

SCOTUS Restricts Corporate Residence Definition, Easing the Burden of Patent Infringement Defense

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The US Supreme Court in *TC Heartland LLC v. Kraft Foods Group Brands LLC* today held that for venue purposes, a domestic corporation resides only in its state of incorporation. The applicable statute 28 USC Sec. 1400(b) currently provides that a patent infringement action may be brought where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business. At the time of enactment of the predecessor of 28 USC Sec. 1400(b), a corporation was understood to reside only in its state of incorporation,

The Federal Circuit had held that 28 USC Sec. 1391 lends to 28 USC Sec. 1400(b) its definition of "reside". This statute provides that a corporation shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court's personal jurisdiction. The Supreme Court reversed the Federal Circuit, limited the potential venues where a patent infringement suit may be brought.

The result of this decision is likely to be an decrease in the number of patent lawsuits in courts that have traditionally had a high volume, such as the District of Delaware and the Eastern District of Texas. Also, patent suits may be further litigated than before, as patent defendants may now have resources to defend claims that would otherwise have gone to challenging an inconvenient venue.