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Q&A: International IP expert Matthew Bernstein on patent litigants' attraction to Texas

By Patrick H.J. Hughes

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Some districts are more attractive than others for patent holders bringing infringement suits.

Recent filings show a geographical shift in patent suits over the past few years, with the Western District of Texas, specifically Waco, currently being the most popular venue for patent cases.

Perkins Coie attorney Matthew Bernstein sheds some light on how the U.S. District Court for the Western District of Texas has become what some have called "the busiest place in the country for patent litigation."

Thomson Reuters: The Eastern District of Texas was long considered a hotbed for patent litigation, with more than a third of the country's patent suits being filed there in some years. When did this change? And why?

Matthew Bernstein: The reduced number of cases filed in the Eastern District of Texas is the direct result of the Supreme Court's decision in *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017), which limited patent owner/plaintiffs' venue options.

Prior to *TC Heartland*, plaintiffs were, for all intents and purposes, free to sue a defendant in any court so long as the court had personal jurisdiction over the defendant. Post *TC Heartland*, plaintiffs are limited to filing suit in a venue where the defendant is either (1) a resident (i.e., incorporated) or (2) where the defendant committed acts of infringement and has a regular and established place of business. Many companies are not incorporated in Texas, and many do not have established places of business in the Eastern District of Texas, making venue in that court improper.

TR: Why is the Western District of Texas the new popular venue for patent litigation?

MB: The Western District of Texas has become much more popular for two reasons.

First, unlike the Eastern District of Texas, which is not a home of many technology companies, the Western District of Texas, particularly Austin, is an established and still growing center for technology in the United States. Many U.S. companies have offices in or around Austin, making venue possible under the current *TC Heartland* framework.

Second, Judge [Alan D.] Albright was sworn in to the bench in Waco in September 2018. Judge Albright spent over 20 years litigating patent cases for both plaintiffs and defendants, and this experience was viewed by many as an indication he would be a good judge for patent cases. Once taking the bench, Judge Albright has instituted streamlined rules and scheduled his patent cases for relatively quick trials, which some litigants, particularly plaintiffs, like.

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TR: Is there a drawback to having a large percentage of cases heard in the same district?

MB: I believe most patent litigants, whether on the plaintiff or defense side, want to be treated fairly, want their cases adjudicated on the merits expeditiously (plaintiffs typically want this to happen at trial, defendants through dispositive motions), and want a judge who is engaged to handle the case. To the extent a court cannot provide these things because of the number of cases in the district, then there certainly is a drawback to litigating in that district.

But I do not believe the large number of cases in a district by itself is a drawback if these issues do not show themselves. There have always been a small number of courts handling a majority of the patent cases for as long as I have been practicing. The top district might change over time, but the fact that only a handful of courts handle most cases has not and likely will not.

The judges in the districts who handle the most cases also have more (significantly more) experience overseeing patent cases. That means more decisions on many issues, which means more predictability on how the judge will rule on those issues in the future. Many view that as a benefit over being in front of a judge who has never handled a patent case before.

TR: Is there a benefit to having multiple jurisdictions to choose from for a patent holder filing suit?

MB: It has always been the case that patent holders have had multiple jurisdictions to choose from when deciding where to

file suit. Before *TC Heartland*, the options were basically unlimited. Now the options are more limited, but the patent holder still typically has some flexibility if a defendant has places of business in multiple locations, or it is incorporated in a state different from where it is physically located.

A plaintiff that can choose from more than one location to file a patent suit benefits from such a choice, as it can pick the court that is closer to its own "home base," pick the court that gets it to trial faster, pick the court where plaintiffs have had more success, pick the court with a history of higher damages awards, and so on. From the defense side, the limits on venue from *TC Heartland* have limited patent holder choice, but most defendants would probably prefer even less choice.

TR: Does the Western District of Texas present an attractive venue for foreign corporations?

MB: Foreign companies should certainly consider filing suit in the Western District of Texas. If the foreign company is considering suing a U.S. company for patent infringement, the foreign company would obviously have to establish venue is proper for the U.S. company pursuant to *TC Heartland*. If the foreign company is considering suing another foreign company for patent infringement, it would need to establish that personal jurisdiction exists. But assuming venue/personal jurisdiction is appropriate, a foreign plaintiff would get the same perceived benefits in Judge Albright's court (quick to trial, streamlined rules governing the case, etc.) that a U.S. plaintiff would receive. Likewise, a U.S. company filing a patent suit against a foreign defendant should at least consider filing suit in Waco (assuming personal jurisdiction) for the same reasons. Where a patent holder files suit should be based on a thorough examination of many factors; there is no "one size fits all" venue for patent cases.

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