Corporate Venue in Patent Infringement Cases

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COURT IN PATENT INFRINGEMENT CASES

INTRODUCTION

Congress recently amended the general corporate venue provision, 28 U.S.C. § 1391(c), by passing the Judicial Improvements and Access to Justice Act of 1988 ("Act"). The Act, which became effective February 16, 1989, made the test for corporate residency under the federal venue provisions the same as that used to determine when personal jurisdiction exists over a defendant. The literal language of the Act extends this definition of corporate residence to the venue provision that governs patent infringement actions. With this amendment to section 1391(c), Congress overruled Supreme Court precedent that restricted the scope of section 1391(c) as it applies to patent venue cases. Such an effect seems inadvertent based on the legislative history of the Act.

This Note examines the amendment to section 1391(c) ("Amendment") contained in the Act. After providing a summary of the development of jurisdiction in the federal courts, Section I of this Note discusses the state of patent venue law prior to the Amendment. Section II discusses the legislative history of the Amendment and the Amendment itself. Section III presents an interpretation of the Amendment using established rules of statutory construction. Section III then discusses the changes to the patent venue structure that result from a literal interpretation of amended section 1391(c). In addition, this Section compares the legislative history of 28 U.S.C. § 1400(b), the special patent venue statute, to the legislative history of the amended section 1391(c) in an effort to glean Congress’ intent in passing the Amendment. Finally, Section IV discusses current judicial interpretations of amended section 1391(c) and their impact on corporate defendants in patent infringement cases. This Note concludes that Congress may not have intended the effect that a literal reading of amended section 1391(c) has on the patent venue requirements.

I. BACKGROUND

In patent infringement actions, as in all civil actions, the requirements of

2. 28 U.S.C. § 1400(b) (1988) (controlling venue in patent infringement actions and providing that a defendant in a patent infringement action may be sued in the district where the defendant "resides"). A patent is a grant made by the government to an inventor, giving him the exclusive right to make, use, and sell his invention for a term of years. See 35 U.S.C. § 271 (1988) (defining patent infringement). Thus, patent infringement is the unauthorized making, using, or selling of a patented work. Id.
proper jurisdiction and venue limit the plaintiff's choice of forum. Plaintiff's chosen forum must have both subject matter jurisdiction over the issues the parties will litigate and personal jurisdiction over the defendant. Proper venue is governed by statute. Title 28, section 1391 of the United States Code contains the general federal venue requirements. Section 1400(b) is a special venue provision governing patent infringement actions.

For purposes of this Note, it is important to distinguish venue from jurisdiction. While the effect of each is to limit the choice of a proper forum, the focus of each is different. The focus under jurisdiction is on the power of a court to adjudicate, whereas the focus under venue is on the place where that power may be exercised.

Two significant consequences flow from the distinction between venue and jurisdiction. First, proper venue is a personal privilege of the defendant, rather than an absolute stricture on the court, and thus it may be waived. Second, the existence of proper jurisdiction does not eliminate the concurrent requisite of proper venue.

A. Jurisdiction and Venue

This Section of the Note outlines the state of the law regarding jurisdiction and venue generally, and as it stands with respect to civil actions for patent infringement. First, this Section briefly discusses the subject matter jurisdic-

3. The plaintiff's choice of a proper forum is also limited by the requirements for making proper service of process on the defendant. See Fed. R. Civ. P. 4; see also Welch Scientific Co. v. Human Eng'g Inst., 416 F.2d 32, 34 (7th Cir. 1969), (discussing possible ways to make proper service in patent infringement cases), cert. denied, 396 U.S. 1003 (1970).
5. 28 U.S.C. § 1400(b) (1988). Even if the forum chosen by the plaintiff satisfies the requirements of proper jurisdiction and venue, a court has discretionary power to decline jurisdiction when the convenience of the parties and the ends of justice so require. 28 U.S.C. § 1404 (1988). This is known as the doctrine of forum non conveniens.
6. See Leroy v. Great Western United Corp., 443 U.S. 173, 180 (1979) (distinguishing venue from jurisdiction); Neirbo Co. v. Bethlehem Shipbuilding Corp., 308 U.S. 165, 167-68 (1939) ("The jurisdiction of the federal courts—their power to adjudicate—is a grant of authority to them by Congress and thus beyond the scope of litigants to confer. But the locality of a lawsuit—the place where judicial authority may be exercised—though defined by legislation relates to the convenience of litigants and as such is subject to their disposition."). See generally 15 C. Wright, A. Miller & E. Cooper, Federal Practice and Procedure: Jurisdiction 2d § 3801 (2d ed. 1986) [hereinafter Wright, Federal Practice] (distinguishing venue from jurisdiction).
7. Leroy, 443 U.S. at 180 (venue is like personal jurisdiction which may also be waived, but unlike subject matter jurisdiction which may not be waived by the parties); see Neirbo, 308 U.S. at 167-68 (venue is a personal privilege); see also 28 U.S.C. § 1406(b) (1988) (providing that "[n]othing in this chapter [on district court venue] shall impair the jurisdiction of a district court of any matter involving a party who does not interpose timely and sufficient objection to the venue").
8. See Brown v. Pyle, 310 F.2d 95, 97 (5th Cir. 1962) (holding that an action may not be maintained against a defendant objecting to venue even though the court may have both subject matter and personal jurisdiction).
tion of the federal courts. Next, this Section summarizes the evolution of the law of personal jurisdiction. Finally, this Section presents the state of the law under the federal venue statutes as it existed prior to the amendment to section 1391(c).

1. **Subject Matter Jurisdiction**

The federal court chosen by the plaintiff must have subject matter jurisdiction over the issues to be litigated. It is a fundamental principle of our federal system of law that the federal courts are courts of limited jurisdiction. They are empowered to hear only those cases that are both within the judicial power of the United States as defined in the Constitution, and that have been entrusted to them by a jurisdictional grant by Congress.

It is presumed that a federal court lacks jurisdiction in a particular case until the plaintiff demonstrates that jurisdiction over the subject matter exists. Thus, the facts showing the existence of jurisdiction must be alleged affirmatively in the complaint. In addition, as a general rule, the parties may not confer jurisdiction on a court where it has not been vested in that court by the Constitution and Congress. Finally, a party or the court has the right to question the existence of subject matter jurisdiction at any time.

Patent actions fall exclusively within the realm of the limited jurisdiction of the federal courts. Patent actions are within the judicial power of the United States as defined in the Constitution, and these cases have been entrusted to

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9. Because the federal courts have limited jurisdiction, the complaint must state claims which fall within the subject matter jurisdiction of the federal court as defined in title 28. See infra notes 10-13 and accompanying text.

10. C. Wright, *The Law of Federal Courts* § 7, at 22 (4th ed. 1983). See generally 15 Wright, *Federal Practice*, *supra* note 6, § 3522 (2d ed. 1986) (federal courts empowered to hear only those cases that are both within the judicial power of the United States and that have been entrusted to them by a jurisdictional grant).

11. See *Aldinger v. Howard*, 427 U.S. 1, 15 (1976) ("Federal courts, as opposed to state trial courts of general jurisdiction, are courts of limited jurisdiction marked out by Congress."); see also 28 U.S.C. § 1338(a) (1988) (granting exclusive federal jurisdiction over matters arising out of the patent laws); 13 Wright, *Federal Practice*, *supra* note 6, § 3521, at 52 (2d ed. 1984) ("The traditional learning has been that Congress has no constitutional power to vest any jurisdiction in the federal courts that is not listed in Article III.").


14. See *Sosna v. Iowa*, 419 U.S. 393, 398 (1975) (the parties to the action may not stipulate to waive lack of jurisdiction).

15. Most procedural defects and defenses are waived if a party fails to timely assert them, but it is specifically provided in Fed. R. Civ. P. 12(h)(3) that "Whenever it appears by suggestion of the parties or otherwise that the court lacks jurisdiction of the subject matter, the court shall dismiss the action." (emphasis added).


17. See U.S. Const. art. III, § 2 ("The Judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States . . . ."); U.S. Const. art. I,
the federal courts by a jurisdictional grant from Congress. Thus, the subject matter of patent actions falls exclusively within the jurisdiction of the federal courts.

Should a party choose to appeal an adverse decision of the federal district court, they may only obtain review in the Court of Appeals for the Federal Circuit, which has exclusive appellate jurisdiction over the patent subject matter. In 1982, Congress created the United States Court of Appeals for the Federal Circuit. The Federal Circuit was formed through the merger of the United States Court of Claims and the United States Court of Customs and Patent Appeals, and has adopted the decisions of those courts as precedent.

This court functions like the other federal appellate courts, except that its

§ 8 ("The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . . ").


19. The federal courts have not always exercised exclusive jurisdiction over patent actions. The Act of Apr. 10, 1790, ch. 7, 1 Stat. 109, set the structure for patent litigation by giving the patentee a judicial remedy for infringement. Id. § 4. The Act of Apr. 10, 1790 did not specify which courts were to have subject matter jurisdiction over infringement actions, but natural inference was that only state courts would have jurisdiction because the Judiciary Act of 1789 did not give the lower federal courts jurisdiction over actions arising under federal law. See Judiciary Act of 1789, ch. 20, 1 Stat. 78.

The federal courts were later given concurrent jurisdiction with the state courts, Act of Feb. 21, 1793, ch. 11, § 5, 1 Stat. 318, and then finally were vested with exclusive jurisdiction, Act of Apr. 17, 1800, ch. 25, § 3, 2 Stat. 37.

Several rationales have been advanced by commentators to explain why the federal courts were given exclusive subject matter jurisdiction in this area. See, e.g., Chisum, The Allocation of Jurisdiction Between State and Federal Courts in Patent Litigation, 46 Wash. L. Rev. 633, 637 (1971); Note, Exclusive Jurisdiction of the Federal Courts in Private Civil Actions, 70 Harv. L. Rev. 509, 511-12 (1957) (advancing the theories that (1) Congress intended to promote uniformity of decision on important issues of patent law by concentrating infringement actions in the federal judiciary, and (2) the concentration of infringement actions in the federal courts would allow them to develop the expertise necessary to decide the technical problems so frequently raised). Chisum poses that "more likely the reasons were more prosaic . . . . One reason may have been simply a perceived impropriety in allowing a state court to annul the act of a high federal officer." Chisum, supra, at 637 (emphasis in original). Chisum argues another possible reason may have been that the Patent Act of 1800 provided for treble damages. Id. It could thus be viewed as penal, thereby making state jurisdiction improper because it would result in the courts of one sovereign enforcing the criminal laws of another.


23. South Corp. v. United States, 690 F.2d 1368, 1370 (Fed. Cir. 1982) (en banc). South Corp. was the first appeal heard, and the first opinion published, by the Court of Appeals for the Federal Circuit. See id. at 1369.
jurisdiction is defined by subject matter rather than by geography. This subject matter jurisdiction includes exclusive jurisdiction over patent appeals from all federal district courts.

