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## Forum Shopping Within the United States Patent and Trademark Office

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— Note —

FORUM SHOPPING WITHIN THE  
UNITED STATES PATENT AND  
TRADEMARK OFFICE

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INTRODUCTION

The American legal system has historically frowned on efforts to gain advantages through forum shopping.<sup>1</sup> Lawyers, judges, legal scholars, and lawmakers have taken steps to address and dissuade

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1. See, e.g., Note, *Forum Shopping Reconsidered*, 103 HARV. L. REV. 1677, 1677 (1990); Richard Maloy, *Forum Shopping? What's Wrong with That?*, 24 QUINNIPIAC L. REV. 25, 25 (2005); Mary Garvey Algero, *In Defense of Forum Shopping: A Realistic Look at Selecting a Venue*, 78 NEB. L. REV. 79, 87–88 (1999).

litigants from forum shopping through articles, court orders, and legislation.<sup>2</sup> But every day patent drafters gain unfair advantages through a process similar to forum shopping by drafting patent applications to avoid unfavorable classifications within the United States Patent and Trademark Office (“USPTO”).

After a patent drafter files an application with the USPTO, the patent gets classified into a broad class, and an art unit within the class. This classification, based on subject matter, determines which group of examiners will examine the application.<sup>3</sup> Drafting a patent to obtain classification into a specific art unit is similar to forum shopping because the classification of a patent application into one art unit instead of another can have a huge impact on whether the USPTO eventually issues the patent. For example, in 2016, a patent application classified into art unit 3628 was five times more likely to get issued than an application classified into art unit 3689.<sup>4</sup> But these issuance-rate discrepancies were not because the two art units covered different subject matter. In fact, art units 3628 and 3689 both encompass similar subject matter: “business processing, cost/price units and reservation.”<sup>5</sup>

Recent increases in technology, especially in the area of big-data analysis, allow patent drafters to more easily predict the art unit into which the USPTO will classify an application the before the patent drafter actually files her application.<sup>6</sup> Thus, the patent drafter can change the wording of the application before filing to ensure a more favorable art-unit classification. In short, careful patent drafting can produce a much higher chance of patent issuance.<sup>7</sup> Albeit a narrow issue

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2. See *Erie R.R. Co. v. Tompkins*, 304 U.S. 64, 78 (1938) (stating that there is no federal general common law, thus disincentivizing forum shopping based on federal common law). Congress created the Federal Circuit in 1982 to combat rampant forum shopping at the appellate court level. See CRAIG ALLEN NARD, *THE LAW OF PATENTS* 26–27, 29 (4th ed. 2016); see also H.R. REP. NO. 97-312, at 20–22 (1981).
  3. Mark Nowotarski et al., *Increasing Patent Allowance Rates by Selectively Targeting a More Technological Patent Class*, IPWATCHDOG (Apr. 6, 2011), [https://marketsandpatents.com/pdfs/Increasing\\_Patent\\_Allowance\\_Rates\\_IPWatchdog.pdf](https://marketsandpatents.com/pdfs/Increasing_Patent_Allowance_Rates_IPWatchdog.pdf) [<https://perma.cc/FC6C-TK4C>].
  4. Gene Quinn, *E-Commerce Units: Where Patent Applications Go to Die*, IPWATCHDOG (July 14, 2016), <http://www.ipwatchdog.com/2016/07/14/where-patent-applications-go-die/id=70913/> [<https://perma.cc/LRJ6-UJ6K>].
  5. *Id.*; see *infra* Part I.
  6. LEXISNEXIS IP, <https://www.lexisnexisip.com/products/patent-advisor/?locale=en> [<https://perma.cc/GQ67-VJUR>] (last visited Oct. 29, 2018).
  7. Megan McLoughlin, *A Better Way to File Patent Applications*, IPWATCHDOG (Apr. 14, 2016), <http://www.ipwatchdog.com/2016/04/14/better-way-file-patent-applications/id=68302/> [<https://perma.cc/WU3S-LXA7>]; James L. Reed, 35 USC § 101 Patent Prosecution: Do My Claims “Preempt?”,

in a specialized area of law, creative patent drafting is a problem because patent drafters can game the USPTO easily when historically lawyers and scholars have actively opposed similar forms of forum shopping in other settings.<sup>8</sup>

This Note discusses forum shopping within the USPTO by placing the problem in the broader context of forum shopping in other areas of law. Part I addresses the issue of forum shopping within the USPTO, and how patent drafters are using creative drafting to gain more a favorable patent classification. Part II summarizes the legal treatment of forum shopping in general. Part III addresses patent forum shopping at the appellate level, including the creation and the impact of the United States Court of Appeals for the Federal Circuit. Part IV examines patent forum shopping at the district-court level. Part V suggests ways for the USPTO to address this rampant forum shopping, including recommending that the USPTO give examiners more specific guidance, make transferring an application to a different art unit easier, switch to in-person classification, implement more internal checks to manage examiners, or consolidate the number of art units. These changes will promote fairness and efficiency by minimizing the discrepancies in the issuance rates of similarly drafted patent applications.

## I. ART-GROUP SHOPPING WITHIN THE USPTO

When a patent drafter files an application with the USPTO, the application is classified first into a class and then into an art unit within that class, based on the application's subject matter.<sup>9</sup> The art unit determines which group of examiners—and thus which specific examiner—is assigned to examine the application throughout the

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*in* Patent Prosecution and Defeating Abstractness: Minimizing the Risk of Sect. 101 Rejection, Nov. 10, 2016, at 52–59, <http://media.straftfordpub.com/products/patent-prosecution-and-defeating-abstractness-minimizing-the-risk-of-sect-101-rejection-2016-11-10/presentation.pdf> [<https://perma.cc/UG4K-373P>]; Gene Quinn, *Business Methods by the Numbers: A Look Inside PTO Class 705*, IPWATCHDOG (Jan. 22, 2012), <http://www.ipwatchdog.com/2012/01/22/business-methods-by-the-numbers-a-look-inside-pto-class-705/id=21892/> [<https://perma.cc/YQ4U-2SHA>].

8. See *supra* notes 1–2 and accompanying text.
9. *Patent Classification*, USPTO, <https://www.uspto.gov/patents-application-process/patent-search/classification-standards-and-development> [<https://perma.cc/9JWA-3P3M>] (last modified Aug. 21, 2019); see also Sarah Garber, *Avoiding Alice Rejections with Predictive Analytics*, IPWATCHDOG (May 31, 2016) <https://www.ipwatchdog.com/2016/05/31/avoiding-alice-rejections-predictive-analytics/id=69519/> [<https://perma.cc/TQC9-5TWR>].

prosecution of the application.<sup>10</sup> The USPTO publishes a list of the different art units into which the applications can get classified as well as the subject matter of each art unit; but beyond that list, the USPTO provides little public information about how its classification system works.<sup>11</sup>

On its face, this classification process seems harmless, but a closer examination reveals that it is not. Several recent Supreme Court decisions regarding patentability have affected the examination of applications in some Art Units much more than others. In *Alice Corporation v. CLS Bank International*,<sup>12</sup> the Court held that an automated method of mitigating settlement risk in financial transactions was an abstract idea, and thus invalidated the patent under 35 U.S.C. § 101.<sup>13</sup> In *Alice*, the Supreme Court further held that the patent's claims did not contain an inventive concept that transformed the claims from an abstract idea into something patentable.<sup>14</sup> Additionally, in *Mayo Collaborative Services v. Prometheus Laboratories*,<sup>15</sup> the Supreme Court held that patent claims covering a drug-testing process were laws of nature and therefore unpatentable under 35 U.S.C. § 101.<sup>16</sup> Following the Supreme Court's decisions in *Alice* and *Mayo*, examiners in some art units, such as the business-methods and biotechnology art units, are much more likely to

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10. See WESLEY M. COHEN & STEPHEN A. MERRILL, PATENTS IN THE KNOWLEDGE-BASED ECONOMY 24 (2003) (explaining that once an application is assigned to an Art Unit, a supervisor of the Art Unit assigns the application to a specific examiner).
  11. *Patent Classification*, *supra* note 9; see also McLoughlin, *supra* note 7.
  12. See *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 573 U.S. 208 (2014).
  13. *Id.* at 219–21; 35 U.S.C. § 101 (2012).
  14. See *Alice Corp.*, 573 U.S. at 220–21 (stating that an abstract idea is a pre-existing fundamental truth).
  15. 566 U.S. 66 (2012).
  16. *Id.* at 80. The patent claim described a process by which the doctor should both administer the drug and test whether a proper dosage had been administered. *Id.* See *2106 Patent Subject Matter Eligibility [R-08.2017]*, USPTO, <https://www.uspto.gov/web/offices/pac/mpep/s2106.html> [<https://perma.cc/3NCA-V6DH>] (last modified Jan. 24, 2019). The law of nature and natural phenomenon exceptions reflect the Supreme Court's view that the basic tools of scientific and technological work are not patentable, because the “manifestations of laws of nature” are “part of the storehouse of knowledge . . . free to all men and reserved exclusively to none.” *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948).

