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FEDERAL PROCEDURE—PROPER VENUE IN PATENT INFRINGEMENT ACTION
AGAINST CORPORATION—Plaintiffs brought an action for patent infringement
against defendant corporation in the Federal District Court for the Southern

Division of California, alleging only defendant's "residence" within the district. Defendant moved to dismiss the complaint on the ground that defendant, being a Delaware corporation, did not "reside" within the district, thus rendering the venue defective. Plaintiffs replied that the word "resides," as used in the patent infringement venue section of the code, which states that "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,"¹ is controlled by the definition of "residence" in the general venue provision for suits against corporations. The general provision states that the judicial district wherein the corporation "is incorporated or licensed to do business or is doing business . . . shall be regarded as the residence of such corporation for venue purposes."² *Held*, the patent infringement venue provision being the *exclusive* venue provision controlling such suits, defendant does not "reside" within the district since it is not an inhabitant thereof. The definition of "residence" in the general venue provision does not control. Venue within the district is therefore improper and the action must be transferred.³ *Gulf Research and Development Co. v. Schlumberger Well Surveying Corp.*, (D.C. Cal. 1950) 92 F. Supp. 16.

The question in the principal case—whether or not "residence," as used in the patent infringement venue provision, is controlled by the definition of corporate "residence" in the general venue provision—is a foreseeable outgrowth of the Title 28 Code Revision. Prior to the 1948 reenactment, patent infringement venue had a somewhat broader scope than the general federal venue provision. The latter provision required venue to be laid where the defendant was an inhabitant or where the plaintiff or defendant was a resident,⁴ while patent infringement suits could be brought in any district of which the defendant was an inhabitant, or in which the defendant had committed infringing acts and had a regular and established place of business.⁵ The additional scope of the patent infringement venue provision could be justified on a basis of convenience; infringing acts are likely to occur in districts of which neither patentee nor infringer are inhabitants or residents, evidence is more readily available where the acts occur, and a defendant is not oppressed by having to defend where he has a regular and established place of business. However, in 1939, the *Neirbo* decision⁶ markedly affected the general venue provision by holding a defendant corporation to have waived any objection to improper

¹ 62 Stat. L. 936, c. 646 (1948), 28 U.S.C. (Supp. III, 1950) §1400(b).

² 62 Stat. L. 935, c. 646 (1948), 28 U.S.C. (Supp. III, 1950) §1391(c).

³ Under 62 Stat. L. 937, c. 646 (1948) and 63 Stat. L. 101, c. 139, §81 (1949), 28 U.S.C. (Supp. III, 1950) §1406(a).

⁴ 36 Stat. L. 1101, c. 231, §51 (1911); 42 Stat. L. 849, c. 345 (1922); 43 Stat. L. 1264, c. 526, §1 (1925); 49 Stat. L. 1213, c. 230 (1936); 28 U.S.C. (1946) §112.

⁵ 36 Stat. L. 1100, c. 231, §48 (1911), 28 U.S.C. (1946) §109.

⁶ *Neirbo Co. v. Bethlehem Shipbuilding Corp.*, 308 U.S. 165, 60 S.Ct. 153 (1939), discussed 38 MICH. L. REV. 1047 (1940).

venue by consenting to be sued in the courts of a state where it did business. By considering federal courts to be courts of a state, at least as to causes of action over which federal and state courts had concurrent jurisdiction, it was thereafter possible, under the waiver theory, to sue a corporation in a federal court of the district in which the corporation had designated an agent for service of process, i.e., where it was doing business or licensed to do business.⁷ At this point, the patent infringement venue provision appears to have become narrower than the general venue provision, since the courts refused to apply the waiver theory in patent infringement suits on the grounds that the patent infringement venue provision was exclusive.⁸ So the situation stood upon the 1948 Judicial Code Revision, in which the general venue provision was altered to include the *Neirbo* result, though not in terms of waiver,⁹ while the patent infringement venue section was a substantial reenactment of the former provision.¹⁰ Thus, unless the word "residence," as employed in the patent infringement venue section, is to be defined according to the general venue provision, the difference in scope effected by the *Neirbo* decision has been perpetuated in the code. In the present case, defendant urged the old rule: the patent infringement venue provision was exclusive, special provisions control general.¹¹ Plaintiff, on the other hand, urged that words have the same meaning throughout a reenactment; definition of corporate "residence" in the general provision controls throughout Title 28.¹² Bolstered by reviser's notes and testimony before a congressional committee, both of which indicated that no change in the patent infringement venue provision had been intended by the revision, the court found congressional intent not to indicate any change and adopted the old rule.¹³ It is not the first court

⁷ See 3 MOORE, FEDERAL PRACTICE 2141 et seq. (1948).

