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Federal Procedure - Venue - Application of Special Venue Provision to Change of Venue in Patent Infringement Action

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FEDERAL PROCEDURE—VENUE—APPLICATION OF SPECIAL VENUE PROVISION TO CHANGE OF VENUE IN PATENT INFRINGEMENT ACTION—Petitioner brought a patent infringement action in the northern district of Texas, wherein the alleged infringement occurred and the named defendants resided and had a regular place of business.¹ On motion by the named defendants under 28 U.S.C. §1404(a),² authorizing the transfer of certain actions to a district in which the action "might have been brought," the court ordered transfer to the northern district of Illinois where litigation on the same patent was already in progress between the plaintiff and other alleged infringers. Petitioner's motion for mandamus to require the Texas district court to set aside this transfer order was denied by the Court of Appeals for the Fifth Circuit.³ Claiming that the Texas court was without power under section 1404(a) to order the transfer, petitioner moved in the Illinois district court for an order remanding the case to the Texas court, but respondent district judge denied the motion.⁴ On application for mandamus to direct respondent to remand the action, *held*, granted, one judge dissenting. The transfer of an action under section 1404(a) can be made only to a forum in which statutory venue lies.⁵ Since under the applicable special venue provision the action could not have been brought in Illinois by petitioner, the Texas court was without power under section 1404(a) to order, and the Illinois court was without power to accept, the transfer. *Blaski v. Hoffman*, (7th Cir. 1958) 260 F. (2d) 317, cert. granted 27 U.S. LAW WEEK 3236 (1959).

The issue raised in the principal case is whether the phrase "where it might have been brought" in section 1404(a) limits the transfer of a patent infringement action to those districts in which both jurisdiction and statutory venue are proper, or whether the limitation refers only to jurisdiction,⁶ with venue being merely a privilege which defendant may

¹ "Any 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." 28 U.S.C. (1952) §1400(b).

² "For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." 28 U.S.C. (1952) §1404(a).

³ Ex parte *Blaski*, (5th Cir. 1957) 245 F. (2d) 737, cert. den. 355 U.S. 872 (1957).

⁴ In denying the order, the district judge apparently disregarded what he himself considered the better reasoning. See principal case at 323.

⁵ Followed by this court in *Behimer v. Sullivan*, (7th Cir. 1958) 261 F. (2d) 467, involving §1404(a) and the corporate venue provision, 28 U.S.C. (1952) §1391(c). Cf. *General Electric Co. v. Central Transit Warehouse Co.*, (W.D. Mo. 1955) 127 F. Supp. 817 at 825-826 (opinion by Judge, now Justice, Whittaker); *Sheridan v. Pan-American Refining Corp.*, (S.D. N.Y. 1954) 123 F. Supp. 81; *Hampton Theatres, Inc. v. Paramount Film Distributing Corp.*, (D.C. D.C. 1950) 90 F. Supp. 645.

⁶ See Ex parte *Blaski*, note 3 supra. Cf. *Torres v. Walsh*, (2d Cir. 1955) 221 F. (2d) 319, cert. den. 350 U.S. 836 (1955); *Anthony v. R.K.O. Radio Pictures*, (S.D. N.Y. 1951) 103 F. Supp. 56, affd. sub nom. *Anthony v. Kaufman*, (2d Cir. 1951) 193 F. (2d) 85, cert. den. 342 U.S. 955 (1952); *Paramount Pictures v. Rodney*, (3d Cir. 1951) 186 F. (2d) 111, cert. den. 340 U.S. 953 (1951).

waive. It is obvious from the divergent views of the two circuits in the principal action that the resolution of ambiguities and simplification of federal procedure intended by the 1948 codification of the judicial code⁷ has yet to have its full effect on patent infringement litigation. The view of the majority in the instant case is based on a sounder construction of the words "where it might have been brought."⁸ To construe section 1404 (a) to allow by motion of the alleged infringer a transfer to a district in which the plaintiff could not have laid statutory venue would be to read these words of limitation out of the statute, thereby allowing transfer to any judicial district (restrained of course by the requirement of the convenience of the parties and the interest of justice).⁹ In giving effect to section 1404 (a) in its entirety, the Seventh Circuit interprets this provision to be a statutory grant of power to the district courts, which is not to be expanded by a litigant's waiver of one of the express limitations on this power. The resulting restriction of the forums in which infringement actions may be tried finds analogous support in the recent Supreme Court decision that the general corporate venue provision¹⁰ does not expand the plaintiff's choice of districts in patent infringement actions.¹¹ The contrary view would give an advantage to the defendant by in effect allowing him, without consent of the plaintiff, to obtain transfer of the action to a district where the plaintiff could have neither brought nor transferred it without the consent of the defendant.¹² The courts which have permitted such a transfer appear to derive their power from the supposed congressional policy of liberalizing judicial procedure.¹³ It presents some conceptual difficulty, however, to

⁷ See H. Hearings before Subcommittee No. 1 of the House Committee on the Judiciary on H.R. 1600 and H.R. 2055, 80th Cong., 1st sess., p. 19 (1947).

