UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No.	LA CV16-04676 JAK (SSx)	Date	June 19, 2018
Title	Adrian Rivera v. Remington Designs, LLC		

Present: The Honorable	JOHN A. KRONSTADT, UNITED STATES DISTRICT JUDGE

Andrea Keifer	Not Reported
Deputy Clerk	Court Reporter / Recorder
Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Not Present	Not Present

Proceedings: **(IN CHAMBERS) ORDER RE DEFENDANTS' MOTION TO DISMISS OR TRANSFER FOR LACK OF VENUE (DKT. 173)**

I. Introduction

Adrian Rivera ("Plaintiff") brought this action against Eko Brands, LLC ("Eko") and Espresso Supply, Inc. ("ESI") (collectively, the "Eko Defendants") on June 29, 2016. Case No. 2:16-cv-04753-JAK-SS ("Eko Action"), Dkt. 1 ("Eko Complaint").[1] The Eko Complaint advances claims against the Eko Defendants for the infringement of U.S. Patent Nos. 9,232,871 and 9,232,872 under 35 U.S.C. § 271. *Id.*

On November 27, 2017, the Eko Defendants filed a Motion to Dismiss or Transfer for Lack of Venue pursuant to Fed. R. Civ. P. 12 and 28 U.S.C. § 1406. Dkt. 173 (the "Motion"). Plaintiff filed an opposition ("Opposition") to the Motion. Dkt. 175. Eko Defendants filed a reply ("Reply"). Dkt. 178.

II. Procedural Background

As noted, Plaintiff filed the Eko Complaint on June 29, 2016. On September 5, 2016, the Eko Defendants filed an Answer to the Eko Complaint, as well as Counterclaims against Plaintiff. Eko Action, Dkts. 32, 33. On November 8, 2016, the Eko Defendants filed a Motion for Summary Judgment of Noninfringement and Invalidity. Eko Action, Dkt. 42. On November 14, 2016, the Eko Action was consolidated with this and other cases, which added Creative Concepts, Solofill LLC ("Solofill"), Remington Designs, LLC, EMS Mind Reader LLC, and LaMi Products, Inc. as Consolidated Defendants. Solofill filed a motion for summary judgment on November 21, 2016 with similar arguments to those made by the Eko Defendants in their motion for summary judgment. Dkts. 32, 33.

The Eko Defendants, together with the other Consolidated Defendants, filed an Opening Claim Construction Brief on February 27, 2017. Dkt. 90. On March 13, 2017, the Consolidated Defendants

[1] This action, and six others, were consolidated for pretrial purposes on November 14, 2016, with Case No. 2:16-cv-04676-JAK-SS designated as the lead case. Dkt. 27. All docket entries in this Order refer to the docket of the lead case, unless otherwise noted. Docket entries from the original action against these Defendants are referred to as the "Eko Action."

filed their Responsive Claim Construction Brief. Dkt. 98. The motions for summary judgment brought by both the Eko Defendants and Solofill (Dkts. 32, 52) were denied on July 7, 2017. Dkt. 130. A Claim Construction Order was issued shortly thereafter on July 13, 2017. Dkt. 135.

On September 15, 2017, the remaining Consolidated Defendants -- the Eko Defendants, Solofill, and Creative Concepts -- filed a joint Motion for Summary Judgment of Noninfringement that remains pending. Dkt. 146. Two months later, on November 21, 2017, these same parties filed a joint motion for Summary Judgment of Invalidity, which is also pending. Dkt. 172.

On November 27, 2017, after filing their two new joint summary judgment motions, the Eko Defendants filed this Motion. Dkt. 173. A hearing was held on the summary judgment motions and this Motion on January 8, 2018, and the matters were taken under submission. Dkt. 181. For the reasons stated in this Order, the Motion is **DENIED**.

III. Analysis

A. Legal Standards

Fed. R. Civ. P. 12(b)(3) provides that a party may move to dismiss an action for improper venue. The non-moving party has the burden of showing that venue is proper in the district in which it filed the action. *See Piedmont Label Co. v. Sun Garden Packing Co.*, 598 F.2d 491, 496 (9th Cir. 1979); *In re ZTE (USA) Inc.*, 890 F.3d 1008, 1014 (Fed. Cir. 2018). When venue is improper, the court "shall dismiss, or if it be in the interest of justice, transfer such case to any district or division in which it could have been brought." 28 U.S.C. § 1406(a).