The need for uniformity in patent law was the driving factor behind the creation of the Federal Circuit. Congress recognized that patent litigation was a problem area in the federal courts, characterized by undue forum shopping and disturbing inconsistencies in adjudication. Plaintiffs had come to regard some circuits as “pro-patent” and others as “anti-patent,” and spent much time and money shopping for a favorable forum. The Court of Appeals for the Federal Circuit, whose decisions are given nationwide precedential effect, was created to alleviate these problems.

2. Personal Jurisdiction

In addition to the subject matter requirement, the federal forum chosen by the plaintiff must have personal jurisdiction over the defendant. Personal jurisdiction is based on concepts of due process. The modern standard for personal jurisdiction, as first pronounced in International Shoe Co. v. Washington, is that the defendant must have sufficient contacts with the forum so that the maintenance of a suit against him in that locale does not offend traditional notions of “fair play and substantial justice.” This standard is known

26. See HOUSE REPORT, supra note 24, at 20-23.
27. Id. at 20.
28. Id. at 20-21.
29. Id. (quoting from the report of the Hruska Commission on the deplorable state of patent law with regard to forum shopping: “[p]atentees now scramble to get into the 5th, 6th, and 7th circuits since the courts there are not inhospitable to patents whereas infringers scramble to get anywhere but in these circuits”).
31. See HOUSE REPORT, supra note 24, at 20-23.
32. See 4 C. Wright & A. Miller, Federal Practice and Procedure: Jurisdiction 2d. § 1067 (2d ed. 1987); see also Omni Capital Int’l. v. Rudolf Wolff & Co., 484 U.S. 97 (1987) (determining that the jurisdiction of a federal court, even in federal question cases, was limited by the forum state’s long-arm statute and not by the due process clause of the fifth amendment, in the absence of a statutory provision for nationwide service of process).
33. International Shoe Co. v. Washington, 326 U.S. 310, 311 (1945) (jurisdiction must be consistent with the due process clause of the fourteenth amendment).
34. 326 U.S. 310 (1945).
35. Id. at 316. See generally 1 J. Moore, Moore’s Federal Practice, ¶ 0.140[1-2] (2d ed. 1972) (providing a general discussion of the “minimum contacts” standard); 4 C. Wright & A. Miller, supra note 32, § 1063 (2d ed. 1987) (discussing modern notions of personal jurisdiction).

A review of the history of personal jurisdiction is helpful in understanding the concurrent development of venue. The Judiciary Act of 1789, § 11, 1 Stat. 78, provided that a civil action could be commenced by serving a person in the district in which he was an inhabitant at the time of the serving of the writ.

In the landmark case of Pennoyer v. Neff, 95 U.S. 714 (1877), the United States Supreme
as the “minimum contacts” test.36

Questions of personal jurisdiction involve three competing interests: the plaintiff’s, the defendant’s, and the forum state’s.37 When analyzing personal jurisdiction questions, the Supreme Court has not addressed these interests in a consistent manner.38 Early cases clearly focused on the defendant’s interests.39 In more recent cases, however, the Court has bifurcated the inquiry. First, as a threshold question, the Court determines whether the defendant has purposefully established “minimum contacts” with the forum.40 Second, the Court determines whether its exercise of personal jurisdiction conforms with “fair play and substantial justice.”41 Under the second part of this inquiry, the Court balances the three interests noted above.42 The relative weight which courts are to give to each part of the inquiry remains unsettled.43

a. The early development of minimum contacts

*International Shoe* marked the Court’s departure from a territorial analysis of personal jurisdiction.44 The Supreme Court in *International Shoe* used the

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Court mandated a territorial concept of personal jurisdiction. The Court limited personal jurisdiction to those situations in which an individual defendant could be personally served within the jurisdiction or had consented to jurisdiction. *Id.* It was not until the middle of the twentieth century that the Supreme Court firmly declared that domicile and extraterritorial service would support an *in personam* judgment. See *Milliken v. Meyer*, 311 U.S. 457 (1940); *Blackmer v. United States*, 284 U.S. 421 (1932).

Under the territorialist approach, jurisdiction over corporate defendants was more restrictive than jurisdiction over individuals. An individual defendant could be served and subjected to suit wherever he was found, but a corporation existed as a legal person only in the state of its incorporation and could only be served there. *Louisville C. & C.R.R. v. Letson*, 43 U.S. 497 (1844).

Along with the expansion of the general law of personal jurisdiction over an individual, personal jurisdiction over a corporate defendant expanded. See 4 C. WRIGHT & A. MILLER, supra note 32, § 1066 (2d ed. 1987); see also *Deveny v. Rheem Mfg. Co.*, 319 F.2d 124, 126 (2d Cir. 1963) (“The existence of corporations which could—and did—do business on a nationwide scale necessitated revision of older, more limited, notions concerning jurisdiction.”).

38. *Compare* *International Shoe Co. v. Washington*, 326 U.S. 310, 316-20 (1945) (stating that the focus under due process is on the defendant) with *McGee*, 355 U.S. at 223-24 (balancing the interests of the plaintiff, the forum, and the defendant). See infra notes 50-63 and accompanying text for a discussion of *McGee*.
42. *Id.* at 113-16.
43. *Id.* (producing two four-Justice plurality opinions and a third opinion of three Justices).
44. *See* *International Shoe Co. v. Washington*, 326 U.S. 310 (1945). The Court in *International Shoe* derived four general categories from its prior jurisdictional decisions to be used in determining whether the defendant had sufficient contacts with the forum to permit the assertion of jurisdiction. *Id.* at 317-18. The *International Shoe* Court presented the following categories:
“fair play and substantial justice” standard to determine whether the defendant had “minimum contacts” with the forum.\(^4\) Under the International Shoe minimum contacts framework, two questions must be addressed: first, whether the defendant’s activities within the forum are continuous and systematic, or only sporadic and casual, and second, whether the cause of action sued upon is related or unrelated to the defendant’s conduct in the forum.\(^4\) Both of these International Shoe inquiries focus on the defendant and his contacts with the forum.\(^4\) The Court did not identify any other criteria to evaluate the fairness or reasonableness of maintaining a suit against the defendant in the forum.\(^4\)

In a later case, however, the focus of the court shifted somewhat from the defendant to the plaintiff.\(^4\)

In McGee v. International Life Insurance,\(^5\) the Court moved away from the International Shoe analysis, which focused on the defendant’s contacts with the forum state, and adopted an interest-based analysis.\(^6\) In evaluating personal jurisdiction, the Court focused on the interest of the forum state,\(^6\) the plaintiff’s interest,\(^6\) and general litigation concerns.\(^6\) It also considered the
defendant's interest in avoiding an inconvenient forum. After weighing these interests, the Court noted the trend of expanding state court jurisdiction and concluded that the California court properly exercised personal jurisdiction over the Texas defendant.

The defendant in *McGee*, a Texas insurance company, had assumed the obligations of a predecessor company, including one life insurance policy for a resident of California. The defendant offered to renew the California policy by mailing a written renewal offer to the insured in California. The offer was accepted by the insured, who paid premiums for two years by mail from California to the Texas office of the defendant. The defendant later refused to pay on the policy. In concluding that the California court properly exercised personal jurisdiction over the defendant, the Court considered several factors: California's interest in providing a means for its residents to recover on their claims, the plaintiff's interest in not allowing the foreign defendant to act with impunity because the expenses of foreign suits are prohibitive, the defendant's interest in avoiding suit in an inconvenient forum, and a "litigation" interest in access to crucial witnesses. Collectively, these elements weighed in favor of the exercise of jurisdiction by California.

In the same term as *McGee*, the Court again faced a personal jurisdiction question in *Hanson v. Denckla*. In *Hanson*, the Court turned away from

[The California] residents would be at a severe disadvantage if they were forced to follow the insurance company to a distant state in order to hold it legally accountable. When claims were small or moderate individual claimants frequently could not afford the cost of bringing an action in a foreign forum—thus in effect making the company judgment proof.

*Id.*

54. *Id.* (recognizing the likelihood of finding crucial witnesses in the insured's locality as a litigation interest).
55. *Id.* at 224.
56. *Id.* at 222-23. The Court observed:

Looking back over this long history of litigation a trend is clearly discernable toward expanding the permissible scope of state jurisdiction over foreign corporations and other nonresidents. In part this is attributable to the fundamental transformation of our national economy over the years. Today many commercial transactions touch two or more states . . . . With this increasing nationalization of commerce has come a great increase in the amount of business conducted by mail across state lines. At the same time, modern transportation and communication have made it much less burdensome for a party sued to defend himself in a state where he engages in economic activity.

*Id.*

57. *Id.* at 223 ("[T]he suit was based on a contract which had a substantial connection with [California].").
58. *Id.* at 221.
59. *Id.*
60. *Id.*
61. *Id.* at 222.
62. See supra notes 52-55 and accompanying text.
64. 357 U.S. 235 (1958).
McGee's interest-based approach and returned to an analysis which focused on the defendant's contacts.\textsuperscript{65} However, the Court redefined the International Shoe minimum contacts standard.\textsuperscript{66} The Court held that the defendant's contacts with the forum state must be purposeful in order for personal jurisdiction to exist within that forum.\textsuperscript{67} The Court stated:

\begin{enumerate}
\item See id. at 251-53; see also Stravitz, supra note 36, at 737-45.
\item Professor Stravitz argues that the limitations of the simplistic International Shoe test led to its modification. Stravitz, supra note 36, at 744 n.80. According to Stravitz:

\begin{quote}
The Hanson Court failed to make use of the International Shoe categories distilled from pre-International Shoe case law. The Hanson fact pattern illustrates how difficult it is to limit the description of a nonresident's forum state activities to two broad classifications: casual and occasional or systematic and continuous. While a defendant's forum state activity may be systematic and continuous in the sense that it occurs at regular intervals, it may only represent a very limited part of the nonresident's national or international business. Moreover, if certain single acts are sufficient to confer jurisdiction, there is no significance to classifying a nonresident defendant's activity as casual and occasional.
\end{quote}

\textit{Id.}

67. Hanson, 357 U.S. at 253. In Hanson, a Pennsylvania domiciliary executed a trust instrument in Delaware, and named a Delaware bank as trustee. \textit{Id.} at 238. The trust instrument gave the settlor, during her lifetime, a power of appointment over the remainder in the trust. \textit{Id.} The settlor later became a domiciliary of Florida. While in Florida, she purported to exercise her power of appointment, appointing a large portion of the trust to two other trusts previously established in Delaware. \textit{Id.} at 239.

