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## Another Prediction About Patent Cases After *TC Heartland*: More Multidistrict Litigation

### PATENTS

The authors consider open issues if multidistrict litigation becomes more common in light of the Supreme Court's decision in *TC Heartland*.



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The U.S. Supreme Court's decision in *TC Heartland* is sure to change where patent cases are litigated. The most popular predictions about how *TC Heartland* will affect patent litigation include: (1) an increase in cases filed in Delaware and the Northern District of California; (2) the shuttering of the Eastern District of Texas;

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and (3) a reduction in low-value patent litigation in general.

These predictions are sound, to be sure. But here is another prediction that has received less attention: The Supreme Court's recent shake-up to venue law may lead to more patent cases centralized by the Multidistrict Litigation Panel.

This article, therefore, will provide an overview of the MDL process in general, review past examples of MDL in patent cases, and identify several open issues for patent MDLs going forward.

### Multidistrict Litigation in General

Multidistrict litigation is a procedural mechanism used to consolidate large, multi-party cases in a single court for pretrial purposes. The authority to consolidate cases into an MDL proceeding originates from 28 U.S.C. § 1407. Specifically, Section 1407(a) provides:

When civil actions involving one or more common questions of fact are pending in different districts, such action may be transferred to any district for coordinated or consolidated pretrial proceedings. Such transfers shall be made by the judicial panel on multidistrict litigation authorized by this section upon its determination that transfers for such proceedings will be for the convenience of the par-

ties and witnesses and will promote the just and efficient conduct of such actions. 28 U.S.C. § 1407(a).

The standard under Section 1407(a) is fairly lenient. In order to start the MDL process, a transfer to the MDL Panel is initiated. A petition can be filed with the MDL Panel by a party to the action, with a copy to the district court, or the MDL Panel may itself *sua sponte* initiate the transfer. 28 U.S.C. § 1407(c). If the MDL Panel approves transfer for MDL, the MDL Panel will select the transferee district court and assign the cases to one or more judges within the transferee district. *Id.* at § 1407(b). The MDL Panel decides which district is most convenient.

## Multidistrict Litigation in Patent Cases Before *TC Heartland*

Patent cases have long been recognized as prime candidates for MDL proceedings. In fact, Congress highlighted patent cases as one area of law that would be particularly amenable to MDL proceedings as it enacted Section 1407. See H.R. No. 90-1130, 1st Sess. (1968). The reason for this conclusion is clear: If the same patent is at issue in different jurisdictions, there will be at least some common issues of discovery (e.g., inventor depositions), similar claim construction issues, and likely related infringement theories and invalidity defenses. And yet MDL in patent cases has not been common.

After Congress enacted the America Invents Act in 2011, and specifically the anti-joinder provision in 35 U.S.C. § 299, many predicted an influx of MDL proceedings in patent cases. But the data has not matched this prediction. The MDL Panel has issued 21 decisions in patent cases over the last four years—an infinitesimal fraction of the number of cases with a patent asserted against multiple defendants. Of those 21 cases, only 15 were approved for transfer. And of those 15, only five were granted *sua sponte* rather than by a party's petition.

## The *TC Heartland* Decision

In case anyone missed it, the Supreme Court's recent decision in *TC Heartland* limited venue options for patent holders. *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 122 U.S.P.Q.2d 1553 (2017). The U.S. Court of Appeals for the Federal Circuit had long interpreted a defendant to "reside," as used in 28 U.S.C. § 1400(b), to mean anywhere the defendant was subject to personal jurisdiction, which effectively permitted nationwide venue for patent cases. In an 8-0 decision, the Supreme Court overruled this interpretation, and held that "resides" means the state of incorporation.

Thus, patent holders may now file suit in a venue in the state that the defendant is incorporated in, or a venue in which the defendant has a regular place of business and committed acts of infringement.

## Multidistrict Litigation in Patent Cases After *TC Heartland*

*TC Heartland's* restrictive venue standard may lead to increased centralization of patent cases by the MDL

Panel. The most obvious fact pattern includes a collection of suits against defendants that are not all incorporated in the same state. Before *TC Heartland*, the patent holder was likely to file a series of suits in the same venue, and then seek to consolidate those cases for pre-trial purposes, such as discovery and claim construction. But that is generally no longer an option.

So, the patent holder in this scenario is now more likely to file in separate venues, which could lead the patent holder, any of the defendants, or the MDL Panel *sua sponte*, to centralize the collection of cases for pre-trial purposes.