reject applications because the application consists of an abstract idea or a law of nature than before these decisions.<sup>17</sup>

Of the twenty hardest art units, from which to obtain a patent, eight come from art unit 3600 (a business-methods art unit), which is hardly surprising considering the Supreme Court's decision in *Alice*.<sup>18</sup> Other than business-methods units, another five of the hardest art units are in the 1600s, which deal with biotechnology and organic chemistry. These groups were most affected by the Supreme Court's decision in *Mayo*.<sup>19</sup> At first glance, this may not seem like an issue, because the USPTO's examiners are just following the Supreme Court's guidance. But upon further inquiry, regardless of the subject matter of the patent, a patent classified outside these affected art units has a significantly lower chance of getting rejected for containing a law of nature or an abstract idea, inversely increasing, drastically, that application's chances of getting issued.<sup>20</sup> This is "extremely difficult to reconcile" when, despite covering more or less the same subject matter, examiners from one art unit are five times more likely to issue a patent than examiners from another art unit.<sup>21</sup> In one example, a patent with very similar subject matter to a business-method patent was classified into art group 3661 (Data Processing: Vehicles, Navigation, and Relative Location),<sup>22</sup> which, "according to PatentCore, has an issuance rate of 84.4%," and the alleged business-method patent was issued shortly after filing.<sup>23</sup> But had the same patent been classified into a class 705 art unit, the class that typically covers business-method art units, the issuance-rate percentage would have dropped to, at best, 43%.<sup>24</sup> This phenomenon shows that there are discrepancies in whether a patent is

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17. See Quinn, *supra* note 4 (stating that Art Unit 3689 has an issuance rate around 1.3%).

18. Austin Underhill, *These Are the 20 Hardest and Easiest Art Units*, IPWATCHDOG (May 21, 2015), <http://www.ipwatchdog.com/2015/05/21/hardest-easiest-art-units/id=57864/> [<https://perma.cc/2JRF-G76F>].

19. *Id.*

20. See Quinn, *supra* note 4 (stating that classification in art group 3628, as opposed to 3689, can increase the chances of the patent eventual issuance by up to five times).

21. See *id.*

22. See *Classes Arranged by Art Unit: Art Units 2914-3715*, USPTO, <https://www.uspto.gov/patents-application-process/classes-arranged-art-unit-art-units-2914-3715> [<https://perma.cc/92HR-AG7Q>] (last modified Dec. 07, 2015) (stating that 3661 is the Art Unit for data processing: vehicles, navigation, and relative location).

23. Quinn, *supra* note 4.

24. *Id.*

eventually issued based solely on the art unit in which the application is initially classified.<sup>25</sup>

The differences in issuance rates between the different art units is hard to reconcile. Art unit 3689, which covers e-commerce, transportation, and national security, had the lowest issuance rate in 2015.<sup>26</sup> But, that same year, art unit 3659, which covers the same subject matter as 3689, had the highest issuance rate.<sup>27</sup> While eight of the hardest art units come from the 3600s, four of the easiest art units come from that same technology.<sup>28</sup> For example, art unit 3681 relates to transportation, construction, electronic commerce, agriculture, national security, and license and review; patent applications in that art unit have a 29.8% issuance rate.<sup>29</sup> But art unit 3688, which the USPTO has described as covering the same subject matter, has an issuance rate of about 81%.<sup>30</sup>

The numbers show that the Supreme Court's decisions in *Alice* and *Mayo* are contributing factors as to why very few applications are issued out of certain art units, while other, similar art units remain largely unaffected.<sup>31</sup> For instance, work group 3690 examines applications in finance, banking, and insurance. Prior to *Alice*, the work group issued 2,100 patents a year, which corresponded to 25% of that office's total actions (i.e., nonfinal rejections, final rejections and issuances).<sup>32</sup> But after the Supreme Court's decision in *Alice*, issuances dropped to only around 2.6% of the office's total actions.<sup>33</sup> This drop seems to stem from examiners in finance art groups simply equating, without much more analysis, almost all applications to the patent application in *Alice*, and therefore issuing rejections because the patents are abstract. Additionally, the median number of patents issued each year by

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25. See Quinn, *supra* note 4.

26. See Underhill, *supra* note 18. See also Quinn, *supra* note 4 (stating that according to Lexis Patent Advisor in 2016 only 1.3% of filed applications classified in Art Unit 3689 were issued, which corresponds to only three patents). And one of the applications issued in Art Unit 3689 was issued on appeal after the examiner would not issue it. *Id.* The number of applications issued in the different e-commerce Art Units in 2016 was down drastically from 2015 before *Alice*. See *id.*

27. Underhill, *supra* note 18.

28. *Id.*

29. McLoughlin, *supra* note 7.

30. *Id.*

31. See, e.g., Mark Nowotarski, *Surviving Alice in the Finance Arts*, BILSKI BLOG (Jan. 30, 2017), <https://www.bilskiblog.com/2017/01/surviving-alice-in-the-finance-arts-1/> [<https://perma.cc/HVC4-RKFM>].

32. *Id.*

33. Nowotarski, *supra* note 31.

individual examiners in art unit 3690 is one. But this number is only a median; while some examiners are issuing new patents, others are not issuing any.<sup>34</sup> The chances of the USPTO issuing a patent should not depend so significantly on the art unit in which the application is initially classified.

With all of the unpredictability and lack of uniformity at the USPTO, patent drafters have started to devise ways to game the system in order to get applications classified more favorably. A patent application may fit in more than one art unit based on the application's subject matter. Therefore, sophisticated patent drafters can use improved big-data technology to predict, before actually filing the application with the USPTO, the art unit into which the USPTO will likely classify an application.<sup>35</sup> LexisNexis Pathways is an online information system that uses big data to predict where the USPTO will classify an application.<sup>36</sup> LexisNexis uses a unique semantic-search algorithm that compares the text of the user-submitted application to weighted key words obtained and derived from a collection of application documents previously filed with the USPTO, clustered by art unit.<sup>37</sup> Patent drafters can then experiment and explore different drafting ideas and even specific words to potentially recharacterize their application into a different art unit that has higher chances of eventually issuing a patent, all without making any material changes to the application's subject matter.

The USPTO contracts out classifying patents to a third party when the USPTO first receives the patent application; patent drafters assume that the classification system uses big-data analysis to classify the applications.<sup>38</sup> These big-data analysis systems, such as LexisNexis, have amassed enough data from all past applications to make fairly accurate predictions about an application's likely classification before the patent drafter files the application.<sup>39</sup> The patent drafter can assess the potential-classification information provided by LexisNexis, or another similar platform, and then change the words of the application to ensure a favorable classification.

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34. *Id.*

35. Garber, *supra* note 9.

36. McLoughlin, *supra* note 7; LEXISNEXIS IP, *supra* note 6; *see also* JURISTAT, <https://www.juristat.com/#platform-intro> [<https://perma.cc/K7P7-9SRN>] (last visited Oct. 29, 2108). Juristat is another tool that patent drafters can use that utilizes big data to show a patent drafter where the USPTO is likely to classify the application. *Id.*

37. McLoughlin, *supra* note 7.

38. *See* Nowotarski et al., *supra* note 3; *see also* McLoughlin, *supra* note 7.

39. *See* McLoughlin, *supra* note 7.

This strategic drafting is important because similar applications can easily get classified into different art units, and thus can have significantly different chances of issuance.<sup>40</sup> For instance, big-data systems show that for the USPTO to classify an application in class 705 (a business-method class that includes e-commerce applications—and a Class significantly affected by *Alice*),<sup>41</sup> the application needs to contain both a significant recitation of the processing system or computer that completes the tasks and a merely nominal recitation of any external art environment.<sup>42</sup> But “[i]f the claim mentions a particular tangible apparatus” combined with “data processing or calculation operations,” then the application would instead be assigned to the art unit most similar to the tangible apparatus.<sup>43</sup> Knowing this information, a patent drafter can avoid a class-705 classification by tailoring the application’s words to emphasize the tangible apparatus attached to the business method, giving the application a much higher chance of eventually being issued. Further, some have suggested that patent drafters should avoid terms that seem related to finance or commerce, as well as words such as “transaction,” “contract,” “commodity,” and “risk.”<sup>44</sup> Patent drafters also recommend keeping business terminology to a minimum in the entire application, but especially in certain parts such as the title, the abstract, and the claims.<sup>45</sup> Also, some suggest that patent drafters should define technical problems, not business problems, in the background section of the patent application in order to avoid an e-commerce classification.<sup>46</sup> Still another suggested that, to avoid a business-method classification, a patent drafter should specifically target another art unit, only adding business claims during prosecution, after the application is classified.<sup>47</sup> Creative drafting is an issue because a patent drafter can greatly increase a patent application’s issuance chances simply by substituting words with their synonyms. Thus, patent drafters are engaging each day in a type of forum shopping within the USPTO to get more favorable outcomes.