After the settlor's death, the residuary legatees brought an action in Florida contending that the power of appointment had not been exercised effectively. \textit{Id.} at 240. Extraterritorial service was made on the Delaware trustees by mail and by publication. \textit{Id.} Several defendants challenged the jurisdiction of the Florida court. \textit{Id.} at 241. The Florida court concluded that it had jurisdiction over the trustee, that the trust was invalid, and thus, that the exercise of the power of appointment was ineffective. \textit{Id.} at 238.

Before the Florida judgment was rendered, one of the settlor's daughters commenced an action in Delaware seeking a declaratory judgment on the validity of the exercise of the power of appointment. \textit{Id.} at 242. The Delaware court held that the trust and the exercise of the power of appointment were valid, and refused to be bound by the Florida judgment. \textit{Id.} at 243.

The Supreme Court, hearing both cases under its certiorari jurisdiction, faced the issue of whether the Florida court had properly exercised personal jurisdiction over the Delaware trustee. \textit{Id.} at 238, 244. The Supreme Court held that the Florida court did not have personal jurisdiction over the Delaware trustee. \textit{Id.} at 253. It found that the Delaware trustee's contacts with Florida were insufficient to be subject there. \textit{Id.} at 251. The Court noted that the trust company had no office in Florida and transacted no business there, that none of the trust assets had ever been held or administered in Florida, and that there had been no solicitation of business in Florida by the trust company. \textit{Id.} It also stated that the cause of action was not one arising out of an act performed, or transaction consummated, in Florida. \textit{Id.} at 251-52. Further, the Court found that the unilateral acts of the settlor, in moving to Florida and exercising her power of appointment there, were not enough to create jurisdiction over the trustee. \textit{Id.} at 253. While recognizing the trend noted in McGee to expand state court jurisdiction, the language of the Court focused squarely on sovereignty and territorial limitations. \textit{Id.} at 251. The Court, critical of McGee, observed:

\begin{quote}
[\textit{It is a mistake to assume that this trend heralds the eventual demise of all restrictions on the personal jurisdiction of the state courts. Those restrictions are more than a guarantee of immunity from inconvenient or distant litigation. They are a consequence of territorial limitations on the power of the respective states.}]
\end{quote}
The unilateral activity of those who claim some relationship with a nonresident defendant cannot satisfy the requirement of contact with the forum State. The application of [the minimum contacts] rule will vary with the quality and nature of the defendant's activity, but it is essential in each case that there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protection of its laws.\(^6\)

Hanson's "purposeful availment" requirement is now commonly viewed as a critical element in jurisdictional due process.\(^6\)

b. Recent minimum contacts developments

The Court attempted to define the outer boundaries of personal jurisdiction in the more recent case of *World-Wide Volkswagen Corp. v. Woodson.*\(^7\) In this decision, the Court again de-emphasized the interests of the forum state and the plaintiff in deciding whether the assertion of personal jurisdiction is consistent with due process, and placed in the foreground the *Hanson* requirement of purposeful availment.\(^7\) The *World-Wide* opinion asserted that the functions of the minimum contacts concept were to protect the defendant and to ensure that states did not exceed their sovereign limits.\(^7\) *World-Wide* is significant because while the language of *International Shoe* set out "fair play and substantial justice" as the standard against which the sufficiency of the contacts is to be measured, the *World-Wide* Court explicitly adopted a bifurcated approach which characterized the minimum contacts inquiry as a threshold question.\(^7\) Thus, under *World-Wide*, only when minimum contacts are found to exist do fair play and substantial justice become relevant considerations.

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\(^6\) *Id.* (citation omitted).

In reasserting the *International Shoe* focus on the defendant, the Court noted that the issue was one of personal jurisdiction and not choice of law. "[The issue of personal jurisdiction] is resolved in this case by considering the acts of the trustee." *Id.* at 254.

\(^6\) *Id.* at 253 (citation omitted).


\(^7\) 444 U.S. 286 (1980). In *World-Wide*, two New York residents brought a product liability suit in Oklahoma state court for injuries sustained in a car accident. *Id.* at 288. The defendants included the New York retailer who sold them their car, the New York regional distributor, the car's international manufacturer, and the national importer. *Id.* The plaintiffs were on an Oklahoma freeway, en route to their new home in Arizona, when their car was rear-ended, rupturing the gas tank and causing a fire. *Id.*

\(^7\) *Id.*

\(^7\) *Id.* at 291-92.

\(^7\) *Id.* The bifurcated approach employed in *World-Wide* was not part of the *International Shoe* test. In *International Shoe*, the Court simply asked whether the defendant's contacts with the forum were sufficient, under the standard of "fair play and substantial justice," to allow the district court to exercise jurisdiction over the defendant. *International Shoe Co. v. Washington*, 326 U.S. 310, 320 (1945).
In *World-Wide*, the Supreme Court refused to allow an Oklahoma court to exercise personal jurisdiction over a New York automobile retailer and its regional distributor because it found no "contacts, ties, or relations" between them and the Oklahoma forum. The plaintiff argued that as a result of a car's inherent mobility it was foreseeable that the car would cause injury in Oklahoma, thereby making it fair to assert personal jurisdiction over the defendants there. The Court held that foreseeability alone, without "affiliating circumstances" by which the defendant avails himself of the privileges and benefits of the forum state's law, cannot support jurisdiction.

In discussing the lack of affiliating circumstances in *World-Wide*, the Court noted that petitioners did not solicit business in Oklahoma either through salespersons or through advertising reasonably calculated to reach the state. Similarly, petitioners did not directly, or through others, regularly sell cars at wholesale or retail to Oklahoma residents. This standard for minimum contacts has been labelled the "stream of commerce" variation of the purposeful availment requirement. Thus, the *World-Wide* case indicates that a court may find purposeful conduct by the defendant when he engages in activity within the forum state, or places goods into the stream of commerce, and it is foreseeable that a suit may be filed in the forum state.

Justice Brennan's opinion in *Burger King Corp. v. Rudzewicz* set forth a new two-branch approach to personal jurisdiction. Justice Brennan's approach has been characterized as the joinder of McGee's multi-interest balancing approach with Hanson's purposeful availment analysis. The first branch may be characterized as the "traditional minimum contacts" branch. Once it has been established that a defendant purposefully established minimum contacts within the forum state, these contacts are considered in light of the factors under the second branch, which may be characterized as the "fairness" branch.

Under Justice Brennan's formulation, the "fairness" branch seem-
ingly dominates. The Court stated that "fairness" considerations "sometimes serve to establish the reasonableness of jurisdiction upon a lesser showing of minimum contacts than would otherwise be required," or on the other hand, "may defeat the reasonableness of jurisdiction even if the defendant has purposefully engaged in forum activities.

The *Burger King* litigation arose from a dispute between Burger King Corporation, a Florida corporation with its principal place of business in Miami, and one of its franchisees. Appellee, Rudzewicz, a domiciliary of Michigan, and his partner applied jointly to Burger King's Birmingham, Michigan district office for a franchise. Although Rudzewicz and his partner essentially dealt with the Birmingham district office, they also had communication with Burger King's headquarters in Miami. They signed a franchise agreement with Burger King and commenced operation of a Burger King restaurant in Michigan. The franchise soon experienced financial difficulties and defaulted on payments due under the franchise agreement. Burger King terminated the franchise and demanded that Rudzewicz relinquish possession of the Michigan facility. When Rudzewicz refused, Burger King commenced an action for breach of contract and trademark infringement in the Southern District of Florida.

The Florida district court rejected the defendants' personal jurisdiction challenge and found in favor of Burger King on the substantive claims. The Eleventh Circuit reversed on the ground that jurisdiction in Florida was fundamentally unfair because the circumstances surrounding the negotiation of the franchise agreement and the operation of the restaurant did not provide Rudzewicz with reasonable notice of the possibility of litigation in Florida.

The Supreme Court reversed. The Court concluded that the "traditional" branch of the test for personal jurisdiction was satisfied because Rudzewicz deliberately and knowingly formed a long-term relationship with an entity headquartered in the forum state, and as a result, he should have reasonably anticipated forum state litigation. Turning then to the "fairness" branch, the
Court concluded that Rudzewicz failed to establish that jurisdiction in Florida would be unreasonable.99

Burger King's joinder of McGee's multi-interest balancing approach with Hanson's purposeful availment analysis did not merge the two doctrines into a uniform test providing predictable results.100 The next Supreme Court case which addressed the issue of personal jurisdiction, Asahi Metal Industry Co. v. Superior Court,101 producing two four-Justice plurality opinions and a third opinion of three Justices, illustrated the disagreement within the Court with respect to the soundness of the Burger King test.102 Asahi arose from a 1978 collision involving a motorcyclist and the driver of a tractor-trailer on a California highway.103 The motorcyclist, a California resident, was severely injured and his wife was killed.104 He filed a product liability suit in California alleging that one of the motorcycle's tires was defective.105 The complaint named, inter alia, Cheng Shin Rubber Industrial Co. ("Cheng Shin"), the Taiwanese manufacturer of the tube.106 Cheng Shin subsequently filed a cross-complaint seeking indemnification from its codefendants and from Asahi Metal Industry Co. ("Asahi"), the manufacturer of the tire's valve assembly.107

The California Supreme Court found the exercise of jurisdiction over Asahi to be consistent with the due process clause.108 Asahi appealed and the Supreme Court reversed.109 Although all nine Justices concurred in the judgment reversing the California Supreme Court, the Court was deeply divided over the proper reasoning for its result. In each of the opinions filed, the Justices applied the two-branch Burger King framework.110 Under the "traditional minimum contacts" branch, Justice Brennan, joined by Justices White, Marshall, and Blackmun, maintained that minimum contacts were established based on Asahi's awareness that its products would be marketed in California.111 Just-
tice O'Connor's plurality opinion concluded that minimum contacts had not been established because Asahi did not purposefully direct its business activity to California.\textsuperscript{118} Despite finding that minimum contacts had not been established, the O'Connor plurality addressed the fairness branch.\textsuperscript{119} This leaves some doubt as to whether the minimum contacts inquiry is still considered a threshold matter. Both the O'Connor plurality and the Brennan plurality concluded that California's assertion of jurisdiction was unreasonable under the fairness branch.

