IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

SUSAN McKNIGHT, INC.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	**No. 16-cv-2534-JPM-tmp**
	)	
UNITED INDUSTRIES CORPORATION,	)	
	)	
Defendant.	)	
	)	
	)	

ORDER GRANTING IN PART AND DENYING IN PART DEFENDANT'S MOTION FOR ORDER OF PROTECTION

Before the court by order of reference is defendant United Industries Corporation's ("United") Motion For Order of Protection. (ECF No. 45.) United's motion seeks to narrow the scope of plaintiff Susan McKnight, Inc.'s ("McKnight") Third Set of Interrogatories. (ECF No. 43.) The undersigned held a hearing on the motion on August 31, 2017. United thereafter filed a notice of supplemental authority, citing the United States Court of Appeals for the Federal Circuit's recent decision in In re: Cray Inc., 871 F.3d 1355 (Fed. Cir. 2017). (ECF No. 53.) McKnight then filed a response in opposition, with proposed revised interrogatories. (ECF No. 55.)

For the following reasons, the motion is GRANTED in part and DENIED in part.

I. BACKGROUND

This case arises from a claim of patent infringement. McKnight is a Tennessee corporation with a principal place of business in Memphis, Tennessee. (ECF No. 13 at 1.) United is incorporated in Delaware, and its principal place of business is in Earth City, Missouri. (Id.) McKnight holds a patent for a "Crawling Arthropod Intercepting Device and Method," and alleges that United unlawfully infringed this patent by manufacturing, distributing, and selling a "Hot Shot Bed Bug Interceptor," which captures and tracks bed bugs and other arthropods. (Id. at 2-3.) McKnight asserts that venue is proper in the Western District of Tennessee under 28 U.S.C. §§ 1391(b), (c), and (d), and 1400(b), because United has "committed acts of infringement in this District and [has] sold or offered for sale infringing products in this District." (Id. at 2.)

United filed a motion to dismiss for improper venue, which the District Judge denied on April 14, 2017. (ECF Nos. 22; 32.) However, on May 22, 2017, the United States Supreme Court ruled that 28 U.S.C. § 1400(b) is the exclusive provision governing venue in patent infringement actions. See TC Heartland LLC v. Kraft Food Brands Grp. LLC, 137 S. Ct. 1514 (2017). United thereafter moved for reconsideration of its motion to dismiss based on TC Heartland, and supplemental briefing on the venue issue was ordered. (ECF Nos. 35; 40.) In connection with the supplemental briefing,

McKnight served United with its Third Set of Interrogatories. The interrogatories largely relied on a four-part test that a District Judge in the Eastern District of Texas developed in an effort to provide guidance to patent infringement litigants in light of TC Heartland. See Raytheon Co. v. Cray, Inc., 2:15-cv-01554-JRG, 2017 WL 2813896 (E.D. Tex. June 29, 2017). United moved for a protective order to narrow the scope of the interrogatories, arguing the interrogatories were overbroad, irrelevant, and unduly burdensome. (ECF No. 43.)

The undersigned held a hearing on United's motion on August 31, 2017. (ECF No. 52.) At the hearing, United advised the court that the Raytheon case was before the Federal Circuit on a petition for a writ of mandamus. On September 21, 2017, the Federal Circuit granted the writ and vacated the district court decision. See In re: Cray Inc., 871 F.3d 1355 (Fed. Cir. 2017). The Federal Circuit stated that the lower court's four-part test was not "sufficiently tethered to [the] statutory language" of 28 U.S.C. § 1400(b). Id. at 1362. Based on this decision, United subsequently asserted that "[b]ecause Plaintiff's pending discovery is constructed to track the now abrogated Raytheon test, withdraw of the written requests and reissuance in line with In re: Cray Inc. may be most appropriate." (ECF No. 53 at 1.) In response, McKnight submitted proposed revised interrogatories that McKnight believes are consistent with the venue analysis set forth in In re: Cray. (ECF

No. 55.)

II. ANALYSIS

Twenty-eight U.S.C. § 1400(b) "is the sole and exclusive provision controlling venue in patent infringement actions." TC Heartland, 137 S. Ct. at 1519 (quoting Fourco Glass Co. v. Transmirra Prods. Corp., 353 U.S. 222, 229 (1957)). The patent venue statute provides that "[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." 28 U.S.C. § 1400(b). Thus, venue is always proper where a domestic corporation resides, i.e., its state of incorporation. TC Heartland, 137 S. Ct. at 1521. Otherwise, venue is proper in any district where a defendant has committed acts of infringement and where three general requirements are met: "(1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant." In re: Cray, 871 F.3d at 1360. "If any statutory requirement is not satisfied, venue is improper under § 1400(b)." Id.