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40. *Id.*

41. Garber, *supra* note 9.

42. Quinn, *supra* note 7.

43. *Id.*

44. *See* Garber, *supra* note 9.

45. Bill Bunker et al., *Software Patent Eligibility—A Post-Alice Landscape Discussion* 12 (Knobbe Martens Webinar, Nov. 10, 2015), [https://www.knobbe.com/sites/default/files/pdf/Section\\_101\\_Webinar\\_Slides.pdf](https://www.knobbe.com/sites/default/files/pdf/Section_101_Webinar_Slides.pdf) [<https://perma.cc/CQ38-9H33>].

46. *Id.*

47. *Id.* at 13; *see also* Nowotarski et al., *supra* note 3 (stating that a patent drafter should selectively target a more technical class to avoid unfavorable classification).

Why should not the patent community just deal with the discrepancies in issuance rates at the USPTO during patent litigation, or by appealing? If an application is wrongly issued, then the aggrieved party can sue for infringement to invalidate the patent. And if the application is not issued, the aggrieved party can appeal to the Patent and Trial Appeals Board (“PTAB”) to try to get the patent issued. But these methods are unfair for two reasons. First, rewarding creative drafting defeats the principle that the USPTO should issue patents uniformly and predictably. Second, if the USPTO issues patents to one company more easily than others, it is not fair to the company’s competitors that are not getting patents, causing those competitors to undertake costly litigation or appeals to the PTAB. An applicant may not have the money to litigate or appeal the decision to the PTAB; therefore, she might never get the patent rights that she should otherwise have. Or she might never get a competitor’s patent invalidated despite the fact that an examiner should have never issued it. Thus, solving this problem through litigation is not the solution.

## II. FORUM SHOPPING: OVERVIEW AND HISTORY

Forum shopping occurs when a litigant picks a certain jurisdiction or court over another in order to get a more favorable result.<sup>48</sup> The concern is that “a plaintiff will be able to determine the outcome of a case simply by choosing the forum in which to bring the suit,” raising the fear that a plaintiff’s forum shopping will defeat the defendant’s expectations in the suit.<sup>49</sup> Forum shopping affects both procedural and substantive law, and thus it can have a determinative effect on a case’s outcome.<sup>50</sup> Litigants have used forum shopping for two primary reasons:

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48. Note, *supra* note 1, at 1677.

49. *Sheldon v. PHH Corp.*, 135 F.3d 848, 855 (2d Cir. 1998) (quoting *Olmstead v. Anderson*, 400 N.W.2d 292, 303 (Mich. 1987)).

50. *See* Note, *supra* note 1, at 1678.

access to the court, and choice-of-law decisions.<sup>51</sup> Critics of forum shopping say that it creates inefficiencies<sup>52</sup> and disfavors uniformity.<sup>53</sup>

There are different types of forum shopping in litigation, including: state-federal forum shopping,<sup>54</sup> interstate forum shopping,<sup>55</sup> transnational forum shopping,<sup>56</sup> and forum shopping for nationwide injunctions.<sup>57</sup> This section discusses how litigants engage in different types of forum shopping, and how courts, legislatures, scholars, and public policies have worked to address and combat forum shopping.

*A. How Plaintiffs and Defendants Engage in Forum Shopping*

Plaintiffs are the ones who originally bring a lawsuit; therefore they are much more likely to engage in forum shopping than defendants.<sup>58</sup> Multiple factors can explain why a litigant would want to engage in forum shopping, such as “the convenience or expense of litigating in the forum, the inconvenience to one’s adversary, the probable or expected sympathies of a potential jury pool, the nature and availability of appellate review, judicial calendars and backlogs, local rules, permissibility of fee-splitting arrangements, and virtually any other interjurisdictional difference.”<sup>59</sup> Other non-traditional forms of forum shopping include when the plaintiff adds a defendant to the action solely to prevent removal<sup>60</sup> or when an attorney moves to dismiss

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51. See Christopher A. Whytock, *The Evolving Forum Shopping System*, 96 CORNELL L. REV. 481, 487–88 (2011) (explaining that a court access decision is whether the court will allow the action to proceed in court, and that choice of law provisions are provisions the court uses to decide which jurisdiction’s law to apply to the case). A court will hear the action if the court decides that venue, subject matter jurisdiction, and personal jurisdiction are appropriate. *Id.* at 487.
52. Nita Gehi, *Forum Shopping and the Evolution of Rules of Choice of Law 2* (unpublished manuscript) (2011), <https://ssrn.com/abstract=1786715> [<https://perma.cc/3TRV-Q2YM>].
53. Markus Petsche, *What’s Wrong with Forum Shopping? An Attempt to Identify and Assess the Real Issues of a Controversial Practice*, 45 INT’L LAW. 1005, 1017 (2011).
54. Note, *supra* note 1, at 1682.
55. *Id.*
56. Whytock, *supra* note 51, at 481.
57. Samuel L. Bray, *Multiple Chancellors: Reforming the National Injunction*, 131 HARV. L. REV. 417, 419 (2017).
58. Whytock, *supra* note 51, at 485; Note, *supra* note 1, at 1678.
59. Note, *supra* note 1, at 1678.
60. See, e.g., *PaineWebber, Inc. v. Cohen*, 276 F.3d 197, 203–04 (6th Cir. 2001).

without prejudice after the judge has already spent a substantial amount of time on the case.<sup>61</sup>

Although plaintiffs engage in forum shopping when initially filing a lawsuit, defendants can engage in forum shopping as well.<sup>62</sup> Defendants can engage in forum shopping by removing a case from state court to federal court,<sup>63</sup> challenging personal jurisdiction<sup>64</sup> or venue,<sup>65</sup> seeking dismissal under *forum non conveniens*,<sup>66</sup> challenging subject-matter jurisdiction,<sup>67</sup> or filing a declaratory judgment action so that the defendant is the one who initially brings the suit.<sup>68</sup>

### *B. Domestic Forum Shopping*

A plaintiff can engage in domestic forum shopping when she has the choice between “two or more courts within a single country’s legal system.”<sup>69</sup> The first type of domestic forum shopping is when plaintiffs

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61. See, e.g., *Reed v. Rhodes*, 179 F.3d 453, 471 (6th Cir. 1999).
  62. Note, *supra* note 1, at 1679.
  63. See 28 U.S.C. § 1441(a) (2012) (allowing the defendant to remove the case to federal court when the plaintiff could have originally filed the case in federal court).
  64. See *Int’l Shoe Co. v. Washington*, 326 U.S. 310, 319 (1945) (holding that defendants are only subject to specific personal jurisdiction if the defendant “exercises the privilege of conducting activities within a state”).
  65. See 28 U.S.C. § 1404(a) (2012) (permitting a federal court to transfer a case to a different federal district where venue is also appropriate); see also *MacMunn v. Eli Lilly Co.*, 559 F. Supp. 2d 58, 61 (D.D.C. 2008) (discussing factors a court should balance when considering a motion to transfer, including plaintiff’s choice of forum, defendant’s choice of forum, convenience to the parties, witnesses, and access to evidence).
  66. Edward J. Ellis, *National Treatment under the Berne Convention and the Doctrine of Forum Non Conveniens*, 36 IDEA: J.L. & TECH. 327, 327 (1996); see also *Piper Aircraft v. Reyno*, 454 U.S. 235, 260–61 (1981) (holding that transfer under *forum non conveniens* was appropriate because all the events happened in Scotland; therefore, Scottish courts were better suited than United States courts to resolve the dispute).
  67. 28 U.S.C. § 1332(a) (2012) (allowing a defendant to challenge subject matter jurisdiction in diversity cases); 28 U.S.C. § 1331 (2012) (allowing a defendant to challenge subject matter jurisdiction when the case arises under federal law).
  68. See 28 U.S.C. § 2201 (2012) (stating that a court may declare the rights of the parties whether or not the party would actually eventually seek relief).
  69. See *Whytock*, *supra* note 51, at 485. Transnational forum shopping is not discussed at length in this Note. Transnational forum shopping involves foreign parties or activities. Litigants have historically favored the United States over other countries when filing a suit for many reasons. See ANDREW S. BELL, *FORUM SHOPPING AND VENUE IN TRANSNATIONAL LITIGATION* 28–29 (2003). The common perception is that United States

forum shop on the federal-state level; that is choosing whether to file the case in state court or a federal court in that same state.<sup>70</sup> The second type of forum shopping, interstate forum shopping, is when the plaintiff chooses between two or more courts in different states.<sup>71</sup> The Supreme Court has condemned state-federal forum shopping more often it has condemned interstate forum shopping,<sup>72</sup> but there is still a history of the Supreme Court looking unfavorably on both types of forum shopping.