An objection to venue is subject to waiver if not raised in a timely fashion. *See, e.g.*, *Leroy v. Great W. United Corp.*, 443 U.S. 173, 180 (1979); *Libby, McNeill & Libby v. City Nat'l Bank*, 592 F.2d 504, 510 (9th Cir. 1978). A motion to dismiss for improper venue must be raised in or before a defendant's first responsive pleading, or it is waived. Fed. R. Civ. P. 12(h)(1). A venue objection may also be waived or forfeited for other reasons, such as the time remaining before trial or if the defendant was "actively litigating" the action. *United States v. Ziegler Bolt & Parts Co.*, 111 F.3d 878, 882 (Fed. Cir. 1997); *accord Peterson v. Highland Music, Inc.*, 140 F.3d 1313, 1318 (9th Cir. 1998) (defenses "may be waived as a result of the course of conduct pursued by a party during litigation.").

In patent cases like this one, venue is governed by a specific statute, 28 U.S.C. § 1400(b). Section 1400(b) provides that venue is proper "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." The Supreme Court has recently clarified that a corporate defendant "resides" only "in its State of incorporation for purposes of the patent venue statute." *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1515 (2017).

B. Application

As noted, the first responsive pleading filed by the Eko Defendants to the Eko Complaint was the simultaneous submission of the answer and counterclaims (Eko Action, Dkts. 32, 33). Neither of these filings raised an objection to venue in this District. *See, e.g.* Eko Action, Dkt. 32 at ¶ 8 ("For purposes of

this action only, Eko admits that venue is proper."). Under these circumstances, in general, an objection to venue would have been waived pursuant to Rule 12(h)(1). However, the Eko Defendants argue that they could not previously have raised an objection to venue objection was not previously available, and for that reason, Rule 12(h)(1) does not apply. Dkt. 173 at 4.[2]

The Eko Defendants contend that the objection was not viable when they responded to the complaint, but that the law has since changed. In support of this position they cite *TC Heartland*, in which the Supreme Court held that, pursuant to the patent venue statute, a domestic corporation "resides" only in its state of incorporation, and *In re Micron Tech., Inc.*, 875 F.3d 1091 (Fed. Cir. 2017), which determined that *TC Heartland* presented a change in patent venue law. *Id.* at 1099-1100. Plaintiff responds that, despite these rulings, the challenge to venue by the Eko Defendants remains untimely, a conclusion supported by *Micron* and traditional principles of venue and waiver. Dkt. 175 at 2-6.

1. TC Heartland

In 1957, the Supreme Court held that, for purposes of venue in a patent case, a domestic corporation "resides" only in its state of incorporation, which was a more narrow construction than provided in § 1391(c), which is the general venue statute. *See Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 226 (1957). Following the decision in *Fourco*, § 1391(c) was amended to provide that a corporation "shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court's personal jurisdiction with respect to the civil action in question." 28 U.S.C. § 1391(c).

The Federal Circuit considered patent venue in light of the amendments to § 1391(c), and concluded that Congress intended for those amendments to the general venue statute to apply to patent cases. Thus, the Federal Circuit concluded that "the first test for venue under § 1400(b) [the patent venue statute] with respect to a defendant that is a corporation, in light of the . . . amendment to § 1391(c), is whether the defendant was subject to personal jurisdiction in the district of the suit at the time the action was commenced." *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583-84 (Fed Cir. 1990), *abrogated by TC Heartland*, 137 S.Ct. 1514.

In *TC Heartland*, the Supreme Court addressed whether the amendments to § 1391 expanded its scope such that it should be applied in patent cases. The Court concluded that they did not:

> In *Fourco*, this Court definitively and unambiguously held that the word "reside[nce] in § 1400(b) has a particular meaning as applied to domestic corporations: It refers only to the State of incorporation. Congress has not amended § 1400(b) since *Fourco*, and . . . the only question we must answer is whether Congress changed the meaning of § 1400(b) when it amended § 1391. When Congress intends to effect a change of that kind, it ordinarily provides a relatively clear indication of its intent in the text of the amended provision.

