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In Victory for WLF, Supreme Court Cracks Down on Forum Shopping in Patent-Infringement Cases

(TC Heartland LLC v. Kraft Foods Group Brands LLC)

“By misreading venue restrictions, courts like the Eastern District of Texas turned into havens for patent trolls. Forty percent of all patent-infringement suits were filed there last year. The Supreme Court has put a welcome stop to forum shopping by properly interpreting rules governing patent venue.”

—Richard Samp, WLF Chief Litigation Counsel

WASHINGTON, DC—The U.S. Supreme Court today overturned a Federal Circuit decision that construed federal venues statutes so broadly that many nationwide businesses were subject to suit in virtually any federal district court. The *TC Heartland v. Kraft Foods Group Brands* decision marked a victory for WLF, which filed a brief urging the Court to construe the venue statute narrowly. WLF warned that the Federal Circuit’s liberal venue rule—to which it adhered for more than 25 years—raised serious due-process concerns and encouraged rampant forum shopping by “patent trolls.”

Because the Federal Circuit venue rule permitted patent owners to file suit in virtually any federal district court, patent trolls—entities that buy up old patents for the purposes of extorting licensing fees via nuisance lawsuits (rather than to use the patented invention)—have gravitated to the few districts where they receive a friendly hearing, like the Eastern District of Texas.

The Supreme Court agreed with WLF that rules governing venue generally require a patent owner to file an infringement suit in a state: (1) where the defendant “resides” (for a domestic corporation, that means its state of incorporation); or (2) where infringement has occurred *and* in which the alleged infringer maintains a regular and established place of business. WLF argued that the Federal Circuit’s broader rule raised constitutional concerns by subjecting alleged infringers to lawsuits in states in which they lacked the “minimum contacts” required by due-process limits on a court’s personal jurisdiction over out-of-state defendants.

Celebrating its 40th year, WLF is the nation’s premier public-interest law firm and policy center that advocates for free-market principles, a limited and accountable government, individual and business civil liberties, and the rule of law.

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