\textit{Asahi} is the Supreme Court's last word on the subject of personal jurisdiction. \textit{Asahi}’s modification of the \textit{Burger King} test requires the federal courts to consider whether the defendant purposefully established minimum contacts in the forum state, and whether the court's exercise of personal jurisdiction over the defendant would offend traditional notions of "fair play and substantial justice" under the particular circumstances.\textsuperscript{114} As a result of the division of the \textit{Asahi} Court, the order and relationship of these two inquiries has become uncertain.

c. Application of the “minimum contacts” test to corporate defendants

As discussed above, the test for proper jurisdiction over the person is the “minimum contacts” test. The “minimum contacts” test for personal jurisdiction applies to corporate defendants, as well as individuals.\textsuperscript{118} Traditionally, personal jurisdiction could not be asserted over a corporate defendant except in the place of its incorporation.\textsuperscript{116} This restrictive territorial view of personal jurisdiction over a corporate defendant was based on the concept of the fictional corporate entity which, as a creature of state statute, was deemed to

\begin{footnotes}
\item[112.] \textit{Id.} at 108-13.
\item[113.] \textit{Id.} at 113-16. Although Justice O'Connor's opinion failed to find minimum contacts, it went on to evaluate the "fairness" branch factors and concluded that, in any event, California's assertion of jurisdiction over Asahi was unreasonable. \textit{Id.} at 114-15. Justice Brennan agreed, finding \textit{Asahi} the rare case in which the "fairness" branch defeats the "traditional minimum contacts" branch. \textit{Id.} at 116 (Brennan, J., concurring). Justice Stevens also joined Justice O'Connor in her fairness branch analysis. \textit{Id.} at 121 (Stevens, J., concurring). Only Justice Scalia failed to join this part of Justice O'Connor's opinion. However, Justice Scalia did not choose to write separately on this issue.
\item[114.] See supra notes 111-13 and accompanying text.
\item[115.] \textit{E.g.}, \textit{Asahi Metal Indus. Co. v. Superior Court}, 480 U.S. 102 (1987) (applying the “minimum contacts” test to the corporate defendant); see infra note 118.
\item[116.] See \textit{Bank of Augusta v. Earle}, 38 U.S. 519, 588 (1839).
\end{footnotes}
exist only where that statute applied. The realities of modern corporate participation in interstate commerce led the courts to jettison this restrictive view of personal jurisdiction.

3. Venue

In addition to having jurisdiction over the subject matter and the "person," the chosen forum must have proper venue. The concept of venue focuses on the place where the power of a court may be exercised. The general venue provision governing actions in the federal courts is 28 U.S.C. § 1391. Chapter 87 of title 28 of the United States Code also contains several specific venue provisions, including section 1400(b), which governs venue in patent infringement actions. While the trend has been to expand proper venue under the general venue provision, the patent venue provision has remained largely unchanged since its enactment.

a. Requirements of the federal venue statutes

The federal venue provisions are contained in chapter 87 of title 28 of the United States Code. The general venue requirements for actions in the federal courts are stated in section 1391. Section 1391(a) governs actions where jurisdiction is founded on diversity, and allows suit to be brought "where all plaintiffs or all defendants reside, or in which the claim arose." Venue under federal question jurisdiction, governed by section 1391(b), is similar to section 1391(a) except that the plaintiff's residence is excluded. A
corporation’s residence, for purposes of venue under either diversity or federal question jurisdiction, is defined in section 1391(c). Prior to the passage of the Amendment, section 1391(c) defined a corporation’s residence as "any judicial district in which it is incorporated or licensed to do business or is doing business." 119 Finally, section 1391(d) provides that an alien may be sued in any district.120

The focus of these general venue provisions is on the place where an action may properly be brought.121 The purpose of these venue provisions is to protect the defendant against the risk that the plaintiff will select an unfair or inconvenient forum.122

Patent infringement actions are subject to a special venue statute. Title 28, section 1400(b) of the United States Code provides that “[a]ny 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.”123

The two clauses of section 1400(b) set out different standards for the establishment of proper venue. The first clause of section 1400(b) establishes that proper venue for patent cases exists in the district where the defendant resides.124 This is demonstrated in Fourco Glass Co. v. Transmirra Products Corp.,125 where the Supreme Court held that a corporate defendant resides only in the state in which it is incorporated.126 Proper venue under the second clause, however, is less clear. The second clause applies in patent infringement cases where the defendant is a domestic corporation and the forum is not its state of incorporation.127 There are two requirements for proper venue under the second clause. The defendant must have a regular and established place of business in the forum, and the defendant must have committed acts of infringement there.128

130. See generally C. WRIGHT & A. MILLER, supra note 32, § 1063, at 224 (2d ed. 1987) (distinguishing venue from jurisdiction in that “the principles of federal venue have been designed to insure that litigation is lodged in a convenient forum and to protect defendant against the possibility that plaintiff will select an arbitrary place in which to bring suit”).
131. Leroy v. Great W. United Corp., 443 U.S. 173, 183-84 (1979) (“In most instances, the purpose of statutorily specified venue is to protect the defendant against the risk that a plaintiff will select an unfair or inconvenient place of trial.” (emphasis in original)); see Denver & R.G.W.R. Co. v. Brotherhood of R.R. Trainmen, 387 U.S. 556, 560 (1967) (venue looks to “convenience of the litigants and witnesses”).
133. Id.
135. Id. at 226.
136. See Brunette Mach. Works v. Kockum Indus., 406 U.S. 706 (1972) (excluding alien defendants from the restrictions on venue found in § 1400(b)).
Courts have taken two approaches to the "regular and established place of business" requirement. The majority view is that, in order to meet this requirement, the defendant must maintain, control, and pay for a permanent physical location within the forum district, and conduct business from that location. The minority view, however, holds that the requirement is satisfied if the defendant merely does business in the forum district and establishes a substantial, continuous and systematic presence there.

The Federal Circuit addressed the issue in dicta in the case of In re Cordis Corp., and seemed to adopt the minority position.

Similarly, courts have taken two different approaches under the "acts of infringement" requirement. The Federal Circuit, however, has not adopted either approach for this requirement. A line of cases from the Seventh Circuit asserts that the "acts of infringement" requirement is satisfied by continuous sales solicitation activity, coupled with demonstrations of the alleged infringing device in the forum. Other courts construe the statute narrowly and require the defendant to actually consummate a sale in the forum. The relevant time frame for this analysis is the time at which the cause of action accrues.

The special venue provision of section 1400(b) is narrow in scope. Rather than applying to all patent actions, its application is limited to only civil actions for patent infringement.

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138. Dual Mfg. & Eng'g., Inc. v. Burris Indus., 531 F.2d 1382 (7th Cir. 1976); American Cyanamid v. NOPCO, 388 F.2d 818 (4th Cir.), cert. denied, 392 U.S. 906 (1968); University of Illinois Found. v. Channel Master Corp., 382 F.2d 514 (7th Cir. 1967).
141. Id. at 737. The pertinent language from the Federal Circuit's opinion stated: "[T]he appropriate inquiry is whether the corporate defendant does its business in that district through a permanent and continuous presence there and not . . . whether it has a fixed physical presence in the sense of a formal office or store." Id.
142. See, e.g., Union Asbestos & Rubber Co. v. Evans Prods. Co., 328 F.2d 949 (7th Cir. 1965) (the defendant's demonstration of the operation of the alleged infringed device on two occasions, coupled with continuous solicitation of orders, was a sufficient degree of selling for venue purposes); William Sklaroff Design Assocs. v. Metcor Mfg., 224 U.S.P.Q. 769 (N.D. Ill. 1984) (the continuous solicitation of orders, coupled with the physical presence of the product within the district, was a sufficient degree of selling for venue purposes).
143. See, e.g., Laitram Corp. v. Rexnord, Inc., 226 U.S.P.Q. 971 (D. Md. 1985) (the court based its holding on the idea that the patent venue statute is specific and unambiguous, and should not be liberally construed.); see also W.S. Tyler Co. v. Ludlow-Saylor Wire Co., 236 U.S. 723 (1915) (adopting the narrow construction). The Seventh Circuit found that the Supreme Court's language in W.S. Tyler was dicta. See Union Asbestos & Rubber Co., 328 F.2d at 951.
144. See Datascope Corp. v. SMEC, Inc., 561 F. Supp. 787, 789 (D.N.J. 1983), aff'd in relevant part, 776 F.2d 320 (Fed. Cir. 1985) (the alleged infringer cannot avoid proper venue by closing its forum location once it becomes aware that it may be subject to a suit for infringement there).
145. Actions thus excludable from coverage under § 1400(b) include actions for a declaratory judgment that defendant's patent is invalid or noninfringed, actions to enjoin threatened infringement, actions against the Commissioner of Patents, and actions against alien defendants. See 1A (pt. 2) J. Moore, W. Taggart, A. Vestal, J. Wicker & B. Ringle, Moore's Federal Prac-
b. History of the federal venue statutes

The recent amendment to section 1391(c) directly affects the application of section 1400(b) because it changed the definition of residence for venue purposes. Before analyzing the impact of the Amendment on the operation of section 1400(b), the balance of this Section outlines the federal venue structure.

(1) Early venue statutes: plaintiffs allowed broad choice of forums

The first venue statute specifically directed at patent actions was apparently enacted to resolve a conflict among the courts on whether the venue provisions of the Act of March 3, 1887, applied to patent infringement cases, or whether such actions were governed by the Judiciary Act of 1789. This first patent venue statute, enacted in 1897, is the same as the present section 1400(b), except for minor word changes.

The modern venue statutes evolved from an ancient common law concept. It was not until 1887, however, that the federal courts had any significant
statutory venue requirements, as such, for civil actions. Until that time, the Judiciary Act of 1789 permitted civil suits, including patent infringement actions, in any district where the defendant was "an inhabitant, or in which he [was] found . . ." Under the "where found" requirement, venue was proper if the defendant could be served with process in that district, even if the defendant was only temporarily within the district. While the courts tried to limit the general permissiveness of the Judiciary Act of 1789, plaintiffs were afforded a rather extensive choice of forums.

(2) The Act of March 3, 1887: narrowed access to the federal courts

 Plaintiffs abused the expansive venue provision which allowed suit wherever the defendant could be found. Defendants in such actions, particularly defendants in suits for patent infringement, often objected to the "injustice and oppression" which resulted from being forced to defend a suit in a district in which they were present only by chance. These abuses prompted Congress to pass the Act of March 3, 1887. The 1887 legislation replaced the earlier venue provision, suggesting a trend to narrow access to the federal courts. The new provision required a plaintiff to file suit in the district where the defendant was an "inhabitant." This provision provided an exception in diversity cases, however, allowing the plaintiff to bring suit where either the plaintiff or the defendant resided.

(3) The recent trend to expand venue

 From 1887 to 1966, no substantial changes were made to the general venue provisions. The Judicial Code of 1948 made alterations in the language of the statute, largely to conform to judicial constructions of the former statute. This code also added the requirements for proper venue with respect to

151. See 15 Wright, Federal Practice, supra note 6, § 3802 (2d ed. 1986).
152. Judiciary Act of 1789, ch. 20, § 11, 1 Stat. 78; see Act of Mar. 3, 1875, 18 (pt. 3) Stat. 470 (retaining the provision allowing suit wherever the defendant could be found).
153. See 15 Wright, Federal Practice, supra note 6, § 3802 (2d ed. 1986).
156. Bowers, 104 F. at 889 (noting that in no branch of federal jurisdiction were complaints of injustice and oppression more numerous than in infringement suits).
159. Id. This Act gave rise to the anomaly, which still exists today, that a wider choice of venue is provided in diversity cases than in federal question cases (plaintiff's residence being a choice only in diversity cases). See 28 U.S.C. § 1391 (1988).
161. See 15 Wright, Federal Practice, supra note 6, § 3802 (2d ed. 1986).
corporations and aliens.