[2] Fed. R. Civ. P. 12(g)(2) provides that the Rule 12(h) waiver principles only apply to defenses omitted from a party's answer or responsive pleading that were "available." "A defense is 'available' unless its legal basis did not exist at the time of the answer or pre-answer motion." *Fox Factory v. SRAM, LLC*, No. 16-cv-00506-WHO, 2017 WL 4325737, at *2 (N.D. Cal. July 18, 2017) (quoting *Gilmore v. Palestinian Interim Self-Gov't Auth.*, 843 F.3d 958, 964 (D.C. Cir. 2016)).

> . . .
> The current version of § 1391 does not contain any indication that Congress intended to alter the meaning of § 1400(b) as interpreted in *Fourco*.

TC Heartland, 137 S.Ct. at 1520.

Following the decision in *TC Heartland*, corporate defendants in patent cases began to challenge the propriety of venue on the basis of this interpretation of the statute. District courts that considered this question reached different results as to whether *TC Heartland* was a change in the law, thereby creating the basis for a venue objection that was not previously available under *VE Holding*. *Compare Westech Aerosol Corp. v. 3M Co.*, No. 17-cv-5067-RBL, 2017 WL 2671297, at *2 (W.D. Wash. June 21, 2017) (granting defendant's motion for leave to amend Rule 12 motion to dismiss to add venue challenge because "*TC Heartland* changed the venue landscape."); *OptoLum, Inc. v. Cree, Inc.*, No. 16-cv-03828-PHX, 2017 WL 3130642, at *2 (D. Ariz. July 24, 2017) (*TC Heartland* constituted a "sea change" in the law of venue for patent cases); *and Columbia Sportswear N. Am., Inc. v. Seirus Innovative Accessories, Inc.*, No. 15-cv-00064-HZ, 2017 WL 3877858, at *8 (D. Or. Sept. 5, 2017) ("*TC Heartland* constitutes an intervening change in law excusing waiver of Defendant's venue objection.") *with McRo, Inc. v. Valve Corp.*, No. 13-cv-1874-GW, 2017 WL 3189007, at *2 (C.D. Cal. July 24, 2017) (denying improper venue motion because "the Court cannot accept Defendant's contention that it was only *TC Heartland* that allowed it to argue that venue was improper here."); *Cobalt Boats, LLC v. Sea Ray Boats, Inc.*, 254 F. Supp. 3d 836, 839-40 (E.D. Va. 2017) (defendants waived their venue objection because *TC Heartland* "merely affirms the viability of *Fourco*" and did not change the law); *and Fox Factory, Inc. v. SRAM, LLC*, No. 16-cv-00506-WHO, 2017 WL 4325737, at *3-4 (N.D. Cal. July 18, 2017) (recognizing the split between *Westech* and *Cobalt Boats* and concluding that *TC Heartland* was not a change in the law that would excuse waiver of a venue objection).

2. Micron

In November 2017, which was approximately six months after the decision in *TC Heartland*, the Federal Circuit resolved the split in authority as to whether *TC Heartland* represented a change in the law. The Federal Circuit held that it did, and that, as a result, Rule 12(h)(1) did not preclude as waived a defendant's motion to dismiss on the basis of improper venue because that defense was "not available" prior to *TC Heartland*. *See Micron*, 875 F.3d at 1099-1100. As the Federal Circuit explained:

> [*TC Heartland*] made available to Micron in this case the objection that it does not come within the meaning of "resides" for purposes of venue under § 1400(b). That position was not available for the district court to adopt before the Court decided *TC Heartland*, because controlling precedent [*VE Holding*] precluded adoption of the position. For that reason, the objection was not "available" under Rule 12(g)(2) when Micron made its motion to dismiss in 2016. Accordingly, contrary to the district court's conclusion, Rule 12(h)(1)(A)'s waiver rule is inapplicable here.

Id.

Although it resolved this issue, *Micron* expressly noted that "Rule 12(h)(1) is not the sole basis on which a district court might, in various circumstances, rule that a defendant can no longer present a venue

defense that might have succeeded on the merits." *Id.* at 1100. For example, as the Federal Circuit explained, "nothing in the Federal Rules of Civil Procedure would preclude a district court from applying other standards, such as those requiring timely and adequate preservation, to find a venue objection lost if, for example, *it was not made until long after the statutory change took effect*." *Id.* (emphasis added).