### 1. Interstate Forum Shopping

Interstate forum shopping is when a party has a choice to file between two or more forums, each in a different state.<sup>73</sup> Although the legal system seems to acquiesce to interstate forum shopping more than state-federal forum shopping, critics still see interstate forum shopping as an evil.<sup>74</sup> In *Keeton v. Hustler Magazine, Inc.*,<sup>75</sup> the Supreme Court allowed the plaintiff to bring a libel suit against a nationally-distributed magazine in a state the plaintiff selected solely because of its lengthy statute of limitations.<sup>76</sup> The Court tolerated this interstate forum shopping because it is “no different from the litigation strategy of countless plaintiffs who seek a forum with favorable substantive or procedural rules or sympathetic local populations.”<sup>77</sup> Even though interstate forum shopping is condoned more often than state-federal forum shopping, it is still an issue.<sup>78</sup>

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law—in both substance and procedure, but particularly regarding damages—favors plaintiffs, incentivizing plaintiffs to file lawsuits in the United States wherever possible. Whytock, *supra* note 51, at 481, 490–91. Judges combat this type of forum shopping by aggressively applying the doctrine of *forum non conveniens*, thereby dismissing cases to be refiled in the appropriate country. *See id.* at 502.

70. *See* Note, *supra* note 1, at 1683.

71. *See* Patrick J. Borchers, *Forum Selection Agreements in the Federal Courts After Carnival Cruise: A Proposal for Congressional Reform*, 67 WASH. L. REV. 55, 96 (1992).

72. Note, *supra* note 1, at 1682.

73. *See* Borchers, *supra* note 71, at 96. This choice to file between two forums excludes the choice to file between a state court and a federal court in the same state. *See infra* Part II.B.2.

74. *See* Note, *supra* note 1, at 1682.

75. 465 U.S. 770 (1984).

76. *Id.* at 779.

77. *Id.*

78. *See* Michael H. Gottesman, *Draining the Dismal Swamp: The Case for Federal Choice of Law Statutes*, 80 GEO. L.J. 1, 1–2, 10, 13

## 2. State-Federal Forum Shopping

In contrast to interstate forum shopping, there is a long history of discouraging state-federal forum shopping among lawyers and legal scholars alike.<sup>79</sup> Some federal judges have also criticized this type of forum shopping, calling it “wise” to discourage the practice.<sup>80</sup> Additionally, Congress has also expressed its disapproval of state-federal forum shopping.<sup>81</sup>

The seminal case on state-federal forum shopping is *Erie Railroad v. Tompkins*,<sup>82</sup> where the Supreme Court overturned *Swift v. Tyson*<sup>83</sup> by stating that federal courts are to follow federal procedural law, but they are bound to the substantive law of the state in which the court sits.<sup>84</sup> In *Swift*, the Court held that federal courts do not have to follow the substantive common law of the state where the court sits.<sup>85</sup> After *Swift*, litigants had an incentive to file a lawsuit either in state court or a federal court in the same state depending on which common law, state or federal, was more favorable to that litigant.<sup>86</sup> *Erie* dissuaded this type of forum shopping by eliminating federal common law.<sup>87</sup>

Even after *Erie*, however, litigants still engaged in federal-state forum shopping because it was unclear which laws were considered substantive and which were considered procedural.<sup>88</sup> In *Hanna v. Plumer*,<sup>89</sup> the Supreme Court concluded that, in federal courts, a Federal Rule of Civil Procedure does not “cease to function whenever

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(1991) (stating that courts should not allow forum shopping when a litigant uses forum shopping to obtain more favorable substantive law).

79. Note, *supra* note 1, at 1680–81.

80. *Posadas de P.R. Assocs., Inc. v. Ass’n de Emps. de Casino de P.R.*, 873 F.2d 479, 485 (1st Cir. 1998).

81. See, e.g., Note, *supra* note 1, at 1681 (citing S. REP. NO. 97-275, at 19-20 (1981); 126 CONG. REC. 26,884 (1980) (statement of Sen. Cannon); and 126 CONG. REC. 2,591 (1980) (statement of Sen. Murphy)).

82. 304 U.S. 64 (1938).

83. 41 U.S. 1 (1842).

84. *Erie R.R. Co.*, 304 U.S. at 78–79.

85. *Swift*, 41 U.S. at 5, 8–9.

86. See John Hart Ely, *The Irrepressible Myth of Erie*, 87 HARV. L. REV. 693, 710 (1974).

87. *Erie R.R. Co.*, 304 U.S. at 78.

88. Note, *supra* note 1, at 1680–81.

89. 380 U.S. 460 (1965).

it alters the mode of enforcing state-created rights.”<sup>90</sup> This decision addressed some of the uncertainty that remained after *Erie*.<sup>91</sup>

Further developing its state-federal forum shopping jurisprudence, the Supreme Court held in *Bristol-Meyers Squibb Co. v. Superior Court*<sup>92</sup> that in order for a court to exercise specific jurisdiction over a claim, the court must have personal jurisdiction<sup>93</sup> over each plaintiff and each claim.<sup>94</sup> This overturned the previous rule that allowed a court to hear a case as long as (1) it had personal jurisdiction over some of the claims and (2) the rest of the claims were properly joined.<sup>95</sup> The *Bristol-Meyers* decision restricts a litigant’s ability to forum shop by limiting a plaintiff’s leverage in choosing a jurisdiction that has nothing to do with her lawsuit.<sup>96</sup> The decision “limits where lawsuits can be filed [and] will reduce forum shopping and curtail situations where defendants may feel pressured to settle litigation because of the large number of cases filed against them.”<sup>97</sup>

### *C. Forum Shopping for Nationwide Injunctions*

Although not all litigation–forum shopping is perfectly analogous to whether a patent application is issued, certain varieties are. Forum shopping for nationwide injunctions, for instance, is similar to forum shopping at the USPTO.

Lower federal courts are increasingly issuing nationwide injunctions to stop, condition, or alter the operation of national government policies.<sup>98</sup> When a court issues a nationwide injunction, the court

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90. *Id.* at 473–74.

91. John C. McCoid II, Hanna v. Plumer: *The Erie Doctrine Changes Shape*, 51 VA. L. REV. 884, 885–86 (1965).

92. 137 S. Ct. 1773 (2017).

93. *See* Daimler AG v. Bauman, 571 U.S. 117, 126–27 (2014) (stating that a court has specific jurisdiction over a defendant when the suit is related to or arises out of the defendant’s contacts with the forum); *Helicopteros Nacionales de Colombia v. Hall*, 466 U.S. 408, 414 n.8 (1984) (same).

94. *Bristol-Meyers Squibb Co.*, 137 S. Ct. at 1781.

95. *See* *Bristol-Meyers Squibb Co. v. Superior Court*, 175 Cal. Rptr. 3d 412, 425 (Cal. Ct. App. 2014); *see also* Judy Greenwald, *Supreme Court Closes the Door on Forum Shopping*, BUSINESS INSURANCE (Jun. 27, 2017, 7:00 AM), <https://www.businessinsurance.com/article/00010101/NEWS06/912314113/Supreme-Court-closes-the-door-on-forum-shopping> [<https://perma.cc/4M7P-FLRG>].

96. *See* Greenwald, *supra* note 95.

97. *Id.*

98. Ronald A. Cass, *Nationwide Injunctions’ Governance Problems: Forum-Shopping, Politicizing Courts, and Eroding Constitutional Structure*, GEO. MASON L. REV. 14–15 (forthcoming 2019), *available at* <https://papers>

“effectively . . . bind[s] the entire nation with an injunction that constrains behavior with respect to an unlimited range of persons and . . . conduct.”<sup>99</sup> Thus, parties (especially, but not only, states) challenge federal policies by seeking out judges who are sympathetic to that party’s cause, increasing the odds of a favorable outcome.<sup>100</sup> But a nationwide injunction binds not just that party, but the entire country, prompting some scholars to think that it is unfair for a litigant to effectively forum shop in this way.

