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A Stealth Upheaval In Patent Personal Jurisdiction?

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In 2017, the U.S. Supreme Court issued TC Heartland LLC v. Kraft Foods Group Brands LLC,[1] which was a game changer for patent venue. The case drastically narrowed where defendants can be sued and shifted a significant amount of litigation out of the Eastern District of Texas, a favored forum for patent plaintiffs. That same year, the Supreme Court issued a decision on personal jurisdiction: Bristol-Myers Squibb Co. v. Superior Court of California.[2] While that decision was not in the patent context, it has the potential to effect a similarly major shift in where patent lawsuits can be brought.

Bristol-Myers, in the words of one court, "changed the game" for how specific personal jurisdiction is analyzed generally.[3] Under Bristol-Myers, it is possible that specific personal jurisdiction is now limited to only the particular infringement that occurred in the state where the plaintiff sues. Bristol-Myers could limit not just damages, but also discovery regarding out-of-state sales, which would not be relevant if the court had no personal jurisdiction over them. The case could eventually induce plaintiffs to sue defendants in their home state of general jurisdiction to avoid these concerns.

By way of review, the defendant in Bristol-Myers sold a prescription drug called Plavix all over the country. A group of plaintiffs attempted to sue in California based on injuries allegedly caused by the drug. Those plaintiffs included both California residents and numerous non-California residents from over 30 other states. The nonresidents were not prescribed Plavix in California, did not purchase Plavix in California, and did not ingest Plavix in California. The Supreme Court held that even though specific personal jurisdiction existed over the California residents' claims, it did not exist over the nonresidents' claims. It did not matter that others were prescribed the drug in California. The nonresidents' claims had nothing to do with California, and the California residents' claims could not be used to bootstrap the non-residents' claims. In short, Bristol-Myers requires a claim-by-claim analysis for personal jurisdiction.

While Bristol-Myers involved multiple claims brought by multiple plaintiffs, its reasoning applies equally to multiple claims brought by a single plaintiff. For specific jurisdiction to exist, "the suit must arise out of or relate to the defendant's contacts with the forum."[4] The Supreme Court emphasized that what is

"needed" is "a connection between the forum and the specific claims at issue" and that personal jurisdiction did not exist because there was not an "adequate link between the State and the nonresidents' claims."[5]

This claim-specific analysis could significantly alter the personal jurisdiction determination in patent cases. Direct infringement occurs when someone "makes, uses, offers to sell, or sells … or imports into the United States any patented invention."[6] And Federal Circuit "case law clearly states that each act of patent infringement gives rise to a separate cause of action."[7] In other words, each sale of an allegedly infringing product gives rise to a separate direct infringement claim. Under Bristol-Myers, which requires a claim-by-claim analysis, each sale must be analyzed separately.

For how this works in practice, imagine a mobile phone that is sold across the country. A plaintiff sues for patent infringement in Texas. There would be personal jurisdiction over the sales that occurred in Texas. But sales that occurred in the other 49 states are separate claims that must be analyzed separately — as they have no connection to Texas. Personal jurisdiction would accordingly not exist over those sales.

That is not to say a plaintiff must always bring multiple suits in any patent infringement case. "A court with general jurisdiction may hear any claim against that defendant, even if all the incidents underlying the claim occurred in a different State."[8] So a plaintiff is free to sue a defendant in its home state for nationwide infringement. For foreign defendants without a home state, Federal Rule of Civil Procedure 4(k)(2) provides a forum "where a foreign defendant lacks substantial contacts with any single state but has sufficient contacts with the United States as a whole to satisfy due process standards and justify the application of federal law."[9]

Prior to Bristol-Myers, the Federal Circuit held that a plaintiff may seek recovery in one state for sales that occurred in other states.[10] But the Federal Circuit relied on an interpretation of Keeton v. Hustler Magazine Inc.[11] that the Supreme Court rejected in Bristol-Myers. Keeton involved recovering damages for a single libel claim, where some of the damages occurred in other states. The Bristol-Myers plaintiffs argued to the Supreme Court that under Keeton a "defendant's forum contacts" need not "'give rise to' every claim in a case" in "multi-claim cases."[12] The Supreme Court rejected the plaintiffs' (and thus the Federal Circuit's) interpretation of Keeton, concluding that Keeton involved only damages that could be recovered for a single claim and had nothing to say about cases involving multiple claims. The Supreme Court explained that Keeton's "holding concerned jurisdiction to determine the scope of a claim involving in-state injury and injury to residents of the State, not, as in this case, jurisdiction to entertain claims," some of which were unrelated to the forum.[13] Following this logic, since each sale of patent infringement is a separate claim, Keeton does not apply.