Section 1391(c) provided that a "corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business . . . ." The district where the business is incorporated, licensed, or actively doing business, serves as the corporation's residence for venue purposes. In 1966, Congress added the district "in which the claim arose" as an alternative venue in diversity cases and federal question cases.

(4) The history of the special venue statute for patent infringement actions

In 1895, the Supreme Court clearly stated that the general venue provisions of the 1887 Act, which restricted venue over an alleged corporate infringer to the state of incorporation, did not apply to patent infringement actions. Rather, the Court held in In re Keasbey & Mattison Co. that the broader venue of the "where found" provision from the Judiciary Act of 1789 still controlled. In response to the Keasbey decision, Congress enacted the Patent Venue Act of 1897. This act provided that patent infringement suits may be brought "in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business."

The intent of Congress in passing the Patent Venue Act was to narrow the broad "where found" venue delineated by Keasbey. This intent is evident from both the timing of the passage of the Patent Venue Act and Congressional debate on the subject. The timing of Congressional passage of the patent venue statute, less then two years after the Keasbey decision, demonstrates the Legislature's dissatisfaction with the Supreme Court's ruling. Congressional debate on the Patent Venue Act of 1897, as reported from the House Committee on Patents, supports the view that it was intended to restrict venue in patent infringement cases. The Committee report stated, "[t]his
The main purpose of the bill is to give original jurisdiction to the court where a permanent agency transacting the business is located, and that business is engaged in the infringement of the patent rights. Isolated cases of infringement would not confer this jurisdiction, but only where a permanent agency is established.

In discussing this legislation, Congress used restrictive language and the present tense, indicating a change in the law.

Several cases decided soon after the Act of 1897 suggest that interpreting that act as limiting venue in patent infringement cases is correct. One of the decisions in this era was Bowers v. Atlantic G. & P. Co. Bowers was a patent infringement case filed in New York against a West Virginia corporation. The West Virginia corporation had an established place of business in New York. The plaintiff, however, only alleged infringing acts in Georgia. In the course of considering the plaintiff's argument that the Act of 1897 enlarged proper venue, the court concluded that the Patent Venue Act of 1887 clearly restricted venue vis-a-vis the Act of 1789. The Bowers court gave four reasons for its holding that the Patent Venue Act of 1897 did not broaden patent venue: (1) venue was as broad as the limits of the United States and did not need to be broadened; (2) there was no demand for broadening; (3) legislative intent, with respect to the passage of the 1887 venue legislation, revealed that Congress favored restricted venue, and as long as the courts applied the restricted venue to patent infringement actions, Congress remained silent; and (4) the 1897 Act was Congress' reply to Keasbey, rejecting Keasbey's broader venue.

The 1897 Act provided greater protection to defendants in patent infringement actions than the Judiciary Act of 1789, although it afforded less protection than the Act of March 3, 1887. Today, the patent venue statute
remains substantially unchanged from the Act of 1897. 87

B. Application of the Venue Statutes in the Federal Courts

The patent venue statute, section 1400(b), affords greater protection to corporate defendants in patent infringement suits than the general venue provision, section 1391, provides. 88 Under the current Supreme Court venue doctrine, section 1400(b) is the “sole and exclusive” provision controlling venue in patent infringement actions. 89 It is not to be supplemented by the provisions of the general corporate venue statute in section 1391(c). 90

1. The Stonite and Fourco Cases Lay the Groundwork

A line of Supreme Court cases asserts that the patent venue statute is exclusive in patent infringement cases and may not be supplemented by general venue provisions. 91 The first of these cases was Stonite Products Co. v. Melvin Lloyd Co. 92 In Stonite, the corporate defendant, Stonite Products Company, was an inhabitant of the Eastern District of Pennsylvania and had no regular and established place of business in the Western District of Pennsylvania. 93 Co-defendant, Lowe Supply Company, was an inhabitant of the Western District of Pennsylvania. 94 The plaintiff, Melvin Lloyd Company, sued both defendants in the Western District of Pennsylvania for patent infringement. 95

Since venue was improper as to Stonite in the Western District under the patent venue statute, the issue was whether the patent venue statute could be supplemented by what is now section 1392(a). 96 Section 1392(a) provides that a transitory civil action against multiple defendants, who reside in differ-

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87. See supra note 146 (presenting the text of the patent venue provision of 1897).
88. See supra notes 156-84 and accompanying text (discussing the narrow requirements of the patent venue statute; that is, a corporate defendant may only be sued in its state of incorporation, or where it has a regular and established place of business and committed acts of infringement); see also Johnston v. IVAC Corp., 681 F. Supp. 959 (D. Mass. 1987) (finding that the § 1400(b) "regular and established place of business" standard requires more than the minimum contacts necessary to establish personal jurisdiction, and more than the 1391(c) "doing business" standard); OMI Int’l Corp. v. MacDermid, Inc., 648 F. Supp. 1012 (M.D.N.C. 1986) (finding that more contacts are required to satisfy the § 1400(b) "regular and established place of business" standard than are necessary under the “doing business” standard of § 1391(c)).
89. Fourco Glass Co. v. Transmirra Prods. Corp., 353 U.S. 222, 227-29 (1957). Thus, a corporation cannot be sued for patent infringement in a district in which it is simply “doing business” without committing acts of infringement there. Id.; see infra notes 192-236 and accompanying text.
90. Fourco, 353 U.S. at 227-29.
92. 315 U.S. 561 (1942).
93. Id. at 562-63.
94. Id. at 563.
95. Id.
ent districts in the same state, may be brought in any such district.\(^\text{197}\) The Stonite Court held that the plaintiff could not rely on the predecessor of section 1392(a), and that the patent venue statute alone controlled this action.\(^\text{198}\)

A few years after Stonite, Congress enacted section 1391(c) in the Judicial Code of 1948.\(^\text{199}\) Section 1391(c) provided that "for venue purposes," a corporation is deemed to reside where "it is incorporated or licensed to do business or is doing business . . . ."\(^\text{200}\) Prior to this enactment, a corporation was deemed to reside, for venue purposes, only where it was incorporated.\(^\text{201}\)

Despite the explicit additions to the definition of corporate residence by the Judicial Code of 1948, the Supreme Court refused to view this code as a substantive change to the patent venue statute.\(^\text{202}\) In *Fourco Glass Co. v. Transmirra Products Corp.*,\(^\text{203}\) the plaintiff argued that the new liberalized general venue provision laid out in section 1391(c) should be read as a supplement to the patent venue statute.\(^\text{204}\) In *Fourco*, Transmirra Products Corporation sued Fourco Glass Company, a West Virginia corporation, for patent infringement in the Southern District of New York.\(^\text{205}\) Fourco maintained a regularly established place of business in that district, but there was no showing that it had committed any acts of infringement there.\(^\text{206}\) The *Fourco* Court found that there was no legislative intent in the passage of the 1948 revision of the Judicial Code to substantively change the patent venue statute, and thus, the statute was not to be supplemented by section 1391(c), the general corporate venue statute.\(^\text{207}\) The Court held that for purposes of venue under the patent venue statute, a corporation resides only in the state of its incorporation.\(^\text{208}\)

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197. *Id.*


199. See *supra* notes 160 & 164 and accompanying text.


203. *Id.*

204. *Id.* at 228.

205. *Id.* at 223.

206. *Id.*

207. *Id.* at 227-29.

208. *Id.* Commentators have criticized the *Fourco* decision based primarily on what is contended to be an erroneous reading of the legislative history of the patent venue statute. See Geriak, *Fifteen Years of Fourco—The Needless Disputes Over Patent Venue*, 24 Hastings L.J. 55, 57 (1972) ("It would seem rather remarkable to a person untrained in the law that the Supreme Court could interpret the word "resides" in section 1400(b) . . . differently from the manner prescribed in section 1391(c) . . . . It is scarcely less remarkable to a lawyer that the Court was able to do just that in *Fourco*."); Wydick, *Venue in Patent Actions*, 25 Stan. L. Rev. 551, 559 (1973) ("A reexamination of the legislative history of the patent venue statute would have shown that this result was probably not in accord with Congressional intent."); Recent Cases, 11 Vand. L. Rev. 228 (1957). See generally 1A (pt. 2) J. Moore, W. Taggart, A. Vestal, J. Wicker & B. Ringle, *Moore's Federal Practice*, § 0.344[9], at 4247-51 (2d ed. 1990) (reviser's note to § 1391 does not indicate that any change in the general venue statute was intended); 15 Wright, *Federal Practice, supra* note 6, § 3823, at 217-19 (2d ed. 1986) (both the reasoning and the
Thus, after *Fourco*, it seemed the patent venue statute remained unchanged in its definition of a corporation's residence.