It is important to note that parties challenging both Obama- and Trump-administration policies have brought nationwide injunction cases. For example, a nationwide injunction was recently issued against Deferred Action for Parents of Americans and Lawful Permanent Residents, an Obama immigration policy; the Supreme Court upheld the injunction by an equally divided vote.<sup>101</sup> Situations like this incentivize plaintiffs to file their lawsuit early and with a federal judge who is ideologically aligned with that plaintiff. Doing so makes it more likely that the plaintiff can obtain a nationwide injunction before any other judges (especially those who are ideologically opposed to the plaintiff’s position) have a chance to weigh in. This is especially problematic because judges’ willingness to grant such relief seems correlated with their ideology or partisanship.<sup>102</sup>

Nationwide injunctions are in some ways very similar to patents. When a patent is issued, the entire nation may not infringe upon it.<sup>103</sup> A patent gives the owner the right to exclude others from “making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States.”<sup>104</sup> Thus both patents and nationwide injunctions bind the entire country to either do or not do something. Although lawyers and legal scholars are concerned that plaintiffs can forum shop for a nationwide injunction based on a

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.ssrn.com/abstract=3231456 [https://perma.cc/6Z36-YEA9] (citing *Texas v. U.S.*, 787 F.3d 755 (5th Cir. 2015); *Int’l Refugee Assistance Project v. Trump*, 883 F.3d 233 (4th Cir. 2018)).

99. *Id.* at 19.

100. *Id.* at 17.

101. *Texas v. U.S.*, 86 F. Supp. 3d 591, 677–78 (S.D. Tex. 2015), *aff’d*, 809 F.3d 134, 188 (5th Cir.), *aff’d by an equally divided court*, 136 S. Ct. 2271, 2272 (2016).

102. Cass, *supra* note 98, at 17–18, 28–29.

103. See NARD, *supra* note 2, at 1 (stating that the patent owner gets patent rights in the United States for 20 years starting the day the patent is filed).

104. *Id.* (quoting 35 U.S.C. § 154 (2012)) (discussing the contents and term of a patent and the rights associated with a patent).

federal judge's political views,<sup>105</sup> they remain largely unconcerned that a patent attorney's method of drafting a patent application can affect where that patent gets classified and whether the application is ultimately issued. Thus, patent drafters continue to forum shop in a way that affects the entire nation by drafting the application to avoid certain art units.

### III. FORUM SHOPPING AT THE APPELLATE LEVEL IN PATENT CASES AND THE CREATION OF THE FEDERAL CIRCUIT

Congress established the Commission on Revision of the Federal Court Appellate System Structure and Internal Procedures (the "Hruska Commission") to find a way to combat both the overload of cases relative to the number of federal judges in each circuit and the disparity in patent law across circuits. James Gambrell and patent attorney Donald Dunner presented to the Commission the results of their survey of 240 patent attorneys, which revealed widespread non-uniformity in patent cases.<sup>106</sup> In response to the Hruska Commission, Congress passed the Federal Courts Improvement Act of 1982, creating the Federal Circuit as the thirteenth court of appeals.<sup>107</sup>

Congress created the Federal Circuit because it noticed that in patent cases, more than in other areas of law, small changes in the facts of a case could potentially produce a different outcome; thus, patent law would benefit from a specialized appeals court.<sup>108</sup> Congress gave the Federal Circuit court exclusive, nationwide jurisdiction over all appeals from federal district courts where the appeal was based at least in part on a patent-law issue.<sup>109</sup> The Federal Circuit is the only appellate court

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105. *See generally* Cass, *supra* note 98 (commenting on plaintiffs' ability to seek favorable judges).

106. Scott E. Atkinson, *The Economics of a Centralized Judiciary: Uniformity, Forum Shopping, and the Federal Circuit*, 52 J.L. & ECON. 411, 411 (2009).

107. *Id.* at 411; NARD, *supra* note 2, at 26 (citing Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25).

108. Larry D. Thompson, Jr., *Adrift a Sea of Uncertainty: Preserving Uniformity in Patent Law Post-Vornado Through Deference to the Federal Circuit*, 92 GEO. L.J. 523, 530 (2004); S. REP. NO. 97-275, at 5 (1981) (citing COMMISSION ON REVISION OF THE FEDERAL COURT APPELLATE SYSTEM, STRUCTURE AND INTERNAL PROCEDURES: RECOMMENDATIONS FOR CHANGE, 67 F.R.D. 195, 219, app. 362-76 (1975) [hereinafter Hruska Commission Report]).

109. 28 U.S.C. § 1295(a)(1) (2012) (stating that the Federal Circuit has jurisdiction when the original jurisdiction of the district court was based in whole or in part on patent law).

whose jurisdiction is defined solely by subject matter.<sup>110</sup> Before the creation of the Federal Circuit, the Supreme Court hardly ever heard cases regarding lower courts' patent-law decisions. This lack of guidance from the Supreme Court, along with disagreements between the regional circuit courts, led to many disparities in patent-law jurisprudence across circuits, thus incentivizing litigants to forum shop.<sup>111</sup> The Federal Circuit was Congress' response to this widespread forum shopping.<sup>112</sup>

*A. Forum Shopping Before and After the Creation of the Federal Circuit*

Before Congress created the Federal Circuit, patent attorneys worried about the differences in the ways federal appeals courts applied and interpreted patent law.<sup>113</sup> In fact, before the creation of the Federal Circuit, the Fifth Circuit was two times more likely to find a patent invalid or infringed upon than the Second Circuit; conversely, the Seventh Circuit was about four times more likely to enforce a patent than the Second Circuit.<sup>114</sup> Advocates for the creation of the Federal Circuit argued that forum shopping in patent cases was directly related to those differences.<sup>115</sup> They further argued that spending money, time, and effort solely to find the right court was not a good use of either party's resources in a patent dispute.<sup>116</sup>

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110. See Atkinson, *supra* note 106, at 411.

111. Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 6-7 (1989).

112. Atkinson, *supra* note 106, at 411; H.R. REP. NO. 97-312 (1981).

113. Atkinson, *supra* note 106, at 414 (quoting Hruska Commission Report, *supra* note 108, at app. 369-70).

114. Dreyfuss, *supra* note 111, at 7 (citing Thomas Cooch, *The Standard of Invention in the Courts*, in DYNAMICS OF THE PATENT SYSTEM 34, 56-59 (William Ball ed., 1960)). Patent attorneys advocating for the Federal Circuit claimed that the Fifth, Sixth and Seventh Circuits were much more favorable to patentees, which patent attorneys felt was unfair. Atkinson, *supra* note 107, at 414 (citing Hruska Commission Report, *supra* note 108, at app. 370); see also Robert L. Harmon, *Seven New Rules of Thumb: How the Federal Circuit Has Changed the Way Patent Lawyers Advise Clients*, 14 GEO. MASON U. L. REV. 573, 574 (1992) (stating that the Eighth Circuit almost never held a patent valid, and that the climate in the Ninth Circuit was about the same).

115. Atkinson, *supra* note 106, at 414 (quoting Hruska Commission Report, *supra* note 108, at app. 370).

116. Atkinson, *supra* note 106, at 414-15 (quoting Hruska Commission Report, *supra* note 108, at app. 370).

Some argue that validity-rate forum shopping still exists after the creation of the Federal Circuit.<sup>117</sup> But one empirical analysis found otherwise, showing less uniformity before the Federal Circuit's creation and more uniformity in "validity outcomes in patentee-plaintiff cases" after.<sup>118</sup> Thus, the Federal Circuit has made the outcomes of patent litigation at the appellate level much more predictable and uniform.<sup>119</sup>

In its first three years, the Federal Circuit "identified and resolved all of the thirteen" regional-circuit splits that previously plagued patent law.<sup>120</sup> The Federal Circuit's judges accomplished this goal by putting aside their egos and submitting all their precedential opinions to other Federal Circuit judges for their review. This process ensured that, before any opinion was published, one judge's opinion did not conflict with any other Federal Circuit precedent.<sup>121</sup> Furthermore, judges on the Federal Circuit heard many patent cases, allowing them to gain a better understanding of patent law, which led to more uniformity.<sup>122</sup> One

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117. *Id.* at 416 (citing Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?* 79 N.C. L. REV. 889, 935 (2001)).