McKnight's initial interrogatories relied on Raytheon which, following TC Heartland, sought to clarify the scope of the phrase "regular and established place of business" to determine where venue is proper. See Raytheon, 2017 WL 2813896 at *10. The

Raytheon court articulated four "guideposts" to provide a "tailored 'totality of the circumstances' approach to venue": (1) physical presence, "including but not limited to property, inventory, infrastructure, or people"; (2) defendant's representations – both internal and external – that it has a presence in the district; (3) benefits received in the district, including but not limited to sales revenue; and (4) "the extent to which a defendant interacts in a targeted way with existing or potential customers, consumers, users, or entities within a district, including but not limited to through localized customer support, ongoing contractual relationships, or targeted marketing efforts." Id. at *11-13. McKnight essentially repurposed this language in drafting its interrogatories, seeking the following:

> 1. Physical Presence – Explain the extent to which [United] has a physical presence in the Western District of Tennessee including, but not limited to, property, inventory, infrastructure, or people.
>
> 2. Defendant's Representations – Explain the extent to which [United] represents, internally or externally, that it has a presence in the Western District of Tennessee including, but not limited to, advertising or whether customer inquiries may be directed to an agent of [United] there.
>
> 3. Benefits Received – Explain the extent to which [United] derives benefits from [United]'s presence in the Western District of Tennessee including, but not limited to, sales revenue attributable to sales there.
>
> 4. Targeted Interactions with the District – Explain the extent to which [United] interacts in a targeted way with existing or potential customers, consumers, users, or entities within the Western District of Tennessee including, but not limited to, through localized customer

> support, ongoing contractual relationships, or targeted marketing efforts there.

(ECF No. 43-2 at 7-9.)

In vacating the district court's decision, the Federal Circuit explained that the "district court's four-factor test is not sufficiently tethered to [28 U.S.C. § 1400(b)'s] statutory language and thus it fails to inform each of the necessary requirements of the statute." In re: Cray, 871 F.3d at 1362. The Federal Circuit then described the three general requirements relevant to the venue inquiry. First, "there must be a physical place in the district." Id. at 1362. "While the physical 'place' need not be a 'fixed physical presence in the sense of a formal office or store,' there must still be a physical, geographical location in the district from which the business of the defendant is carried out." Id. (internal citation omitted). Second, the place "must be a regular and established place of business." Id. A business may be "regular" for this purpose if it operates in a steady, uniform, orderly, and methodical manner. Id. A business is "established" if it is "'settle[d] certainly, or fix[ed] permanently.'" Id. (quoting Black's Law Dictionary (1st ed. 1891)). While a business may move its location and still be considered established, it "must for a meaningful time period be stable." Id. at 1363. Third, the place of business "must be a place *of the defendant*, not solely a place of the defendant's employee. Employees change jobs. Thus, the defendant must establish or ratify the place of business. It is

not enough that the employee does so on his or her own." Id. (emphasis in original). "Relevant considerations include whether the defendant owns or leases the place, or exercises other attributes of possession or control over the place." Id. "Another consideration might be whether the defendant conditioned employment on an employee's continued residence in the district or the storing of materials at a place in the district so that they can be distributed or sold from that place." Id. "Marketing or advertisements also may be relevant, but only to the extent they indicate that the defendant itself holds out a place for its business." Id.

Following the Federal Circuit's decision, McKnight offered to revise its interrogatories as follows:

> 1. Physical Presence – Explain the extent to which [United] has a physical ~~presence~~ place of business in the Western District of Tennessee, which was established or ratified by [United], including, but not limited to, property, inventory, infrastructure, or people.
>
> 2. Defendant's Representations – Explain the extent to which [United] represents, internally or externally, that it has a ~~presence~~ physical place of business in the Western District of Tennessee, which was established or ratified by [United], including, but not limited to, advertising or whether customer inquiries may be directed to an agent of [United] there.
>
> 3. Benefits Received – Explain the extent to which [United] derives benefits from [~~United]'s presence~~ storing materials or inventory in a physical place of business in the Western District of Tennessee, which was established or ratified by [United], so that they can be distributed or sold from that place including, but not limited to, sales revenue attributable to distribution from there or sales there.