2. *The Brunette and Pure Oil Cases Refine the Scope of Fourco*

Recent Supreme Court decisions, although not entirely consistent, have tended to limit the *Fourco* holding. In *Brunette Machine Works, Ltd. v. Kockum Industries, Inc.*,\(^\text{209}\) the Court limited its restrictive interpretation of the patent venue statute.\(^\text{210}\) In a unanimous decision, the *Brunette* Court held that section 1391(d), providing that an alien may be sued in any district, rather than section 1400(b), applied to the issue of venue in a patent infringement action against an alien corporation.\(^\text{211}\) Kockum Industries, Inc., filed a patent infringement suit against Brunette Machine Works, Ltd., a Canadian corporation, in the District of Oregon.\(^\text{212}\) Brunette had no regular place of business in Oregon.\(^\text{213}\) Kockum obtained service of process on Brunette in Oregon under that state's long-arm statute.\(^\text{214}\) The district court applied section 1400(b) as the exclusive venue provision in patent infringement actions and dismissed the complaint for improper venue because Brunette was a Canadian corporation and had no regular place of business in Oregon.\(^\text{215}\) The Supreme Court, disagreeing with this construction of the venue statutes,\(^\text{216}\) held that section 1391(d) was applicable in a patent infringement suit against an alien defendant.\(^\text{217}\) The Court distinguished *Fourco* and *Stonite* on the grounds that the plaintiffs in those cases sought to supplement section 1400(b) with a general venue provision, while in *Brunette* plaintiffs sought to supplement section 1400(b) with section 1391(d), which the Court found to be a specific provision.\(^\text{218}\)

*Brunette* did not overrule *Fourco* or *Stonite*; the Court agreed that the patent venue provision was not to be supplemented by the general venue provi-

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\(^\text{210}\) Id. at 710.
\(^\text{211}\) Id. However, the Court also concluded that “it is fair to say, as the Court did in *Stonite* and *Fourco*, that in 1897 Congress placed patent infringement cases by themselves, outside the scope of the general venue legislation.” Id. at 713.
\(^\text{212}\) Id. at 707.
\(^\text{213}\) Id.
\(^\text{214}\) Id.
\(^\text{215}\) Id.
\(^\text{216}\) Id.
\(^\text{217}\) Id. at 714.
\(^\text{218}\) Id. at 713.
The rationale of the Court in Brunette was simply that section 1391(d) was not a venue restriction at all, but rather a declaration of the policy that an alien should not be able to avoid suit on such procedural grounds. The Supreme Court has also considered the effect of section 1391 on special venue provisions found outside title 28. In Pure Oil Co. v. Suarez, the Court found that the definition of corporate residence in section 1391(c) should apply to most special venue statutes that speak in terms of residence, in the absence of contrary indications in the special provisions. The Pure Oil Court held that the general venue provisions of section 1391(c) were to supplement the special venue provision of the Jones Act. In Pure Oil, the plaintiff, Suarez, brought his action under the Jones Act in the Southern District of Florida where the defendant, Pure Oil, was neither incorporated nor had its principal office. While Pure Oil argued that venue in that district was improper under the literal language of the Jones Act's venue provision, Suarez argued that the general venue statute, section 1391(c), supplemented the special venue provision of the Jones Act. The Supreme Court agreed with Suarez. The Court distinguished Fourco on the grounds that the Court in Fourco was "merely following the purpose and letter of the original enactment [of the patent venue statute]," and "the patent venue section at issue in Fourco was itself revised in 1948, in the same Act that contained section 1391(c)." Thus, while recent decisions of the Supreme Court have refined the restrictive reading of section 1400(b), the Court remains unwilling to ap-

219. Id. at 710.
220. Id. at 714. The Court stated that § 1391(d) was a declaration of "the long-established rule that suits against aliens are wholly outside the operation of the federal venue laws." Id. In dicta, Justice Marshall's opinion for the unanimous Court explicitly noted that the 1897 patent venue statute "was rather less restrictive than the general venue provision then applicable..." Id. at 712. This contradicts the Fourco analysis of the legislative history of the patent venue statute. See supra notes 202-08 and accompanying text.
222. Id. at 205. The Court distinguished Fourco on the ground that the patent venue statute was enacted in 1897 "specifically to narrow venue in such suits." Id. at 207 (emphasis added).
223. Id. at 204. The purpose of the Jones Act, 46 U.S.C. § 688 (1964), is to provide substantive rights to seamen and a federal forum in which to vindicate those rights. Id. at 205. Suarez, a seaman employed by petitioners, filed suit in negligence under the Jones Act for personal injuries allegedly suffered in the course of his employment. Id. at 202. The following "minor provision," id. at 207, governs proper venue under the Jones Act: "Jurisdiction in such actions shall be under the court of the district in which the defendant employer resides or in which his principal office is located." 46 U.S.C. § 688 (1964). Despite the language of jurisdiction in the provision, it refers only to venue. See Panama R.R. v. Johnson, 264 U.S. 375, 384-85 (1924).
224. Pure Oil, 384 U.S. at 202 (Pure Oil moved to transfer the case to the Northern District of Illinois on the ground that venue was improper in Florida).
225. See supra note 223 (presenting the text of the special venue provision contained in the Jones Act).
227. Id. at 206. The Court found that, in the case of the Jones Act venue provision, Congress intended to expand the plaintiff's choice of venue. Id. at 207.
ploy section 1391(c) to supplement this section.\footnote{228}

3. Fourco in the Federal Circuit

The United States Court of Appeals for the Federal Circuit followed the Fourco holding that section 1400(b) may not be supplemented by section 1391(c).\footnote{229} In \textit{In re Cordis Corp.},\footnote{230} a patent infringement action, the plaintiff, a Minnesota corporation, filed suit in the United States District Court for the District of Minnesota.\footnote{231} Cordis Corporation, the defendant, was a Florida corporation with its principal place of business in Miami.\footnote{232} The \textit{Cordis} court stated that venue in patent infringement actions is controlled exclusively by section 1400(b).\footnote{233} In addition, the court held that for purposes of the first clause of section 1400(b), a corporation is a resident only of the state in which it is incorporated.\footnote{234} Thus, despite its contacts with the Minnesota district,\footnote{235}


\footnote{229} \textit{See In re Cordis Corp.}, 769 F.2d 733 (Fed. Cir. 1985).

\footnote{230} \textit{Id.}

\footnote{231} \textit{Id.} at 734.

\footnote{232} \textit{Id.} The plaintiff sued in Minnesota based on Cordis' sales of implantable heart pacers there. \textit{Id.}

\footnote{233} \textit{Id.}

\footnote{234} \textit{Id.} at 735 (citing Fourco Glass Co. v. Transmirra Prods. Co., 353 U.S. 222 (1957)).

\footnote{235} Cordis employed two full-time sales representatives in Minnesota who maintained offices in their homes and kept an inventory of Cordis products there. \textit{Id.} at 735. Both were paid a salary plus commission and they worked exclusively for Cordis, which supplied them each with a company-owned car. \textit{Id.} Cordis was not registered to do business in Minnesota, did not have a bank account there, and neither owned nor leased any property within the state. \textit{Id.} Cordis engaged a secretarial service in Minnesota, and the business cards of the salesmen listed that number. \textit{Id.} The Minneapolis telephone directory included Cordis's name and telephone number and listed the secretarial service's address as Cordis's address. \textit{Id.}
the court found that Cordis "resided" only in the state of Florida. With this backdrop of the law of federal venue, this Note now focuses on the proper interpretation of the scope of the amendment to section 1391(c) with respect to patent venue. A brief discussion of principles of statutory construction will aid in this analysis of the Amendment.

C. Principles of Statutory Construction

Judicial analysis of a legislative enactment begins with a close reading of the language of the statute. When the language of the statute is unambiguous, the court should enforce the statute according to its literal terms. This principle is commonly known as the plain meaning rule. Under this rule, a court may not refer to other indications of legislative intent or meaning when the literal terms of the statute are clear and unambiguous.

On the other hand, when the literal terms of a statute are ambiguous, the court may examine its relationship with other statutes within the same scheme and legislative history for indicia of intent or meaning. Courts use two fundamental rules of construction to interpret a statute in the context of a statutory scheme: (1) grant specific provisions priority over conflicting general provisions; and (2) give effect to every phrase and sentence of a statute...
where possible. These rules are rules of construction and not rules of law and, therefore, serve merely as guidelines for courts faced with ambiguous statutes.

II. Amendment of 28 U.S.C. § 1391(c)

Congress recently amended section 1391(c), the governing provision for venue in actions against corporations, by passing the Judicial Improvements and Access to Justice Act. Section 1391(c) now provides:

For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced. 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.

Prior to the amendment, section 1391(c) provided: “A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.” The Act, which became effective February 16, 1989, makes the test for corporate residency the same as that used for determining when personal jurisdiction exists over a defendant, that is, the “minimum contacts” test. More importantly, a literal reading of amended section 1391(c) would extend its definition of corporate residency to the special venue provisions within chapter 87 of title 28 of the United States Code. One such provision is section 1400(b), the patent venue provision under which corporations have been held to reside only where they were incorporated. Thus, the literal language of the Act is in direct conflict

244. See id. § 46.06; see also CNA Fin. Corp. v. Donovan, 830 F.2d 1132, 1148-49 (D.C. Cir. 1987) (citing Fourco as a “far more careful and thoughtful approach to interpretation than wooden citation to a canon of construction,” and finding that “the Supreme Court has clearly expressed its distrust of phraseology born of the revision-codification process in situations where the new language, if taken literally, would demonstrably conflict with settled precedent or policy, or significantly impede the operation of other, pre-existing statutes”).
248. See supra notes 32-118 and accompanying text (discussion of “minimum contacts” test).
249. See supra text accompanying note 246 for text of § 1391(c).
250. See supra notes 188-208 and accompanying text.
with the case law regarding the application of the special patent venue provision.\footnote{251} The meaning of amended section 1391(c) is ambiguous, however, when read in light of judicial interpretation of the language of the prior version.\footnote{252} To add to this ambiguity, there is no indication in the scarce legislative history that Congress intended such a drastic change in the law.\footnote{253}

Despite extensive legislative history on the Act, an indication of Congressional intent to substantively modify the provisions of section 1400(b) is lacking.\footnote{254} To the contrary, "[a] stated aim of Congress was to restrict the plaintiff's venue choices somewhat . . . ."\footnote{255}

The prior section 1391(c) provided that venue was proper in an action against a corporate defendant in the corporation's district of incorporation or in any district in which it was licensed to do business or actually doing business. Congress' amendment to 1391(c) was directed at the "incorporated or licensed to do business" segment of the old statute. A corporation that duly licenses itself under state law is authorized to do business anywhere in the state.\footnote{256} Hence, in a state with several districts, the "licensing" standard would make any district in that state a proper venue in an action against a corporate defendant.\footnote{257} It was this venue choice which Congress sought to eliminate with the second sentence of the new section 1391(c).\footnote{258}

The general venue statute defines the residence of a corporation as "any judicial district in which it is incorporated or licensed to do business or is doing business." 28 U.S.C. § 1391(c). Read literally, the statute appears to make venue proper in any district in a multidistrict state . . . .

The Judicial Conference proposes that a corporation for venue purposes

\footnote{251} The amended § 1391(c) is not, however, literally different than the older version which militates against an intended change in meaning. See supra text accompanying notes 246-47 (presenting the language used in both provisions).

\footnote{252} See infra notes 283-85 and accompanying text.

\footnote{253} See infra notes 291-300 and accompanying text.

\footnote{254} The district courts that have addressed the issue have noted the dearth of legislative history demonstrating congressional intent to modify section 1400(b). E.g., Century Wrecker Corp. v. Vulcan Equip. Co., 733 F. Supp. 1170, 1174 (E.D. Tenn. 1989), appeal granted, 902 F.2d 43 (Fed. Cir. 1990). "The blanket applicability of section 1391(c) was not addressed on the floor of Congress when the amendments [to that section] were passed, nor was it mentioned in the House Judiciary Committee Report." 39 PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 974, at 425 (Mar. 29, 1990). "Although the proposal developed within the Judicial Conference of the United States, this issue is also not addressed in the Report of the 1987 Proceedings of the Judicial Conference, in the Report of the Committee on Court Administration to the Judicial Conference, or in the report of the Subcommittee on Federal Jurisdiction to the Committee on Court Adminis-

\footnote{255} See supra note 255 and accompanying text.