118. *Id.* at 422. In a patentee-plaintiff case, the patentee is the plaintiff. *Id.* at 412. After the creation of the Federal Circuit, "systematic nonuniformity [in patentee-plaintiff cases] across circuits remains, but it is much smaller in magnitude." *Id.* at 441. See Dreyfuss, *supra* note 111, at 62, for a discussion of how forum shopping in federal patent cases could be lessened dramatically by defining what kinds of patent claims are considered frivolous. This definition of frivolous claims would stop litigants from forum shopping to create jurisdiction in the Federal Circuit when none exists. *Id.*

119. Atkinson, *supra* note 106, at 441. But "[t]hese apparent benefits have come at the cost of reduced judicial experimentation and greater risk of judicial tunnel vision" because of the small number of specialized Federal Circuit judges. *Id.* (citing Hruska Commission Report, *supra* note 108, at 234-35); see also Dreyfuss, *supra* note 111, at 74 ("On the whole, the [Federal Circuit] experiment has worked well for patent law, which is now more uniform [and] easier to apply . . ."). But see Ted Sichelman, *Myths of Uncertainty at the Federal Circuit*, 43 LOY. L.A. L. REV. 1161, 1161 (2010) (claiming that non-uniformity still exists after the creation of the Federal Circuit). There is, however, some evidence that forum shopping decreased even before the creation of the Federal Circuit when patentees anticipated the Federal Circuit, and knew the impact it would have. Atkinson, *supra* note 107, at 438.

120. Howard T. Markey, *The Federal Circuit and Congressional Intent*, 41 AM. U. L. REV. 577, 577 (1992).

121. *Id.* at 578. Judges also put their egos aside by rejecting jurisdiction in cases that the Federal Circuit does not have the jurisdiction to hear. See *id.*; see also *Christianson v. Colt Indus. Operating Corp.*, 822 F.2d 1544, 1559-60 (Fed. Cir. 1987), *vacated and remanded on other grounds*, 486 U.S. 800 (1988).

122. Dreyfuss, *supra* note 111, at 24.

professor concluded that the Federal Circuit “has begun to make patent law more accurate, precise, and coherent.”<sup>123</sup>

*B. Compulsory Patent Counterclaims and Forum Shopping at the Federal Circuit*

Although the Federal Circuit increased uniformity by dissuading litigants generally from forum shopping, litigants still could forum shop in appellate cases dealing with compulsory counterclaims. Early on, the Federal Circuit asserted jurisdiction over cases in which a patent claim was raised as a counterclaim in response to a non-patent claim.<sup>124</sup> In 2002, the Supreme Court decided *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*,<sup>125</sup> in which it held that a patent case “arises under” patent law for purposes of Federal Circuit jurisdiction only if the complaint alleged a patent claim because patent cases follow the well-pleaded-complaint rule.<sup>126</sup> In *Vornado*, the Supreme Court upheld its long-standing precedent that “whether a case arises under federal patent law ‘cannot depend on the answer.’”<sup>127</sup>

The *Vornado* decision raised the issue of whether the regional circuit courts would start to create their own bodies of substantive patent law. This worry arose because the circuit appeals courts were not bound by Federal Circuit precedent when hearing a patent counterclaim, thus preserving litigants’ incentive to forum shop when there was a compulsory patent counterclaim but no patent claim in the complaint.<sup>128</sup> Congress was troubled by the prospect of forum shopping and the uncertainty that accompanied *Vornado*. In response, Congress

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123. *Id.*

124. *See* Thompson, Jr., *supra* note 108, at 525.

125. 535 U.S. 826 (2002).

126. *Id.* at 830 (citing *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 809 (1988)); *id.* at 832; *see also* 28 U.S.C. § 1338(a) (2012) (granting the United States district courts “original jurisdiction [in] any civil action arising under any Act of Congress relating to patents”); 28 U.S.C. § 1391(b)(1)–(2) (2012) (stating that a litigant may bring a civil action in the district where the defendant resides if all defendants are residents of the State in which the district is located, or in the district where a substantial part of the events or omissions that give rise to the lawsuit occurred); Thompson, Jr., *supra* note 108, at 526; 28 U.S.C. § 1295(a)(1) (2012) (granting the Federal Circuit exclusive jurisdiction over appeals from a district court decision in which the decision was based “in whole or in part” on patent law).

127. *Vornado*, 535 U.S. at 831 (quoting *The Fair v. Kohler Die & Specialty Co.*, 228 U.S. 22, 25 (1913)).

128. Thompson, Jr., *supra* note 108, at 526–27.

passed legislation giving the Federal Circuit jurisdiction over compulsory patent counterclaims.<sup>129</sup>

*C. Federal Circuit Choice of Law*

In order to promote fairness and increase uniformity, the Federal Circuit generally defers to the law of the regional circuit courts on non-patent, substantive issues.<sup>130</sup> Even for the questions that the regional circuit has not yet answered, the Federal Circuit aims to reach the same conclusion that it believes the regional circuit court would reach.<sup>131</sup> But the Federal Circuit applies its own law to substantive patent issues.<sup>132</sup> Even with this clear guidance, it is difficult for the Federal Circuit to distinguish between substantive patent issues and substantive non-patent issues.<sup>133</sup> Although difficult, the Federal Circuit always tries to stay consistent with congressional intent in order to serve the purpose for which it was created: to promote uniformity in patent law.<sup>134</sup> The Federal Circuit aims for this consistency in order to decrease forum shopping in patent cases at the federal appellate level.

IV. FORUM SHOPPING AT THE DISTRICT COURT LEVEL

Although Congress created the Federal Circuit to curb forum shopping at the appellate level in patent law, there is still the possibility

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129. See Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(b), 125 Stat. 284, 332 (2011) (codified at 28 U.S.C. § 1295 (2012)) (giving the Federal Circuit jurisdiction over appeals from “a final decision of a district court of the United States . . . in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents or plant variety protection”).

130. Thompson, Jr., *supra* note 108, at 582 (citing *Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564, 1575 (Fed. Cir. 1984), *overruled on other grounds*, 472 U.S. 424 (1985)).

131. *Id.* at 582 (citing *Panduit Corp.*, 744 F.2d at 1575–76).

132. *Id.* (quoting *Midwest Indus. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1359 (Fed. Cir. 1999) (citations omitted)).

133. *Id.* at 582–83; see also *Midwest Indus.*, 175 F.3d at 1359 (holding that factors to consider when deciding whether the Federal Circuit has personal jurisdiction in patent suits include: 1) whether the plaintiff has a right to a preliminary injunction, 2) whether there is sufficient controversy between the parties to bring a suit, 3) whether parties can try inequitable conduct before the jury, and 4) which materials are relevant for discovery in patent cases). All of these issues are substantive patent issues that the Federal Circuit has jurisdiction to decide. *Id.* at 1359–60.

134. Thompson, Jr., *supra* note 108, at 583 (citing *Midwest Indus.*, 175 F.3d at 1359).

of forum shopping at the district-court level.<sup>135</sup> There are ninety-four federal judicial districts in the United States,<sup>136</sup> but, as of early 2017, patent lawsuits were not evenly distributed among each district in proportion to the size of each court's docket.<sup>137</sup> Some have explained that these disparities exist because the patent venue statute allows a patentee to sue in almost any district, thus facilitating forum shopping.<sup>138</sup>

Forum shopping at the district-court level has its roots in a 1983 amendment to the Federal Rules of Civil Procedure that made it easier for district courts to adopt local rules.<sup>139</sup> Soon thereafter, the Eastern District of Texas adopted pro-plaintiff patent rules that set a non-objecting discovery period.<sup>140</sup> These rules force the patentee to serve the opposing party with documents specifying “each claim of each patent [that is] allegedly infringed,” including a “chart identifying where each element of each asserted claim is found” and a “determination of whether each element” is infringed.<sup>141</sup> These documents are typically binding on both parties throughout the litigation.<sup>142</sup> The Eastern District of Texas strictly adheres to these rules, and generally refusing to let a party ignore them without a showing of good cause.<sup>143</sup> These rules make the Eastern District of Texas a very desirable place for a plaintiff to file a patent-infringement lawsuit.

Additionally, the Eastern District of Texas was a hotspot for patent cases because Federal Circuit agreed with the Eastern District of Texas that a defendant carries a heavy burden when trying to get a case transferred—and the Federal Circuit typically upholds the Eastern District's decisions. Thus, a plaintiff could easily forum shop by filing a patent suit in the Eastern District of Texas, a very pro-plaintiff forum,

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135. See NARD, *supra* note 2, at 27 n.128; see also Moore, *supra* note 117, at 892.

136. 28 U.S.C. §§ 81–131 (2012).

137. Mike Wilczek, *Texas Court Top Patent Venue, Delaware Close Behind in 2017*, BIG LAW BUSINESS (Jan. 5, 2018), <https://biglawbusiness.com/texas-court-top-patent-venue-delaware-close-behind-in-2017> [<https://perma.cc/V3YG-Y63N>].