⁸ *Blaw-Knox Co. v. Lederle*, (6th Cir. 1945) 151 F. (2d) 973; *Bulldog Electric Products Co. v. Cole Electric Products Co.*, (2d Cir. 1943) 134 F. (2d) 545; *Consolidated Water Power & Paper Co. v. Kimberly-Clark Corp.*, (D.C. Wis. 1947) 73 F. Supp. 936. See *Carbide & Carbon Chemicals Corp. v. U.S. Industries Chemicals, Inc.*, (4th Cir. 1944) 140 F. (2d) 47. *Stonite Products Co. v. Melvin Lloyd Co.*, 315 U.S. 561, 62 S.Ct. 780 (1942) held old §109 [now 1400(b)] to be "the exclusive provision controlling venue in patent infringement proceedings."

⁹ 62 Stat. L. 935, c. 646 (1948), 28 U.S.C. (Supp. III, 1950) §1391(c); text supra.

¹⁰ See notes 1 and 5 supra; text supra for present provision.

¹¹ Old rule: see cases note 8 supra. Spec. prov. control general: 25 R.C.L. Statutes 1010, §250; 59 C.J., Statutes 1056, 1101, §§623 (d), 649; 50 AM. JUR., Statutes 371, §367; *Atkins v. The Disintegrating Co.*, 18 Wall. (85 U.S.) 272 at 301 (1873); *Ginsberg v. Popkin*, 285 U.S. 204 at 208, 52 S.Ct. 322 (1932) and cases there cited; 1 BARRON AND HOLTZOFF, FEDERAL PRACTICE AND PROCEDURE 134 (1950) (re venue statutes).

¹² See 3 MOORE, FEDERAL PRACTICE 2140 (1948); 59 C.J., Statutes 1098 et seq., §648.

¹³ Any intended changes are supposedly indicated in the reviser's notes. 8 F.R.D. 442. See also 8 F.R.D. 201, 445, 446.

Professor Moore, a member of the revisory committee, testifying before Subcommittee No. 1, stated, "Venue provisions have not been altered by the revision" and then proceeded to outline certain specific changes not pertinent here. U.S. Code Cong. Serv. (1948) 1969, Title 28 Pamphlet. See principal case at 19; cases collected in 8 F.R.D. 446.

to take this approach, although there is text authority to the contrary.¹⁴ If the congressional intent was in fact as found by the court, the result seems anomalous; the policy grounds of convenience mentioned above would appear to militate against such a rule. Since it would seem that patent infringement venue in suits against corporations should be at least as broad as for suits against corporations in general, and since no reason has been advanced why the patent infringement provision should be narrower than the general venue provision, an amendment to the code to clarify this point would appear desirable.

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¹⁴ Cases: *Ackerman v. Hook*, (3d Cir. 1950) 183 F. (2d) 11 at 14; *Arkay Infants Wear Inc. v. Kline's, Inc.*, (D.C. Mo. 1949) 85 F. Supp. 98; *Fischer v. Karl*, (D.C. N.Y. 1949) 84 F. Supp. 53; *Rava v. Westinghouse Electric Corp.*, (D.C. N.Y. 1950) 90 F. Supp. 707. Text: MOORE'S COMMENTARY ON U.S. JUDICIAL CODE 184 et seq. (1949); 3 MOORE, FEDERAL PRACTICE 2138 et seq. (1948). The inconsistent positions of Professor Moore are explained in a letter, principal case at 18, as having been made after careful deliberation (published writings) and under pressure (House testimony). See note 13.