To analyze whether a venue objection has been waived or forfeited for reasons other than the Rule 12 waiver, *Micron* provided the following analytical guide:

> [W]hereas the waiver rule of Rule 12(g)(2) and (h)(1)(A) requires a focus on the time the *TC Heartland* venue objection was "available" for the district court to adopt (*i.e.* on or after May 22, 2017), the non-Rule authority's general concern with timeliness is not necessarily so limited. We have not provided a precedential answer to the question whether the timeliness determination may take account of factors other than the sheer time from when the defense becomes available to when it is asserted, including factors such as how near is the trial, which may implicate efficiency or other interests of the judicial system and of other participants in the case . . . . We also note a scenario that presents at least an obvious starting point for a claim of forfeiture, whether based on timeliness or consent or distinct grounds: a defendant's tactical wait-and-see bypassing of an opportunity to declare a desire for a different forum, where the course of proceedings might well have been altered by such a declaration.

Id. at 1101-02.

3. Defendants' Venue Objection

In light of *TC Heartland* and *Micron*, Rule 12(h)(1) is not a *per se* bar to a venue objection in this case. However, as noted above, *Micron* states that the analysis whether a venue objection has been waived does not end with Rule 12. Indeed, on the day it decided *Micron*, the Federal Circuit granted a writ of mandamus in *In re Cutsforth, Inc.*, No. 2017-135, 2017 WL 5907556 (Fed. Cir. Nov. 15, 2017). In *Cutsforth*, the district court had granted a motion to transfer venue after concluding that *TC Heartland* had changed the law, thereby rendering the Rule 12(h) waiver inapplicable to the defendants' venue objection. The Federal Circuit remanded the case to the district court in light of the analysis in *Micron*, because the district court "clearly erred in not considering non-Rule 12 bases for waiver raised by Cutsforth." *Id.* at *2. A district court, considering a similar venue motion filed in response to the *Micron* decision, concluded that the defendants' venue objection "has been waived based on their own conduct, the judicial resources already expended in this case by the Court, the prejudice to Plaintiff in reopening a dormant venue dispute simply because it has become convenient for Defendants to litigate the issue now, and in light of all of these considerations taken together." *Intellectual Ventures II LLC v. FedEx Corp.*, No. 2:16-CV-00980-JRG, 2017 WL 5630023, at *4 (E.D. Tex. Nov. 22, 2017).

This case, like *Micron*, *Cutsforth*, and *Intellectual Ventures*, requires a review of the relevant non-Rule 12 factors. That analysis supports the conclusion that the Eko Defendants waived their venue objection. It is important to note that the relevant change in law is the decision in *TC Heartland*, not the decision in *Micron*. *See Micron*, 875 F.3d at 1101 (the relevant date to determine when a venue objection became "available" is May 22, 2017, the date *TC Heartland* was decided). Therefore, it is appropriate to "begin[]

by examining [the Eko Defendants'] conduct after *TC Heartland* was decided." *Intellectual Ventures*, 2017 WL 5630023, at *3.[3]

A review of the record in this action shows that, during the seven months after the *TC Heartland* decision, the Eko Defendants were actively litigating this case in this District. On May 23, 2017– the day after the decision in *TC Heartland* – the Eko Defendants filed, in conjunction with Solofill and Creative Concepts, a Notice of Supplemental Authority in support of the already-pending motions for summary judgment and their claim construction briefing. Dkt. 123.[4] Those motions for summary judgment (Dkts. 32, 52) were denied on July 7, 2017. Dkt. 130. A Claim Construction Order was issued shortly thereafter on July 13, 2017. Dkt. 135. The Eko Defendants also filed two new motions for summary judgment (Dkts. 146, 172) before filing this Motion. One of those motions was filed on November 21, 2017, six days after *Micron* was decided. Dkt. 172. This Motion, which is the first one in which the Eko Defendants objected to venue in this action, was not filed until November 27, 2017. Dkt. 173. Discovery was conducted, and closed in this action approximately two weeks after the Eko Defendants filed this Motion, on December 11, 2017. *See* Dkt. 143.

This procedural history reflects the type of "ttactical wait-and-see bypassing of an opportunity to declare a desire for a different forum" expressly identified in *Micron* as a paradigm for when an objection to venue could be waived notwithstanding the new law as to Rule 12(h). *Micron*, 875 F.3d at 1102. The Eko Defendants waited approximately seven months after *TC Heartland* to raise an objection to the propriety of venue in this District, and actively litigated this matter throughout that time period.

