Federal Courts Continue to Limit Where Patent Plaintiffs can Bring Suit

by Ryan J. Cudnik | Nov 16, 2020 | Patents

The federal courts continue to limit where patent plaintiffs can bring their infringement suits in a decision last week by the U.S. Court of Appeals for the Federal Circuit. In the court's precedential decision of November 5, 2020, the Federal Circuit panel (consisting of Circuit Judges Newman, O'Malley, and Taratino, with Judge O'Malley writing for the court) found, that for purposes of a Hatch-Waxman (or ANDA) lawsuit, a potential defendant's act or acts of infringement occur, for purposes of venue, where actions related to the submission of its Abbreviated New Drug Application ("ANDA") occurred. *See Valeant Pharm. N. Am. LLC et al. v. Mylan Pharm. Inc. et al.*, No. 19-2402 (Fed. Cir. Nov. 5, 2020).

Added Clarity on Where a Defendant "Resides"

The federal courts began to dial back where actions for patent infringement may be filed in the U.S. Supreme Court's *TC Heartland LLC v. Kraft Foods Group Brands LLC* decision. *See* 581 U.S. ___, 137 S.Ct. 1514, 197 L.Ed. 2d 816, 122 U.S.P.Q.2d 1553 (2017). Venue is proper for a patent infringement suit in any judicial district where the defendant "resides," or "where the defendant has committed acts of infringement and has a regular and established place of business." 28 USC § 1400(b).

Prior to the *TC Heartland* case, courts typically (and liberally) found that a patent defendant "resided" in any venue where the defendant was subject to personal jurisdiction. The *TC Heartland* decision overturned that standard (at least as to the "resides" portion of the statute) and held that a domestic corporation resides only in its state of incorporation.

In last week's decision, the Federal Circuit provided additional clarity for Hatch-Waxman/ANDA litigants regarding the "where the defendant has committed acts of infringement" portion of the statute. The court concluded that, in those specialized pharmaceutical patent litigations, infringement, for purposes of

venue, occurs only in districts where actions related to the submission of the generic pharmaceutical manufacturer's ANDA occurred.

Practically speaking, that is likely to be the district in which the generic pharmaceutical company's regulatory group is located and (perhaps) where formulation work and/or bioavailablity or other scientific data submitted with the ANDA were conducted or collected.

Key Takeaways from *Valeant v. Mylan*

The lessons from *Valeant v. Mylan*, however, go beyond the ANDA litigation arena. The "good-old days" for patent plaintiffs, where they could essentially bring suit in any jurisdiction in which they could show "continuous and systematic" or "minimum" contacts for an alleged infringer, are gone. Today, patent plaintiffs have two options: Bring suit in 1) an alleged infringer's state/district of incorporation or 2) a district in which the alleged infringer has committed acts of infringement.

When relying on the second option, patent plaintiffs would do well to heed the trend we are seeing in the federal courts or risk having their cases transferred or dismissed. Indeed, patent plaintiffs, if straying beyond an alleged infringer's place of incorporation, should seriously consider whether the alleged infringer committed relevant acts in the district in which they are considering bringing suit.

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