⁸ See § MOORE, FEDERAL PRACTICE 2138-2139, n. 87 (1948); 64 HARV. L. REV. 1347 at 1350 (1951); 50 MICH. L. REV. 347 at 348 (1951); 60 YALE L. J. 183 at 187 (1951). See also *Paramount Pictures v. Rodney*, note 6 supra, dissenting opinion at 117-119.

⁹ Such a transfer does not ". . . give the defendants a right to choose their forum. . . . On the contrary, our decision puts in the hands of an impartial federal tribunal the determination as to where the suits can best be tried." *Paramount Pictures v. Rodney*, note 6 supra, at 116. The statement ignores the question whether the statute is intended to give the courts such discretion.

¹⁰ 28 U.S.C. (1952) §1391(c).

¹¹ *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222 (1957). The Court's reasoning in protecting the defendant from suit in other than §1400(b) forums could be applied to recognition of the plaintiff's right to have the patent action tried in these forums.

¹² In the absence of defendant's waiver of his venue privilege, the courts reject transfer on motion of the plaintiff regardless of the advantages to be gained by transfer. See, e.g., *Gilpin v. Wilson*, (M.D. Ala. 1957) 148 F. Supp. 493; *Mitchell v. Gundlach*, (D.C. Md. 1955) 136 F. Supp. 169; *Foster-Milburn Co. v. Knight*, (2d Cir. 1950) 181 F. (2d) 949; *Shapiro v. Bonanza Hotel Co.*, (9th Cir. 1950) 185 F. (2d) 777.

¹³ See, e.g., *Ex parte Blaski*, note 3 supra, at 738; *Paramount Pictures v. Rodney*, note 6 supra, at 114. For an excellent summary of this view, see *In re Josephson*, (1st Cir. 1954) 218 F. (2d) 174 at 184 (dictum). See also Keffe, "Venue and Removal Jokers in the New Federal Judicial Code," 38 VA. L. REV. 569 at 589, 592 (1952).

envision the codification of a doctrine developed to protect a defendant from suit in an inconvenient forum¹⁴ as also allowing him to become the aggressor in forcing the trial into a forum which the plaintiff could not have chosen and for which the special venue statute does not provide.¹⁵ So long as the final decisions in infringement cases continue to reflect a startling variance in attitude among the circuits toward the monopolistic privileges enjoyed by the holder of a patent, the change of venue provision will continue to be freely employed by litigants in search of a more favorable court than the one in which the suit is initiated.¹⁶ Supreme Court review of the principal case will do much to relieve the lower courts from the extraordinary efforts required in deciding this procedural matter before the merits of the cases can even be considered¹⁷ and to allay unnecessary expense and delay to the litigants in any action in which transfer is sought. An affirmance of the Seventh Circuit position that section 1404 (a) transfer is limited to districts in which statutory venue lies, regardless of which party is the movant, would seem desirable upon consideration of the following factors: first, a sound interpretation of the statutory language; second, maintenance of the plaintiff's traditional right to choose his own forum, especially important in patent cases, to be restricted only by statutory venue and transfer provisions and not to be invaded by a defendant merely shopping for a more favorable forum;¹⁸ and third, the possibility of the imposition of an even greater procedural burden on the courts if the limitation on their transfer power is relaxed and more time is taken by a continuing deluge of appeals to judicial discretion by "inconvenienced" defendants.¹⁹

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¹⁴ To the effect that §1404(a) was intended as a codification of forum non conveniens, substituting transfer for dismissal, see reviser's notes, H. Rep. 308, 80th Cong., 1st sess., p. A132 (1947).

¹⁵ But see 60 YALE L. J. 183 at 186-187 (1951).

¹⁶ See SEIDEL, WHAT THE GENERAL PRACTITIONER SHOULD KNOW ABOUT PATENT LAW AND PRACTICE 113-114 (1956); *Rayco Mfg. Co. v. Chicopee Mfg. Corp.*, (S.D. N.Y. 1957) 148 F. Supp. 588 at 592; *Clayton v. Warlick*, (4th Cir. 1956) 232 F. (2d) 699 at 706. See also Lang and Thomas, "Disposition of Patent Cases by Courts During the Period 1939 to 1949," 32 J. PAT. OFF. SOC. 803 at 806-807 (1950), wherein it is shown that during the period 1945-49 the Fifth Circuit held patents valid and infringed in 77% of the cases it heard while the Seventh Circuit held for the patentee in only 14% of its cases. Assuming that this ratio exists today, the reason for the forum shopping in the principal case is obvious.

¹⁷ Note, e.g., the five court actions in the principal suit. Cf. 41 CALIF. L. REV. 507 at 521 (1953), describing the search for a proper forum in an antitrust case extending over four years and climaxing in a trial on the merits in a forum which the plaintiff could not have chosen at the outset.

¹⁸ Cf. the dissent of Chief Justice Warren and Justices Douglas and Clark in *Norwood v. Kirkpatrick*, 349 U.S. 29 at 33 (1955). The patentee faced with an expensive suit should merit as much protection as the workmen in the *Norwood* case.

¹⁹ Section 1404(a) should not become ". . . the means of a game of tag among the federal courts, marked by motions for transfer and retransfer and intersticed with applications for writs of mandamus." 41 CALIF. L. REV. 507 at 522 (1953).