The Eko Defendants argue that they did not bring the Motion until after *Micron* because *TC Heartland* had not been determined to be a change in law sufficient to overcome a waiver under Rule 12(h). This argument is unconvincing. *First*, the Eko Defendants participated in jointly filing a motion for summary judgment, which did not raise this argument, after *Micron* but before submitting this Motion. *Second*, as noted above, in the months between *TC Heartland* and *Micron*, many district courts reached different outcomes as to the post-*TC Heartland* venue analysis. *Compare Westech*, 2017 WL 2671297, at *2 *with McRo*, 2017 WL 3189007, at *2; *Fox Factory, LLC*, 2017 WL 4325737, at *3-4. The Eko Defendants rely on *McRo*, a decision from this District, for the proposition that, prior to *Micron*, it was settled here that *TC Heartland* was not a change in law. However, the decision of one district court is not binding precedent on another. *See, e.g.*, *Camreta v. Greene*, 563 U.S. 692, 709 n.7 (2011) ("A decision of a federal district court judge is not binding precedent in either a different judicial district, the same judicial district, or even upon the same judge in a different case.") (internal citations omitted). *Finally*, a review of the district court decisions within the Ninth Circuit show that the question was not settled. *McRo* concluded that there was not a change in law due to *TC Heartland* because it occurred in 2011 when the general venue statute was amended. *McRo*, 2017 WL 3189007, at *2. *Fox Factory* and others cases did not reach this conclusion.

At the hearing, the Eko Defendants argued that their position was supported by *Javelin Pharm., Inc. v.*

[3] As *Micron* explained, "whereas the waiver rule of Rule 12(g)(2) and (h)(1)(A) requires a focus on the time the *TC Heartland* venue objection was 'available' for the district court to adopt (i.e., on or after May 22, 2017), the non-Rule authority's general concern with timeliness is not necessarily so limited." 875 F.3d at 1101-02.

[4] That notice of supplemental authority did not cite *TC Heartland*, or offer any argument that the Eko Defendants had a new, valid venue objection.

Mylan Labs. Ltd., No. CV 16-224-LPS, 2017 WL 5953296 (D. Del. Dec. 1, 2017). In *Javelin*, however, the defendant timely raised a venue objection "on August 7, 2017, less than three months after *TC Heartland* was decided." *Id.* at *1. Unlike the defendant in *Javelin*, the Eko Defendants not only waited until the end of November 2017 to file their Motion, but did so after filing two additional summary judgment motions.[5]

The Supreme Court has explained that "a district court possesses inherent powers that are 'governed not by rule or statute but by the control necessarily vested in courts to manage their own affairs so as to achieve the orderly and expeditious disposition of cases.'" *Dietz v. Bouldin, Inc.*, 136 S.Ct. 1885, 1891 (2016) (quoting *Link v. Wabash R. Co.*, 370 U.S. 626, 630-31 (1962)). The Supreme Court also noted that venue is a "privilege . . . [that] may be lost by failure to assert it seasonably, by formal submission in a cause, or by submission through conduct." *Neirbo Co. v. Bethlehem Shipbuilding Corp.*, 308 U.S. 165, 168 (1939). Applying *Dietz* to the venue framework, *Micron* held that "district courts have the authority to find forfeiture of a venue objection," notwithstanding that *TC Heartland* adopted a more narrow statutory definition of venue for corporate defendants than previously recognized. *Micron*, 875 F.3d at 1101.

IV. Conclusion

Under the circumstances presented here, the Eko Defendants have not "seasonably" asserted their objection to venue. They have actively litigated this case, both prior to and after *TC Heartland*, without raising issues or objections about venue. *TC Heartland* changed the law with respect to the definition of corporate residence for the purposes of patent venue. However, it did not change the underlying prudential framework for the assessment of challenges to venue like the one raised here. Consequently, for the reasons stated in this Order, the Motion is **DENIED**.

IT IS SO ORDERED.

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[5] The dispositive motion deadline in this matter was set for January 15, 2018. Thus, in November 2017, following the decision in *Micron*, Defendants did not face an impending deadline that required them to file those summary judgment motions.