The Federal Circuit has also previously approved of the use of "pendant personal jurisdiction," where a plaintiff can obtain personal jurisdiction over a claim if it closely related to another claim for which there is an independent basis for personal jurisdiction.[14] But that is just a label for the kind of analysis Bristol-Myers prohibits. Indeed, one court has said that Bristol-Myers imposed a "bar on federal courts' exercise of pendent personal jurisdiction."[15] The Supreme Court has never adopted the doctrine, and some courts have rejected it. Even before Bristol-Myers, the Fifth Circuit ruled: "Permitting the legitimate exercise of specific jurisdiction over one claim to justify the exercise of specific jurisdiction over a different claim that does not arise out of or relate to the defendant's forum contacts would violate the due process clause. Thus, if a plaintiff's claims relate to different forum contacts of the defendant, specific jurisdiction must be established for each claim."[16]

This claim-specific approach might strike some as inconvenient. But it was surely more convenient in Bristol-Myers for all the plaintiffs to sue in one place. The defendant even conceded that all the plaintiffs' claims were "materially identical."[17] Yet this is what the Supreme Court had to say about convenience: "[E]ven if the defendant would suffer minimal or no inconvenience from being forced to litigate before the tribunals of another State; even if the forum State has a strong interest in applying its law to the controversy; even if the forum State is the most convenient location for litigation, the Due Process Clause, acting as an instrument of interstate federalism, may sometimes act to divest the State of its power to render a valid judgment."[18]

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[1] TC Heartland LLC v. Kraft Foods Grp. Brands LLC, 137 S. Ct. 1514 (2017).

[2] Bristol-Myers Squibb Co. v. Superior Court of California, San Francisco Cty., 137 S. Ct. 1773 (2017).

[3] Gallardo v. Johnson & Johnson, No. 17-cv-160, 2017 WL 3128911, at *1 (E.D. Mo. July 24, 2017).

[4] Bristol-Myers, 137 S. Ct. at 1780 (internal quotation marks and brackets omitted).

[5] Id. at 1781.

[6] 35 U.S.C § 271(a).

[7] Hazelquist v. Guchi Moochie Tackle Co., 437 F.3d 1178, 1180 (Fed. Cir. 2006); see also E.I. du Pont de Nemours & Co. v. MacDermid Printing Sols., L.L.C., 525 F.3d 1353, 1362 (Fed. Cir. 2008) ("[W]e have held that each act of infringement gives rise to a separate cause of action.").

[8] Bristol-Myers, 137 S. Ct. at 1780.

[9] Merial Ltd. v. Cipla Ltd., 681 F.3d 1283, 1294 (Fed. Cir. 2012).

[10] Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558, 1568 (Fed. Cir. 1994).

[11] Keeton v. Hustler Magazine, Inc., 465 U.S. 770 (1984).

[12] Bristol-Meyers, Brief of Respondents, 2017 WL 1207530, at *13 (March 31, 2017).

[13] Bristol-Myers, 137 S. Ct. at 1782.

[14] See Avocent Huntsville Corp. v. Aten Intern. Co., Ltd., 552 F.3d 1324, 1340 (Fed. Cir. 2008); Inamed Corp. v. Kuzmak, 249 F.3d 1356, 1362-63 (Fed. Cir. 2001).

[15] Muir v. Nature's Bounty (DE), Inc., 2018 WL 3647115, at *4 (N.D. Ill. Aug. 1, 2018).

[16] Seiferth v. Helicopteros Atuneros, Inc., 472 F.3d 266, 275 (5th Cir. 2006); see also Remick v. Manfredy, 238 F.3d 248, 255 (3d Cir. 2001) (Personal jurisdiction "is claim specific because a conclusion that the District Court has personal jurisdiction over one of the defendants as to a particular claim asserted by [the plaintiff] does not necessarily mean that it has personal jurisdiction over that same defendant as to [the plaintiff's] other claims."); Phillips Exeter Acad. v. Howard Phillips Fund, 196 F.3d 284, 289 (1st Cir. 1999).

[17] Bristol-Myers, 137 S. Ct. at 1785 (Sotomayor, J. dissenting).

[18] Id. at 1780-81 (quoting World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 294 (1980)).