> 4. Targeted Interactions with the District – Explain the extent to which [United] interacts in a targeted way with existing or potential customers, consumers, users, or entities such that [United] exercises attributes of possession or control over a physical place of business within the Western District of Tennessee, which was established or ratified by [United], including, but not limited to, ~~through~~ localized customer support, ongoing contractual relationships, or targeted marketing efforts there.

(ECF No. 55 at 7) (alterations in original). McKnight claims that these proposed revised interrogatories are consistent with In re: Cray.

The court disagrees and finds that, aside from Interrogatory No. 1, the original and revised versions of McNight's Third Set of Interrogatories do not seek information that is tailored to the venue analysis set forth in In re: Cray. However, rather than granting United's motion and allowing McKnight to serve United with yet another revised set of interrogatories – which would likely only further delay the resolution of the venue issue - the court will order United to respond to Interrogatory No. 1, as modified below:

Interrogatory No. 1: Identify every physical place that United has had in the Western District of Tennessee since January of 2014.

(a) "Physical place" includes any building or part of a building, office space, warehouse, distribution center, employee's residence[1], call-in center[2], storage facility, retail location, or

[1]See In re Cordis Corp., 769 F.2d 733, 735-37 (Fed. Cir. 1985).

any other physical property, that United owns, leases, rents, or controls, or from which the business of United is carried out.[3] Excluded from this definition are physical places owned or controlled by third-party retailers that sell United's products, such as The Home Depot, Lowe's Home Improvement, Walmart, etc.

(b) For every physical place identified, United shall further describe the period of time that United or its employee has owned, leased, rented, controlled, or otherwise used the place in question; the type of inventory, goods, raw materials, or marketing/promotional materials kept at the place or services performed at the place; the sales revenue directly attributable to that place; United's representations regarding the place to others outside of the company, such as listing the place on a website, directory, or advertising materials[4]; and any support staff/administrative services provided for that place that are paid for by United.[5]

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[2]See American GNC Corp. v. ZTE Corp., et al., No. 4:17CV620 (E.D. Tex. Oct. 4, 2017), report and recommendation adopted, 2017 WL 5157700, at *1 (E.D. Tex. Nov. 7, 2017) (adopting Report and Recommendation of magistrate judge, which found venue proper in Eastern District of Texas where defendant had third-party call-in center that had more than 60 dedicated ZTE customer service representatives and at least two full-time employee supervisors on site).

[3]See In re: Cray, 871 F.3d at 1362.

[4]See In re: Cray, 871 F.3d at 1363-64.

[5]See In re Cordis Corp., 769 F.2d 733; CAO Lighting, Inc. v. Light

(c) For every employee identified who has or had a residence in this district, United shall further describe the employee's title and duties, whether the employee resided in this district at the direction of United, whether his or her employment was conditioned upon residence within the district, whether United directly contributed to any portion of the cost for housing or living expenses for that employee[6], and any promotional materials United has distributed or published regarding the employee to others outside of the company indicating that United has a presence in this district, such as a listing on a website, or directory.[7]

III. CONCLUSION

For the above reasons, United's Motion for Order of Protection is GRANTED in part and DENIED in part.[8] In accordance with the Orders entered July 7, 2017 (ECF No. 40) and July 28, 2017 (ECF No. 46), United shall have twenty-one days to provide its interrogatory

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Efficient Design, No. 4:16-cv-00482-CDN, 2017 WL 4556717, at *2-3 (D. Idaho Oct. 11, 2017).

[6]See generally In re Cordis Corp., 769 F.2d 733 (Fed. Cir. 1985); see also Billingnetwork Patent, Inc. v. Modernizing Medicine, Inc., No. 17-C-5636, 2017 WL 5146008, at *3 (N.D. Ill. Nov. 6, 2017); Talsk Research Inc. v. Evernote Corp., 16-CV-2167, 2017 WL 4269004, at *4-5 (N.D. Ill. Sept. 26, 2017).

[7]See Regents of the Univ. of Minn. v. Gilead Sci., Inc., No. 16-CV-2915 (SRN/HB), 2017 WL 4773150, at *8 (D. Minn. Oct. 20, 2017).

[8]The court emphasizes that this order is not intended to define the exact contours of the venue analysis that will be applied in this case, but rather to identify, for discovery purposes only, information that would likely be relevant to the venue analysis.

response and to file any supplemental briefing on whether United has "a regular and established place of business" in this district.

IT IS SO ORDERED.

s/Tu M. Pham
TU M. PHAM
United States Magistrate Judge

November 9, 2017
Date