138. Moore, *supra* note 117, at 892.

139. See Alisha Kay Taylor, Note, *What Does Forum Shopping in the Eastern District of Texas Mean for Patent Reform?*, 6 J. MARSHALL REV. INTELL. PROP. L. 570, 571 (2007) (citing FED. R. CIV. P. 83 (stating that, when there is no other controlling law, a judge may regulate his or her courtroom in any way consistent with the federal law and the local court rules)).

140. E.D. TEX. P.R. 2-5.

141. *Id.* 3-1; see also Taylor, *supra* note 139, at 573.

142. Taylor, *supra* note 139, at 573 (citing E.D. TEX. P.R. 3-6).

143. *Id.* at 573–74.

with little concern that the Federal Circuit would overturn its decision.<sup>144</sup>

An empirical analysis of forum shopping in district courts showed that “most patent cases [were] brought in only a handful of jurisdictions,” and that those jurisdictions did not see more patent cases simply because those jurisdictions had more innovation or were more populous.<sup>145</sup> Beyond local-rules differences, some possible explanations for why less than one-ninth of the districts hear nearly half of all patent cases are that some district courts: (1) resolve issues more quickly;<sup>146</sup> (2) resolve cases earlier in the litigation (settlement, consent judgement, or voluntary dismissal vs. trial);<sup>147</sup> (3) have higher win rates for patentees;<sup>148</sup> and (4) are more favorable to a party that brings a declaratory-judgment action.<sup>149</sup> In particular, patentees saw the Eastern District of Texas as a good place to bring a patent suit because of the local rules.<sup>150</sup> Critics are concerned about forum shopping at the district level because it overburdens certain courts with patent cases and wastes resources as the most favorable forum is not always the most convenient one.<sup>151</sup>

A patentee can sue in any judicial district that has personal jurisdiction over the defendant and where venue is appropriate.<sup>152</sup> Patent cases are similar to non-patent cases in that specific personal jurisdiction usually exists when the defendant has minimum contacts in the district where the defendant is sued, and the claim either arises out of those contacts or the defendant is “at home” in that

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144. *Id.* at 581–82.

145. Moore, *supra* note 117, at 903–04; *see also* Taylor, *supra* note 139, at 571 (stating that patent litigants were forum shopping by choosing where to bring suit, suggesting a lack of uniformity in the patent system).

146. Moore, *supra* note 117, at 908–09.

147. *Id.* at 911–15.

148. *See id.* at 916–18 (explaining that there is not an equal chance that a patentee wins the case in ten different judicial districts).

149. *See id.* at 921 (explaining that whoever selects the forum in patent litigation was a “statistically significant predictor of who wins patent claims”). When patentee selected the forum, it won 58% of the time; when the accused infringer brought a declaratory judgment suit, the patentee won only 44% of the time. *Id.* at 920–21.

150. Taylor, *supra* note 139, at 570.

151. *See* Moore, *supra* note 117, at 925.

152. *Id.* at 894.

jurisdiction.<sup>153</sup> In patent cases, courts have found that they have personal jurisdiction over a defendant when doing so is fair.<sup>154</sup>

Venue is different from personal jurisdiction in that venue is concerned with making sure that the court is the “proper geographic location” in which the parties can litigate; personal jurisdiction focuses on whether courts have constitutional and statutory authority to hear the case.<sup>155</sup> Patent cases have their own venue statute, which allows a patentee to bring a patent lawsuit in a district in which “the defendant resides” or a district “where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>156</sup> People reside where they are domiciled.<sup>157</sup> Until recently, under the patent-venue statute, a corporation resided in any district where personal jurisdiction was appropriate.<sup>158</sup> This interpretation of the patent-venue statute allowed a patentee to forum shop and sue a large corporation in virtually any district because courts had personal jurisdiction over the defendant in patent suits everywhere it had minimum contacts. And because patent infringement typically occurs everywhere the defendant has minimum contacts, corporations were

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153. *See* Daimler AG v. Bauman, 571 U.S. 117, 125–33 (2014).

154. Moore, *supra* note 117, at 894 (citing Akro Corp. v. Luker, 45 F.3d 1541, 1545–46 (Fed. Cir. 1995)).

155. Georgene M. Vairo, *Venue Defined as Proper District Court in Which to File Action*, in 17 MOORE’S FEDERAL PRACTICE § 110.01 (Matthew Bender 3d ed., 2019); Robert C. Casad & William M. Richman, *Bases for Jurisdiction*, in 17 MOORE’S FEDERAL PRACTICE § 108.01 (Matthew Bender 3d ed., 2019).

156. 28 U.S.C. § 1400(b) (2012).

157. Martin H. Redish, “Citizenship” for Diversity Jurisdiction Requires United States Citizenship Plus Domicile, in 15A MOORE’S FEDERAL PRACTICE § 102.30 (Matthew Bender 3d ed., 2019); *see also* Martin H. Redish, *Determination of Domicile* (explaining that a person is domiciled in a state when the person is physically present in the state with an intent to stay), in 15A MOORE’S FEDERAL PRACTICE § 102.34 (Matthew Bender 3d ed., 2019).

158. *See* VE Holding Corp. v. Johnson Gas Appliance Co., 917 F.2d 1574, 1578 (Fed. Cir. 1990). Early on in the history of the patent venue statute, a corporation only resided where it was incorporated for purposes of the statute. *See id.* But in 1985, the Federal Circuit broadened the test and held that for purposes of the venue statute, a corporation resides anywhere the corporation does business “through a permanent and continuous presence.” *In re Cordis Corp.*, 769 F.2d 733, 737 (Fed Cir. 1985). Three years later, the Federal Circuit broadened the test even farther, and interpreted the statute to say that venue is appropriate in any judicial district where personal jurisdiction is appropriate. *VE Holding Corp.*, 917 F.2d at 1578. *See* the discussion *supra* Part III for the current state of the patent venue statute.

subject to both personal jurisdiction and venue in almost every jurisdiction.<sup>159</sup>

But in 2017, the Supreme Court in *TC Heartland LLC v. Kraft Foods Group Brands LLC*,<sup>160</sup> sought to limit forum shopping in patent cases at the district-court level by holding that, under the patent-venue statute, a corporation “resides” only in its state of incorporation.<sup>161</sup> Significantly narrowing the patent-venue statute, the Supreme Court’s decision aims to greatly decrease forum shopping, especially in places like the Eastern District of Texas.<sup>162</sup> It is too soon to tell what *TC Heartland* will mean in the long run, but at minimum, it was an effort of the Supreme Court to decrease forum shopping and increase uniformity and predictability in patent cases at the district-court level.

## V. FORUM SHOPPING WITHIN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Although forum shopping is typically disfavored, patent drafters are currently able to engage in a certain type of forum shopping at the USPTO that allows them to game the system and receive more favorable outcomes for their applications. This Part offers suggestions for the USPTO about how it can reduce this forum shopping by more efficiently examining applications, consolidating art units, giving clearer guidelines to its examiners, facilitating the easier transfer of cases to different art units, and altering the agency’s internal controls.

### A. A More Efficient Classification System

To combat non-uniformity and the lack of predictability at the USPTO, the USPTO should adopt a more efficient classification system. A more efficient classification system would result in an application being classified in the art unit most similar to its subject matter, giving patent drafters less of an incentive to creatively draft applications that target a specific art unit.

One way to improve patent classification is for the USPTO to classify patent applications itself. Right now, the USPTO contracts out this process to a third party that likely uses big-data analysis to classify

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159. See Taylor, *supra* note 139, at 575–76; see also *Daimler AG v. Bauman*, 571 U.S. 117, 126 (2014) (citing *Int’l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)).

160. 137 S. Ct. 1514 (2017).

161. *Id.* at 1517.

162. See *Supreme Court Sharply Limits Patent Forum-Shopping in TC Heartland*, BRANN & ISAACSON (May 22, 2017), <https://www.brannlaw.com/ip-wise/supreme-court-sharply-limits-patent-forum-shopping-tc-heartland/> [<https://perma.cc/56UK-XNNW>].

the patents.<sup>163</sup> Although the way these third parties classify patents is largely unknown, patent drafters understand that including or excluding certain words in their applications greatly affect how their applications are classified.<sup>164</sup>

The USPTO could have an employee read each application and decide, based on the subject matter of the patent, the art unit into which the USPTO should classify the patent application. The downside of this proposal is its cost as the USPTO would have to hire more employees. There were 629,647 total patent applications filed in 2015.<sup>165</sup> If one person could classify one or two patents a day, then the USPTO would have to hire between 1,250 and 2,500 new employees just to undertake this task. The upside of this classification system, however, is that a person is more likely than an algorithm to catch a drafter's "creative" language.