\footnote{256} H. HENN, LAW OF CORPORATIONS 165 (2d ed. 1970); Siegal, supra note 255, at 3.

\footnote{257} Siegal, supra note 255, at 3; see also Neirbo Co. v. Bethlehem Shipbuilding Corp., 308 U.S. 165 (1939) (discussing venue in a multidistrict state); supra note 255 and accompanying text.

\footnote{258} See H.R. REP. No. 889, 100th Cong., 2d Sess. 70 (report of Representative Kastenmeier on behalf of the House Judiciary Committee), reprinted in 1988 U.S. CODE CONG. & ADMIN. NEWS 5982, 6031.
should be deemed to reside in any judicial district in which it is subject to 
personal jurisdiction...

In addition, the legislative history also indicates that Congress intended the 
amendment to section 1391 to be minor and merely technical. Finally, the 
proposal to amend section 1391(c) clearly stated that the proposal had a 
very narrow purpose and was not intended to overrule any special venue stat-
ute. Thus, the only intent evident in the legislative history of the new section 
1391(c) is to restrict venue in multidistrict states where a corporation's "con-
tacts" with a district are not sufficient to allow personal jurisdiction over the 
corporation in that district.

III. ANALYSIS

The Judicial Improvements and Access to Justice Act significantly 
changed the status of corporations under the federal venue provisions. Previ-
ously, a corporation's "residence," for purposes of venue, in a patent infringe-
ment suit was defined by its place of incorporation. Now, section 1391(c) 
defines corporate "residence," for purposes of venue, as any place where per-
sonal jurisdiction exists over the corporate defendant.

In effect, this amendment creates two changes to the federal venue struc-
ture. First, the amended version of section 1391(c) makes the test for corpo-
rate residency the same as that used for determining when personal jurisdic-

260. Id. at S16,304 ("Title X [of Senate Bill 1482, which includes the amendment of section 
1391(c)] consists of twenty-three miscellaneous provisions dealing with relatively minor proposals 
to improve some aspect of the Federal Judiciary.")
261. The proposal originated in a 1985 memorandum written by Judge William W. Schwarzer 
to the members of the Judicial Conference Subcommittee on Court Administration. See Trademark 
& Copyright J. (BNA) No. 974, at 426 (Mar. 29, 1990). Judge Schwarzer is 
quoted as writing:

It is not clear how far Section 1391(c) defines corporate residence for purposes of 
special venue statutes. The statute could be clarified by stating that it applies for 
purposes of determining venue under any statute.

A separate question is whether Section 1391 could be read as limiting venue in 
actions by or against corporations under other special statutes or rules. It may be 
useful to attempt to clarify this question.

Id. (emphasis in original).
262. Id.
1391(c) (1982)).
264. See Fourco Glass Co. v. Transmirra Prods. Corp., 353 U.S. 222 (1957); see also supra 
notes 135, 155-66 and accompanying text (discussing corporate residence in patent infringement 
cases); supra notes 128-37 and accompanying text (discussing the second clause of § 1400(b) 
which allows suit in the district where the defendant has committed acts of infringement and has 
a regular and established place of business).
265. See 28 U.S.C. § 1391(c) (1988); see also supra notes 32-118 and accompanying text 
(discussing the development of the minimum contacts requirement).
tion exists over a defendant. Second, a literal reading of amended section 1391(c) extends this definition of corporate residency to all of title 28, chapter 87 of the United States Code, including section 1400(b). Federal courts are now faced with the task of applying the amended section 1391(c), which appears to be in direct opposition with the Supreme Court holding in *Fourco Glass Co. v. Transmirra Products Corp.* As discussed earlier, the *Fourco* Court held that section 1400(b) is the “sole and exclusive” provision controlling venue in patent infringement actions, and is not to be supplemented by the provisions of the general corporate venue statute in section 1391(c).

This Section of the Note attempts to interpret amended section 1391(c) in order to determine the Amendment’s effect on patent venue requirements. First, this Section will apply principles of statutory construction to the Amendment. Next, this Section will look to Congress’ intent in amending section 1391(c), in order to determine its intended effect upon section 1400(b).

In interpreting amended section 1391(c), a court is likely to apply first the plain meaning rule and, if the court finds that the amendment to section 1391(c) is ambiguous, it then applies basic rules of statutory construction as a means of distilling legislative intent.

### A. Statutory Construction

#### 1. The Plain Meaning Rule

Application of the plain meaning rule to the amendment of section 1391(c) indicates that the definition of corporate residence contained therein is to be applied to all of the venue provisions found in title 28, chapter 87 of the United States Code. Amended section 1391(c) provides, in pertinent part: “For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced.” The plain meaning rule dictates that a court must abide by the literal terms of a statute where those terms are not ambiguous. Amended section 1391(c) is not ambiguous. Its terms clearly and unambiguously provide that section 1391(c) de-
fines corporate residence for purposes of venue under chapter 87. 277 This chapter includes the patent venue statute. Under the plain meaning rule, therefore, the amended section 1391(c) provides the definition for the place where a corporate defendant "resides" under the patent venue statute.

The plain meaning rule, however, does not always apply. 278 In addition to the situation where the statutory language is ambiguous, the plain meaning rule should not be applied where the language under consideration is controlled by "other parts of the act or other acts upon the same subject." 279 The corollary to this proposition is equally valid; the plain meaning rule should not be applied where the language under consideration purports to control other parts of the act or other acts upon the same subject. In these latter cases, the court should go beyond applying the plain meaning of the statute to interpret the language in light of the effect the interpretation has on other provisions dealing with the same subject matter. In other words, the statute should be interpreted in the context of the other provisions within the same statutory scheme. In so doing, the following fundamental rules of construction should guide the court: first, specific provisions prevail over conflicting general provisions; second, the court should give effect to every part or sentence of a statute where possible. 280

2. Exceptions to the Plain Meaning Rule

a. Specific provisions prevail over conflicting general provisions

Congress created a specific venue statute for patent infringement actions. 281 Basic principles of statutory construction mandate that a statute dealing with a narrow, precise, and specific subject not be subsumed by a later enacted statute covering a more generalized spectrum. 282 In applying this rule of construction to section 1400(b), the Fourco Court found that section 1400(b) was not to be supplemented by the general venue provisions of section 1391(c), a then new provision enacted in the Judicial Code of 1948. 283 Fourco has been cited as authority for the maxim that the general language of a statute will not be held to apply to a matter specifically dealt with in another part of the same

277. See supra note 268 (chapter 87 includes §§ 1391-1412).
278. See supra notes 241-44 and accompanying text.
279. 2A N. Singer, supra note 237, § 46.01, at 74.
280. See id. § 46.07 (application of these fundamental principles from the beginning of the court's analysis is consistent with the modern trend in statutory construction).
281. See supra notes 146-87 and accompanying text (discussing the history of the patent venue statute).
enactment, regardless of how inclusive the general language may be.284 A court applying this rule should presume that a legislature does not intend to overturn established rules of law, unless an intention to do so plainly appears by expressed declaration.285 As a result of the absence in amended section 1391(c)286 of clear intent to the contrary, this rule dictates that section 1400(b) continue to be the "sole and exclusive" provision controlling venue in patent infringement actions.

b. Courts should give effect to each part of the statute

A literal reading of amended section 1391(c) would redefine the place where a corporate defendant "resides" under the first clause of section 1400(b) and render the second clause of 1400(b) surplusage. This construction of section 1391(c) violates the rule of statutory construction that courts should give effect to all sections of a statute.287 One section of a statute should not be interpreted in a manner which makes another section inoperative or superfluous, unless the latter section is the result of obvious mistake.288 The second clause of section 1400(b) provides that venue is proper where the defendant has both committed acts of infringement and has a regular and established place of business.289 The literal language of amended section 1391(c) renders this careful scheme superfluous by establishing a venue scheme which allows defendants to be sued wherever personal jurisdiction is present, regardless of whether the defendant has committed acts of infringement or has a regular and established place of business.290 Contrary to these basic principles, a literal interpretation of amended section 1391(c) effectively repeals section 1400(b) and thus, under such a reading, eliminates any special venue provision for corporate defendants in patent infringement actions. The literal language of section 1391(c) would not allow a court to give effect to section 1400(b).

B. Congressional Intent to Substantively Alter Section 1400(b) Is Lacking

If the courts adopt a plain meaning reading of the amended section 1391(c), section 1391(c) will effectively overrule the Fourco line of cases that refused to allow the definition of corporate residence in section 1391(c) to be read into section 1400(b).291 This is an anomalous result in that the amendment to sec-

286. See supra text accompanying note 246 (providing the text of amended § 1391(c)).
287. See 2A N. Singer, supra note 237, § 46.06.
288. Id. § 46.01, at 91.
289. See supra text accompanying note 132 (text of section 1400(b)).
290. See supra notes 146-87 and accompanying text (discussing the history of the patent venue statute).
291. See Fourco Glass Co. v. Transmirra Prods. Co., 353 U.S. 222, 229 (1957); supra notes 209-36 and accompanying text (discussing the treatment of the Fourco holding in the federal
tion 1391(c) was apparently intended to narrow the scope of proper venue over corporate defendants. The literal language, which requires section 1391(c) to supplement section 1400(b), greatly expands proper venue over corporate defendants in patent infringement cases. As one commentator noted, "it is quite clear that the amendment will have the opposite effect, expanding choices . . . ." The amended version of section 1391(c), by its plain terms, effects a much greater change in the law than is discussed in the legislative history of the Act.

The legislative history of the Act of March 3, 1897, the original patent venue statute, clearly indicates that Congress was aware of the state of patent venue law as viewed by the Supreme Court at the time, and that Congress perceived the need to deal specially with patent venue. By contrast, a careful reading of the legislative history of amended section 1391(c) reveals absolutely no intent on the part of Congress to substantively alter the patent venue statute, yet the literal language of amended section 1391(c) purports to do exactly that. It effectively overrules the current state of the patent venue law as viewed by the Supreme Court and expands proper venue in patent infringement actions.

The incongruities among the plain meaning of amended section 1391(c), the dearth of legislative history on amended section 1391(c), and the settled case law governing the effect of section 1391(c) on section 1400(b) suggest that any substantive change resulting from the literal language of amended section 1391(c) is inadvertent. If Congress intended to overrule Fourco, and to act in opposition to its previously stated intent under section 1400(b), it should have addressed these subjects in the legislative history of the Amendment.

Prior to the Amendment, the definition of corporate residence in section 1391(c) was applied "for venue purposes." In Fourco, the Court looked to the legislative history of section 1391(c) to determine the effect of this language on patent venue. The Court found no legislative intent in the enactment

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293. Siegal, supra note 255, at 3.