## Four Open Issues for MDL Proceedings in Patent Cases Going Forward

First, it is unclear exactly how many jurisdictions need to be implicated to lead to an MDL transfer. The MDL Panel will often not grant transfer if there are only a few defendants and there are other avenues of coordination. In *In re: Droplets*, for example, the MDL noted that "informal coordination among the three involved courts seems practicable—just as it does among the parties, given that Droplets is represented in all action by the same law firm." *In re: Droplets, Inc., Patent Litig.*, 908 F. Supp. 2d 1378, 2012 BL 387448 (J.P.M.L. 2012). If three jurisdictions are insufficient to warrant centralization, then it remains undetermined exactly how many different courts must be involved to presumptively trigger MDL transfer.

Second, it is not clear where cases will go. The MDL Panel will not necessarily consolidate cases within a jurisdiction with all or a majority of cases. In *In re: Papst Licensing Digital Camera Patent Litigation*, for example, six cases in the U.S. District Court for the District of Delaware were consolidated in the U.S. District Court for the District of Columbia. MDL No. 1880, Dkt. 93 (J.P.M.L. Oct. 31, 2015) (Transfer Order). There were previously five other *Papst* cases consolidated in the District of Columbia due to common issues of validity and enforceability. *Id.* at 1. Nonetheless, the MDL Panel found sufficient commonality of fact to transfer the case to the District of Columbia.

While many have predicted that *TC Heartland* will lead to fewer cases being filed in patent hotbeds like the Eastern District of Texas, only time will tell how this and other patent heavy jurisdictions will be affected. For instance, if a patent holder sues in various jurisdictions, including the Eastern District of Texas, and patent filings in the Eastern District of Texas remain down (as they have been since *TC Heartland*), one could argue for transfer to that district for MDL purposes based on its reduced docket and significant expertise with patent law.

Third, the MDL Panel decisions make clear that cases involving similar allegations of infringement weigh in favor of centralization. But there is a lack of clarity as to how similar the accused products must be to warrant transfer. In *In re: BRCA1- and BRCA2-Based Hereditary Cancer Test Patent Litigation*, for instance, the MDL Panel concluded that "each of the accused services is intended to diagnose the risk of hereditary breast and ovarian cancer by analyzing mutations of the BRCA1 and BRCA2 genes." 999 F. Supp. 2d 1377, 2014 BL 49274 (J.P.M.L. 2014). And in *In re: TLI Communi-*

cations, the MDL Panel found common factual questions concerning the alleged infringement because all of the defendants were accused of infringing the same patent, relating “to the uploading of digital images by mobile devices.” 26 F. Supp. 3d 1396, 2014 BL 193841 (J.P.M.L. 2014). The MDL Panel disregarded arguments that the accused products were different, recognizing that “[w]hile there will be some differences in the accused products and systems, the core factual and legal inquiries in each action will be similar, if not identical.” *Id.*

Without more detail, however, the analysis becomes tautological. The accused products in every case with multiple defendants accused of infringing the same patent will have some similarity at some level. More decisions are needed, therefore, to help determine the level of similarity necessary to establish a common factual question based on the similarity—or dissimilarity—of the infringement allegations.

Fourth, it remains to be seen which court is best suited and most likely to preside over trials after the conclusion of MDL pretrial proceedings. There are three general possibilities:

1. The transferee district court could hold bellwether trials for cases originally filed in that district, in an effort to resolve or lead to the resolution of other matters pending in the MDL.
2. The *transferor* court could transfer a particular action to the transferee court pursuant to § 1404(a).
3. The transferee judge could follow the action to the transferor court through an intracircuit or inter-circuit assignment. See John G. Heyburn II, *A View*

*from the Panel: Part of the Solution*, 82 TUL. L. REV. 2225, 2233 n.47 (2008).

While these options are not unique to patent cases necessarily, patent trials often require unique case experience from the district court judge, who is usually expected to construe the claims of the asserted patents. This process provides the district court judge a background with the technology, and often previews the parties’ main disputes over infringement and validity. A district court judge that has presided over claim construction and other pretrial disputes, therefore, has a frame of reference for the key disputes to be tried in front of the jury.

Thus, there may be a premium in patent cases for the district court judge that handled consolidated pretrial cases to also preside at trial. Ultimately, more MDL patent cases are needed to see what the best practice is for remaining cases after pretrial is concluded.

## Conclusion

The MDL Act was created to more efficiently litigate and resolve a series of complicated and related cases. To date, this tool has not been used extensively in patent cases. But in light of *TC Heartland*, there are likely to be increased calls for coordinated efforts to manage multi-defendant patent cases. Time will tell whether the MDL Panel will answer these calls.

One thing is for certain: Patent law continues to evolve as dynamically as the technology underlying the cases.