*B. More Concise and Exact Guidelines for the Examiners to Follow*

Another way to lessen forum shopping within the USPTO is for the USPTO to give examiners more exact guidance to follow so that there are less discrepancies between issuance rates in different art units. Giving examiners more exact guidelines would allow them to better evaluate applications based on their subject matter, thus increasing uniformity across examinations.

The USPTO seems to recognize the need for such a change: In early 2019, it released revised guidelines for how examiners should examine patent applications in the hope those guidelines would increase the examinations' predictability across all art units. The guidance states that examiners should not reject an application because the application is an abstract idea if the application is otherwise directed to a practical application of the that idea.<sup>166</sup> The practical effect of this guidance is still uncertain, but most likely, it will cause the Federal Circuit to preside over more cases regarding whether a patent application is

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163. See Carl Oppedahl, *When USPTO Classifies an Application Incorrectly*, IPWATCHDOG, (Mar. 11, 2014) <http://www.ipwatchdog.com/2014/03/11/when-uspto-classifies-an-application-incorrectly/id=48457/> [https://perma.cc/C2UW-FS4F]; Antonin Bergeuad et. al, *Classifying Patents Based on Their Semantic Content*, PLOS ONE (Apr. 26, 2017) <https://journals.plos.org/plosone/article/file?id=10.1371/journal.pone.0176310&type=printable> [https://perma.cc/5JWH-9PD2] (exemplifying the use of big-data classification via semantic-data analysis).

164. See *supra* Part IV.

165. PATENT TECHNOLOGY MONITORING TEAM, USPTO, U.S. PATENT STATISTIC CHART CALENDAR YEARS 1963–2015, [https://www.uspto.gov/web/offices/ac/ido/oeip/taf/us\\_stat.htm](https://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.htm) [https://perma.cc/HL3S-3AJL] (last modified Sep. 4, 2019).

166. 2019 Revised Subject Matter Eligibility Guidance, 84 Fed. Reg. 50, 53–55 (Jan. 7, 2019).

directed to an abstract idea because the guidance urges examiners to issue more applications than before. This guidance, in effect, addresses the issue-rate discrepancies between different art units due to some units' stronger tendencies than others to reject an application because the application is an abstract idea. Thus, the guidance is leveling the playing field by telling all examiners to issue an application that is directed to an abstract idea, so long as the application is directed to that idea's practical application.<sup>167</sup> Whether examiners actually follow this guidance remains to be seen; but even if they do not, the USPTO took a step in the right direction to increase predictability within the USPTO.

*C. Internal Controls within the USPTO*

The USPTO could also increase predictability by using more internal controls. Although an examiner is different from an administrative law judge, there is an analogy between the two with regard to internal controls. Administrative law judges ("ALJs") are agency employees, but, unlike other employees, they are not subject to agency management.<sup>168</sup> Similar to an examiner deciding whether to issue a patent, an ALJ has the ability to decide the outcome of formal agency adjudication under the Administrative Procedure Act ("APA").<sup>169</sup> Under the APA, an agency's power to control ALJs is very limited; yet agencies have incentive to take action when an ALJ deviates from the norm to maintain consistency within the agency, similar to how the USPTO has strong incentive to regulate examiners who deviate from the norm for issuing patent applications.<sup>170</sup> Legal scholars have addressed agencies' general inability to control ALJs by offering different solutions, such as allowing a third party to evaluate ALJs based on production numbers.<sup>171</sup> Since production is more objective than other performance standards, such as the outcome of the cases

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167. *See id.*

168. L. Hope O'Keeffe, Note, *Administrative Law Judges, Performance Evaluation, and Production Standards: Judicial Independence Versus Employee Accountability*, 54 GEO. WASH. L. REV. 591, 592–93 (1986).

169. *Id.* at 591 (citing 5 U.S.C. § 556 (1982)).

170. *Id.* at 594–95.

171. *See Nash v. Bowen*, 869 F.2d 675, 680 (2d Cir. 1989) (stating that policies that are meant to "insure a reasonable degree of uniformity among ALJ[s]" are not only allowed by the ALJs' supervisors, but encouraged); O'Keeffe, *supra* note 168, at 595 n.19; Ralph F. Fuchs, *The Hearing Examiner Fiasco Under the Administrative Procedure Act*, 63 HARV. L. REV. 737, 742–44 (1950).

that the ALJ presides over, it is easier to effectively and fairly monitor the ALJ this way.<sup>172</sup>

A similar approach could work with USPTO. An outside party could evaluate the examiners based on the examiner's total office actions and the percentage of those actions that are allowance notices relative to rejections. This evaluation is much more objective than one based on the substance of the rejections the examiner issues, a subjective criterion. This outside evaluation would allow the third party to pinpoint the examiners who are deviating from the norm, thus decreasing the discrepancies in overall issuance rates of similar technologies within and across different art units.

*D. Easier Transfer of Cases by Examiners and Patent Applicants*

In the current classification system, once a patent application is assigned to an examiner, it is very hard to get the application transferred.<sup>173</sup> Allowing both examiners and patent applicants to more easily facilitate transfers would promote both uniformity and fairness by allowing the examiner to evaluate a patent application containing only subject matter with which the examiner is familiar. Thus, if an examiner or a patent applicant thinks that the application was misclassified, either could request a transfer. The transfer request would require an employee of each art unit to read the application and reclassify the application according to its subject matter. The employee in charge of transfers could deny the transfer request. But even if some proposed transfers are denied, this improved transfer method would discourage patent drafters from creatively drafting their applications to avoid a specific art unit because both examiners and applicants could freely transfer patent applications when either felt that the USPTO incorrectly classified the patent application.

*E. Decreasing the Number of Art Units*

Another way for the USPTO to more uniformly and predictably examine applications is to decrease the number of art units. Currently, there are well over 100 art units within the USPTO.<sup>174</sup> Combining some art units would allow applications with similar subject matter to always be placed in the same art unit. The upside of this proposal is that the

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172. O'Keeffe, *supra* note 168, at 615; *see also* Goodman, 19 M.S.P.B. 321, 329 (holding that the agency's practice of "monitoring ALJs whose monthly case disposition" was below twenty was not unlawful).

173. *Luck of the Draw: Patent Examiner Assignment*, TRACY JONG LAW FIRM: BLOG (Feb. 13, 2013), <https://www.tracyjonglawfirm.com/blog/luck-of-the-draw-patent-examiner-assignment/> [<https://perma.cc/FR5S-YPUT>]; *see also* Oppedahl, *supra* note 163.

174. Warren K. Mabey, Jr., *Deconstructing the Patent Application Backlog*, 92 J. PAT. & TRADEMARK OFF. SOC'Y 208, 216 (2010).

same technology will always be placed in the same art unit regardless of how the patents are drafted. The downside is that, right now, examiners only evaluate applications in each examiner's respective art unit so the same examiners will examine similar technology which is no change from what currently happens at the USPTO.<sup>175</sup> Decreasing the number of art units would increase the variety in the subject matter of applications an examiner could prosecute. This could cause examiners to evaluate applications less efficiently if the examiners are less familiar with an application's subject matter. Nevertheless, combining some art units could allow for more uniform examination at the USPTO by making sure that similar technology is always placed in the same art unit.

### CONCLUSION

Lawyers and legal scholars are concerned with forum shopping in all types of litigation, but especially in patent litigation because of its specialized and technical subject matter. Historically, whenever there is a way for the plaintiff or defendant to get a different outcome in a case simply because of her choice of forum, Congress and judges have responded with court rulings, legislation, or public policies to stop litigants from forum shopping, and to keep the legal system predictable, uniform, and fair.

Within the USPTO, however, a variation of forum shopping is rampant. Patent drafters can creatively draft a patent application to get the application classified into a specific art unit that has a higher issuance rate than another similar art unit. It is unfair for the USPTO to allow a patent drafter to simply change a few words, without changing the application's subject matter, and get the application more favorably classified. With recent improvements in technology, big data and text analysis make it very easy for patent drafters to enter a draft application into a text editor and get a prediction about where USPTO will classify the application. Patent owners receive the right to exclude, a very strong property right. Thus, something at the USPTO should change so that patent drafters lose the incentive to forum shop within the USPTO. The USPTO could (1) create internal checks to ensure all examiners examine patents the same way; (2) make it easier to transfer a patent application to a different art unit; (3) give examiners more exact guidance; or (4) hire more employees at the USPTO to classify patent applications. All of these ideas would make an application's classification much more dependent on its subject matter and less dependent on how creatively it is drafted. These measures would

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175. Cesare Righi & Timothy Simcoe, *Patent Examiner Specialization*, 48 RES. POL'Y 137, 137–38 (2019).

increase uniformity and predictability while discouraging artful patent drafting.

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