294. See supra notes 257-62 and accompanying text.

295. See supra notes 167-77 and accompanying text (discussing the history of the original patent venue statute). The legislative history included a list of conflicting court decisions on patent venue collected by the Committee on Patents, segregated by circuit and explained as to holding, and a transcript of the floor debate on the subject of venue in patent infringement cases. 29 CONG. REC. 1901 (1897) (testimony of Congressman Mitchell).

296. See supra notes 254-62 and accompanying text.

297. See supra notes 189-228 and accompanying text.

298. 28 U.S.C. § 1391(c) (1982); see supra text accompanying note 247.
of section 1391(c) to substantively alter the patent venue statute, and therefore, held that section 1400(b) was not to be supplemented by section 1391(c). Following the reasoning of the Fourco Court, since there is nothing in the legislative history of the Amendment indicating congressional intent to substantively alter the patent venue statute, courts should not read the language literally, and section 1400(b) should remain the exclusive provision governing venue in patent infringement actions.

IV. Subsequent Decisions

Several federal district courts have addressed the question of proper venue in patent infringement actions since the Amendment became effective in February of 1989. Understandably, the Amendment has cast doubt where there was once confidence. In these recent cases, patentees have asserted that amended section 1391(c) may be used to supplement the patent venue statute. Alleged infringers argue that Fourco is controlling, and therefore, section 1400(b) exclusively governs patent infringement cases. As the following analysis of the recent case law shows, the patentees' argument may succeed.

The amendment to section 1391(c) was interpreted favorably to the patentees in the case of Century Wrecker Corp. v. Vulcan Equipment Co. The Century court held that venue as to a corporate defendant, Vulcan Equipment Company, Inc. ("Vulcan Inc.") was proper in the Eastern District of Tennessee. Vulcan Inc. was the United States sister corporation of the Canadian-based defendant, Vulcan Equipment Company, Ltd. The plaintiff asserted that Vulcan Inc. subjected itself to the jurisdiction and venue of the Tennessee court by "carrying out substantial trade and business within Tennessee, including the sale of infringing tow trucks within the district." The court found that, for purposes of section 1400(b), "‘resides’ is defined as any judicial district in which [a defendant corporation in a patent infringement suit] is subject to personal jurisdiction at the time the action is commenced.”

299. See supra note 207 and accompanying text.
300. There is also nothing in the legislative history indicating an intent to restrict this definition of corporate residence to chapter 87 as opposed to venue provisions which appear elsewhere in the Code (in which case the language change could be read to indicate a restriction on 1391(c)). See supra notes 237-44 and accompanying text; see also 39 Pat. Trademark & Copyright J. (BNA) No. 974, at 426 (Mar. 29, 1990). The Journal comments:

[T]he language of general applicability added to § 1391(c) in 1988—"For purposes of venue under this chapter, a corporation shall be deemed to reside"—does not seem significantly different from the general applicability language construed by the Fourco Court—"such judicial district shall be regarded as the residence of such corporation for venue purposes."

Id.

303. Id. at 1171.
304. Id. at 1173 (citing 28 U.S.C. § 1391(c) (1988)).
court's reading of amended section 1391(c) was based on that section's plain meaning.\textsuperscript{305}

This holding gives new meaning to the first clause of section 1400(b). Under \textit{Fourco}, for purposes of section 1400(b), "resides" is defined as the district in which the defendant corporation is incorporated.\textsuperscript{306} Vulcan was neither incorporated in Tennessee nor did it have its principal place of business in Tennessee.\textsuperscript{307} Thus, under \textit{Fourco}, venue is not proper as to Vulcan in Tennessee under the first clause of section 1400(b).

In addition, as a result of the new and broad meaning given to the first clause of section 1400(b), the court did not find it necessary to address whether Vulcan had committed acts of infringement and had a regular and established place of business in Tennessee.\textsuperscript{308} The second clause of section 1400(b) is superfluous under this construction of the venue statutes since the requirements of personal jurisdiction will always satisfy the requirements of the second clause of section 1400(b).\textsuperscript{309}

In \textit{Century}, the court accepted the plaintiff's argument that the amendment to section 1391(c) substantially broadened the venue statutes despite the fact that it was "unable to find any express authority for the proposition that Congress intended to supplement section 1400(b)."\textsuperscript{310} Similarly, in \textit{Regents of the University of California v. Eli Lilly & Co.},\textsuperscript{311} the District Court for the Northern District of California agreed with the \textit{Century} court that the amendment to section 1391(c) modified section 1400(b). The court held that Congress is presumed to legislate with knowledge of judicial precedent.\textsuperscript{312} Other district courts have held differently. In both \textit{Doelcher Products, Inc. v. Hydrofoil International, Inc.},\textsuperscript{313} and \textit{Joslyn Manufacturing Co. v. Amerace Corp.},\textsuperscript{314} the courts found that patent venue as to corporations was not affected by the general venue statute section 1391(c). Each of these decisions was based on

\textsuperscript{305} Id. at 1174.

\textsuperscript{306} See supra note 208 and accompanying text.


\textsuperscript{308} Id. at 1174.

\textsuperscript{309} Id. The court stated: [T]he first clause of § 1400(b) is given new meaning insofar as the definition of residency has been changed in accordance with revised § 1391(c). The Court acknowledges that the second clause of § 1400(b) becomes superfluous under the facts of this case in view of the construction given to § 1400(b) in combination with § 1391(c). However, the plain language of § 1391(c) indicates that the new definition of residency must be applied across the board to all venue provisions found in Chapter 87.

\textit{Id.}

\textsuperscript{310} Id. at 1172.

\textsuperscript{311} 734 F. Supp. 911 (N.D. Cal. 1990).

\textsuperscript{312} Id. at 913 (stating that "in the absence of any clear legislative statement to the contrary, the court cannot conclude that Congress was unaware of, and thus did not intend, the effect its amendment of section 1391(c) would have upon the definition of corporate residence in section 1400(b)").

\textsuperscript{313} 735 F. Supp. 666 (D. Md. 1989).

the same rationale. First, it has long been settled that venue in patent actions is governed solely and exclusively by section 1400(b).\textsuperscript{319} second, the legislative history of the Amendment gives no indication of an intent to substantively alter section 1400(b).\textsuperscript{318} Thus, these courts did not follow the plain meaning rule, and instead adopted the \textit{Fourco} analysis.\textsuperscript{317}

As the preceding discussion of the case law following the amendment to section 1391(c) demonstrates, courts will have problems interpreting amended section 1391(c). The literal language of amended section 1391(c) clearly extends its definition of corporate residence to section 1400(b).\textsuperscript{311} On the other hand, well-settled case law has held that section 1400(b) exclusively governs venue in patent infringement actions.\textsuperscript{310} In addition, Congress expressed an intent, when amending section 1391(c), only to restrict venue in multidistrict states.\textsuperscript{320} The district courts have not been consistent in finding either the literal language or the prior case law determinative.\textsuperscript{321} This will undoubtedly lead to forum shopping, an evil that is especially prevalent in patent cases.

The effect of the Amendment may come as a surprise to alleged patent infringers. The well-settled rule of \textit{Fourco} has been undermined implicitly by the Amendment. If the courts choose to follow the plain language of amended section 1391(c), as the \textit{Century} court did,\textsuperscript{322} the result will be the effective overruling of thirty-three years of Supreme Court precedent, the \textit{Fourco} case and its progeny. \textit{Century} presented the classic \textit{Fourco} issue of whether the definition of “resides” in section 1400(b), the patent venue statute, must be supplemented by the definition of corporate residency in section 1391(c).\textsuperscript{323} The court concluded that section 1400(b) must be supplemented by section 1391(c) to define corporate residence, based on the plain language of amended section 1391(c).\textsuperscript{324} The court was compelled to reach this decision by the plain language of the Amendment. The court, however, also acknowledged that its interpretation of section 1391(c) effectively redefined the first clause of section 1400(b) and rendered the second clause of section 1400(b) superfluous.\textsuperscript{325}

There are many practical consequences of this decision. First, section 1400(b), the special venue statute for patent infringement actions, is repealed, and the standard for corporate amenability to suit in a particular forum be-

\textsuperscript{315} \textit{Doelcher}, 735 F. Supp. at 668; \textit{Joslyn}, 729 F. Supp. at 1222. Judge Moran in \textit{Joslyn} stated: “To sustain [plaintiff's] position [that the amendment to section 1391(c) changed the venue law in patent infringement cases], we would have to have a clear indication of Congressional intent to change the venue rules for patent infringement actions.” \textit{Joslyn}, 729 F. Supp. at 1222.

\textsuperscript{316} \textit{Doelcher}, 735 F. Supp. at 668; \textit{Joslyn}, 729 F. Supp. at 1222.

\textsuperscript{317} \textit{See supra} notes 207-08 and accompanying text.

\textsuperscript{318} \textit{See supra} note 277 and accompanying text.

\textsuperscript{319} \textit{See supra} notes 189-236 and accompanying text.

\textsuperscript{320} \textit{See supra} notes 256-59 and accompanying text.

\textsuperscript{321} \textit{See supra} notes 301-17 and accompanying text.

\textsuperscript{322} \textit{See supra} notes 301-10 and accompanying text.

\textsuperscript{323} \textit{See supra} notes 203-08 and accompanying text.

\textsuperscript{324} \textit{See supra} notes 304-05 and accompanying text.

\textsuperscript{325} \textit{See supra} notes 309-10 and accompanying text.
comes “minimum contacts” with that forum district. Second, as a result of the ambiguity in the venue statutes created by the broad language of the Amendment, litigation on the issue is likely to increase as patentees try to bring suit wherever they may obtain personal jurisdiction over corporate defendants in patent infringement cases.

V. Conclusion

Some courts have interpreted the Judicial Improvements and Access to Justice Act as significantly changing the status of corporations under the federal venue provisions. Previously, a corporation’s “residence,” for purposes of venue in a patent infringement suit, was defined by its place of incorporation. Now, courts have held that, based on the Act’s amendment to section 1391(c), a corporation’s residence for purposes of venue includes any district where personal jurisdiction exists over that corporation.

These holdings conflict with the Supreme Court’s holding, in Fourco, that section 1400(b) is the exclusive provision controlling venue in patent infringement actions. Until Congress expressly indicates an intent to substantively alter the provisions of section 1400(b), Fourco should remain controlling. There is no mention of any such intent to alter section 1400(b) in the extensive legislative history of the Judicial Improvements and Access to Justice Act of 1988. Despite the plain language of amended section 1391(c), the provisions of section 1391(c) should not be read to supplement 1400(b), as it is not appropriate to implicitly repeal section 1400(b).

Matthew J. Sampson

326. See supra notes 32-118 and accompanying text (discussing the development of the minimum contacts standard).