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ALERT

Federal Circuit Patent Bulletin: *In re Micron Tech., Inc.*

December 12, 2017

"TC Heartland changed the controlling law in the relevant sense: at the time of the initial motion to dismiss, before the Court decided TC Heartland, the venue defense now raised [by defendants in various cases] based on TC Heartland's interpretation of the venue statute was not "available," thus making the waiver rule of Rule 12(g)(2) and (h)(1)(A) inapplicable."

On November 15, 2017, in *In re Micron Tech., Inc.*, the U.S. Court of Appeals for the Federal Circuit (Taranto,* Chen, Hughes) granted Micron's petition for a writ of mandamus to set aside the district court's denial of Micron's 28 U.S.C. § 1406(a) motion to dismiss or to transfer the case for improper venue after determining that Micron had waived its venue objection. The Federal Circuit stated:

The court may issue a writ of mandamus as "necessary or appropriate in aid of [its] . . . jurisdiction[] and agreeable to the usages and principles of law." Traditionally, the writ has been used "to confine [the court to which the requested mandamus would be directed] to a lawful exercise of its prescribed jurisdiction." "Although courts have not confined themselves to an arbitrary and technical definition of 'jurisdiction,' only exceptional circumstances amounting to a judicial usurpation of power or a clear abuse of discretion will justify" issuance of the writ. There are three general requirements for mandamus. First, the petitioner must "have no other adequate means to attain the relief" desired. Second, the petitioner must show that the "right to issuance of the writ is 'clear and indisputable.'" Third, "the issuing court, in the exercise of its discretion, must be satisfied that the writ is appropriate under the circumstances." Mandamus may be used in narrow circumstances where doing so is important to "proper judicial administration." More specifically, the Supreme Court has

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confirmed that, in some circumstances, mandamus can be an appropriate means for the appellate court to correct a district court's answers to "basic, undecided" legal questions. . . .

We find this case to present special circumstances justifying mandamus review of certain basic, unsettled, recurring legal issues over which there is considerable litigation producing disparate results. After the Supreme Court decided TC Heartland, corporate defendants in many pending patent cases newly presented venue objections under 28 U.S.C. § 1400(b), asserting lack of residence in the judicial district where the case was filed. In many of those cases, the timing of the venue objection presented a question about waiver under Rule 12(g)(2)and (h)(1)(A)—in particular, whether TC Heartland effected a change of controlling law such that the Rule12(h)(1)(A) waiver rule was inapplicable. The district courts have deeply split on the answer. . . . Answering the fundamental change-of-law question regarding the applicability of Rule 12(g)(2) and (h)(1)(A)—as well as the equally fundamental question whether those provisions provide the only basis for finding that a defendant can no longer make a venue objection—is important to proper judicial administration. Doing so would reduce the widespread disparities in rulings on the fundamental legal standards, while leaving the exercise of such discretion as is available in applying those standards subject to case-by-case review. In these circumstances, we think that mandamus is a proper vehicle for considering the fundamental legal issues presented in this case and many others.

[T]he Rule 12 waiver question presented here is whether the venue defense was "available" to Micron in August 2016. We conclude as a matter of law that it was not. The venue objection was not available until the Supreme Court decided TC Heartland because, before then, it would have been improper, given controlling precedent, for the district court to dismiss or to transfer for lack of venue. This is a common-sense interpretation of Rule 12(g)(2). Where controlling law precluded the district court, at the time of the motion, from adopting a defense or objection and on that basis granting the motion, it is natural to say, in this context, that the defense or objection was not "available" to the movant. The law of precedent is part of what determines what law controls. The language "was available" focuses on the time of the motion in the district court, not some future possibility of relief on appeal, thus pointing toward how the district court may permissibly act on the motion at the time—i.e., where the motion is for dismissal, whether it can dismiss the case and thereby avoid wasting resources on continued litigation. Because what Rule 12(g)(2) addresses is the omission of a defense or objection from an initial motion for one of the forms of relief specified in the Rule, subsection (g)(2) is naturally understood to require the availability of that relief at the time of the initial motion(here, dismissal based on improper venue). That understanding is supported by the purpose of Rule 12 (g)(2), which is to consolidate defenses and to promote early resolution of such issues.

This straightforward, relatively bright-line reading reflects, as well, the waiver consequence stated in Rule 12(g) (2) and (h)(1)(A): in declaring an objection waived,those provisions mention no considerations except the availability of the objection when it was omitted from the specified Rule 12 motion. This reading is also supported by the instruction stated in Federal Rule of Civil Procedure 1—that the Rules "should be construed, administered, and employed by the court and the parties to secure the just, speedy, and inexpensive determination of every action and proceeding." When a defense or objection is futile in the sense that the law bars the district court from adopting it to dismiss, to require the assertion of the defense or objection in an

initial motion to dismiss, on pain of waiver, would generally be to require the waste of resources, contrary to Rule 1. . . .

Rule 12(h)(1) identifies certain situations as triggering a conclusion of waiver. It does not state that there is no other basis on which a district court might find a defendant to have forfeited an otherwise-meritorious venue defense. And it makes little sense to treat Rule 12(h)(1) as excluding other grounds for such a forfeiture. . . . We limit our observations to the following. As to timeliness, 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. 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. But we have denied mandamus, finding no clear abuse of discretion, in several cases involving venue objections based on TC Heartland that were presented close to trial.