

TC Heartland v. Kraft Foods Grp. Brands, LLC

137 S. Ct. 1514 (2017)

HENRY HUANG*

BACKGROUND

Petitioner, TC Heartland LLC (“TC Heartland”), is a manufacturer of flavored drink mixes. TC Heartland holds its headquarters in Indiana and is organized under Indiana law. Respondent, Kraft Foods Group Brands, LLC (“Kraft”), is a competitor to TC Heartland in the flavored drink mixes market. Kraft holds its headquarters in Delaware and has its principal place of business in Illinois. Kraft sued TC Heartland in the District Court for the District of Delaware, alleging that TC Heartland’s flavored drink mixes were infringing upon at least one patent owned by Kraft.

Kraft sued TC Heartland in the District Court of Delaware and TC Heartland moved to dismiss the lawsuit on the basis of a lack of personal jurisdiction. TC Heartland further moved that if dismissal of the lawsuit was denied then it should at least be able to transfer venue to the Southern District of Indiana, the district where TC Heartland resides, because the District Court of Delaware was not a proper venue.

PROCEDURAL HISTORY

On January 14, 2014, Kraft sued TC Heartland claiming that TC Heartland had infringed upon three of Kraft’s patents.¹ The lawsuit was filed in the District Court of Delaware. TC Heartland moved to dismiss claims for lack of personal jurisdiction and moved to transfer venue to the South District of Indiana. On December 22, 2014, both parties argued on these motions and the United States District Court of Delaware recommended that TC Heartland’s motion be denied.²

On September 24, 2015, the same court adopted that recommendation and denied TC Heartland’s motions to dismiss and transfer of venue. TC Heartland then petitioned for a writ of mandamus but it was denied. TC Heartland subsequently petitioned for a writ of certiorari and it was granted.

*Henry Huang is a 2018 J.D. candidate at the University of San Francisco School of Law.

1. Kraft Foods Group Brands, LLC v. TC Heartland LLC, 2015 WL 4778828.
2. Kraft Foods Group Brands, LLC v. TC Heartland LLC, 2015 WL 5613160.

ISSUE

The United States Supreme Court addressed where the proper venue lies for a patent infringement lawsuit brought against a domestic corporation.

Decision

The Supreme Court held that when determining a domestic corporation's residence in an action for patent infringement, that defendant corporation is a "resident" only to its State of incorporation and not a "resident" of any judicial district where it is subject to the court's personal jurisdiction with respect to the civil action in question.³ § 1391 provides the language for determining proper venue "for all venue purposes" but it also has a saving clause that states that it does not apply "when otherwise provided by law."⁴ This saving clause reveals that the general venue statute § 1391 does not apply in an action for patent infringement because § 1400(b) supersedes it as the patent-specific and overriding venue statute that is otherwise provided by law.

REASONING

The Supreme Court began its discussion on this civil procedural issue within the context of a patent infringement action with a history lesson. It explained that in 1948, Congress amended the patent venue statute that had initially been enacted in 1897. That recodified patent venue statute is 28 U.S.C. § 1400(b) and 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."⁵ During the same year, Congress simultaneously enacted the general venue statute § 1391, which provides the rules of general venue selection for almost all civil actions. However, the Supreme Court established that § 1391 does not apply to all matters of venue selection in civil actions because it does not apply in a patent infringement action. Instead, § 1400(b) applies in the context of a patent infringement action because Congress specifically established it for venue selection in patent infringement actions.

In arriving to this conclusion the Supreme Court overruled the Federal Circuit's holding reaffirming *VE Holding Corp. v. Johnson Gas Appliance Co.*⁶ where it misconstrued Congressional intent of § 1391(c)'s amendment by reading it to apply its broad application of venue selection to all civil actions. This was incorrect on the Federal Circuit's part because it overlooked the fact that § 1391 has a saving clause which allows § 1400(b) to provide the rule for venue selection when the action involves patent infringement.

3. TC Heartland v. Kraft Foods Grp. Brands, LLC, 137 S. Ct. 1514, 1517 (2017).

4. 28 U.S.C. § 1391

5. 28 U.S.C. § 1400(b) (1999).

6. 917 F.2d 1574, 1578 (Fed. Cir. 1990).

Kraft attempted to argue that § 1391 was amended by Congress to alter the meaning of § 1400(b) and allow § 1391 to control venue selection. However, the Supreme Court upheld the decision made in *Fourco Glass Co. v. Transmirra Products Corp.*⁷ where § 1400 defeats § 1391 in venue selection because of the specific acts by Congress to govern venue selection when dealing with an action of patent infringement.

Ultimately, the law holds that when there exists an action emanating from allegations of patent infringement, 28 U.S.C. § 1400(b) commands venue selection and 28 U.S.C. § 1391 does not. Even though the language of § 1391 reads that it applies.

7. *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222, 226 (1957).