, this excludes physical products and systems from being offered as prior art during IPR proceedings (i.e., system art). *See e.g.*, *Wasica* Finance *GmbH v. Schrader Int'l*, 432 F. Supp. 3d 448, 453 (D. Del 2020). This creates the question: are products that are reasonably similar to prior art that were raised, or could have been raised, covered by these stipulations? According to Judge Stark, then Chief Judge of the District of Delaware, that answer is "yes". *Id.* at 454. Compare that with current Delaware Judge, Judge Noreika, who ruled that there is no estoppel for prior art products. *Chemours Co. FC, LLC, v. Daikin Indus., Ltd.*, 2022 BL 237274 (D. Del 2022). This split within the same district tells parties that not only must you be aware of what splits a potential *district* adhere to, but also the *judges* within that district.

Jury Pool and Outcomes

This next venue consideration may require more subtlety as you prepare for the possibility of a jury trial. Who would be the typical "jury of your peers" in each venue under consideration? Demographics and statistics are your friends. While most venues will have very limited data on patent jury trials, there is still available data that can be analyzed. For example, in the Southern District of New York there have been 29 patent jury awards to the plaintiff and only eight to defendants since 2009. Compare that to the District of Delaware, with 160 and 76 awards respectively. As part of your determination on your preferred venue, you should consider if the likely jury pool enhances your odds of winning.

Minimize Business Disruptions

Once you have decided that you are going to file suit or move to transfer, a major concern throughout litigation will inevitably be how to litigate while minimizing business disruptions. This goes back to the private factors detailed above but also includes things like scheduling depositions, preserving and sorting documents, and organizing trial preparation around your daily operating constraints. Minimizing business disruptions was one of the factors taken into consideration by the Fifth Circuit in granting *TikTok Inc.*'s writ of mandamus. *In re TikTok*, 85 F.4th 352 (5th Cir. 2023). The Western District of Texas erred because the Northern District of California was "clearly more convenient," and a finding otherwise was deemed an abuse of discretion. *Id.* at 358. In considering the *forum non conveniens* factors, the court found that while possible to send files to the Austin office, not a single employee with the requisite security clearance worked there. *Id.* at 359. Accordingly, an out-of-office employee would have to travel there anytime source code needed to be accessed. *Id.* Not to mention all the relevant employees would have to travel back and forth for the trial, attorneys would have to fly across the country to conduct discovery and depositions, and all the other logistical challenges associated with conducting a trial in an improper venue. The court says as much, noting not only the extra miles and costs associated with having a trial there but the "personal costs associated with being away from work, family, and community." *Id.* at 362 (quoting *In re Volkswagen*, 545 F.3d 304, 317 (5th Cir. 2008)). Filing in an improper venue can get your case dismissed entirely in extreme cases, but in the more likely event, transferred, which will cost you both time and money in either situation. *See e.g.*, *Hohn v. United States*, 524 U.S. 236, 248 (1998) ("Federal Rule of Civil Procedure 12(b)(3) specifically permits a party to move to dismiss for improper venue before joining issue on any substantive point through the filing of a responsive pleading."); *Bockman v. First Am. Mktg. Corp.*, 459 Fed. Appx. 157 (3d Cir. 2012) (affirming a motion to dismiss for improper venue under Fed. R. Civ. P. 12(b)(3)).

Concluding Thoughts

Regardless of what side of the ‘v’ you find yourself on, there are more than the enumerated aspects to consider before electing to file a complaint, motion to dismiss, or motion to transfer. And these types of motions have become more popular as patent suits are being filed in new venues and traditional ones that fly in the face of the Supreme Court's ruling on patent venue. For example, of the 445 open patent cases in the Western District of Texas, 51 have pending motions to transfer. Compare that with a “traditional” patent venue like the District of Delaware which has 696 open patent cases and only 27 pending motions to transfer. Despite nearly 1/3 more cases, Delaware has roughly less than 1/2 the motions to transfer. In your analysis and conversations with counsel, determine the pros and cons of multiple venues, determining each potential venue that (i) you could file in and (ii) a defendant could move to transfer to, considering the relative advantages of each. If you're a defendant, determine whether venue is proper and which other venues are proper and truly more convenient for all parties. Analyze thoroughly the ten factors: proper venue; *forum non conveniens*, likelihood of a stay, time to trial, alternate resolution mechanisms, timing of discovery and summary judgment motions, precedential effects, any IPR estoppel implications, jury pools and outcomes, and how to minimize your business disruptions.

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