IP 02-0406-C M/S Cook v. Purdue
Judge Larry J. McKinney Signed on 6/24/02

NOT INTENDED FOR PUBLICATION IN PRINT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

COOK GROUP INC, COOK BIOTECH INCORPORATED, Plaintiffs, vs. PURDUE REASEARCH FOUNDATION!, PURDUE UNIVERSITY!, Defendants.	)	CAUSE NO. IP02-0406-C-M/S

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

COOK GROUP, INC., and COOK BIOTECH INCORPORATED, Plaintiffs,	)	
vs.	)	IP 02-0406-C-M/S
PURDUE RESEARCH FOUNDATION, and PURDUE UNIVERSITY, Defendants.	)	

ORDER ON MOTION TO TRANSFER VENUE

Defendants, Purdue University and Purdue Research foundation ("PRF") (collectively "Purdue"), filed this Motion to transfer for improper venue pursuant to Federal Rule of Civil Procedure 12(b)(3) and 28 U.S.C. § 1406. For the reasons set forth below, the Court **DENIES** Purdue's Motion to Transfer Venue.

I. FACTUAL AND PROCEDURAL HISTORY

Plaintiffs, Cook Group, Inc., and Cook Biotech, Inc., (collectively "Cook"), brought this action for injunctive and declaratory relief against Purdue alleging, *inter alia*, breach of contract and patent infringement.

Cook Group, Inc., is a manufacturer of medical devices with its principal place of business in Bloomington, Indiana. Exhibit D, ¶ 1. Cook Biotech, Inc., was formed for the purpose of commercializing

the technology at issue in this case.

Purdue University is a state university with its main campus in Tippecanoe County, Indiana, located in the Northern District. Ind. Code § 20-12-36-1; Complaint, ¶ 5. In 1930, Purdue University's president and its board of trustees formed and incorporated the PRF for the purpose of administering and commercializing various technologies, including the technology at issue in this case, for and on behalf of Purdue University. PRF also has its principal place of business in Tippecanoe County, Indiana. Compl. ¶ 4.

Purdue University (through its captive entity PRF) licensed to Cook exclusive rights in a group of patents pertaining to the use of submucosal tissue. Submucosal tissue is taken from vertebrate mammals and used as a medical tool to repair or replace human tissue. Compl. ¶ 7. The present dispute arose over the scope of the patent rights that Purdue licensed to Cook. Purdue claims that the technology licensed to Cook is limited to submucosal tissue obtained from the small intestine, and does not cover tissue taken from any other organ. *Id*. In contrast, Cook claims that its agreement with Purdue covers submucosal tissue generally, including submucosa derived from other organs as well. *Id*. Cook brought this action against Purdue alleging, *inter alia*, breach of contract and patent infringement after Purdue announced that it licensed to a third party, CorMatrix, rights relating to non-intestinal submucosa. *Id.* ¶ 8.

II. STANDARD

Purdue has moved to transfer this matter under 28 U.S.C. § 1406(a), which provides for dismissal

or transfer of "a case laying venue in the *wrong* division or district." *Willis v. Caterpillar Inc.*, 199 F.3d 902, 905 (7th Cir. 1999) (citing 28 U.S.C. § 1406(a)). In other words, for § 1406(a) to be applicable, venue must be improper. District courts have broad discretion to grant or deny a motion to transfer an action to a different district for improper venue. *See Cote v. Wadel*, 796 F.2d 981, 985 (7th Cir. 1986).

III. DISCUSSION

The question presented is whether venue is proper in this district. In Purdue's opening brief, it based its objections to venue on 28 U.S.C. § 1391(b) because the case contains a federal question. Purdue then asserted for the first time in its reply brief that venue in this action is controlled by 28 U.S.C. § 1400(b) rather than § 1391(b) because the Complaint includes a patent infringement count. *See* Def.'s Reply at 2. Because this action is primarily contractual in nature, it is not clear that § 1400(b) controls. However, the Court need not resolve which venue statute governs because venue is proper under both §1391(b)(1) and §1400(b). Venue is proper under both statutory provisions because in addition to being residents of the Northern District where they maintain their principle places of business, for the reasons discussed below, Purdue and PRF are also residents of the Southern District for venue purposes.

Section 1391(b)(1) provides that a civil action may be brought in "a judicial district where any defendant *resides*, if all defendants reside in the same state." 28 U.S.C. 1391(b)(1) (emphasis added). Similarly, § 1400(b) provides, in relevant part, that "[a]ny civil action for patent infringement may be brought in the judicial district where the defendant *resides*." 28 U.S.C. § 1400(b) (emphasis added). Thus, where the defendants reside in the forum district, venue is proper under both § 1391(b)(1) and

§1400(b).[1] The court will now consider venue with regard to each defendant.

A. VENUE IS PROPER WITH REGARD TO PRF

PRF is a corporation. *See* Exhibit J. Section 1391(c) of Title 28 provides that a corporate defendant "shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced" and "in a State which has more than one judicial district a corporation shall be deemed to reside in any district in that State within which its contacts would be sufficient to subject it to personal jurisdiction if that district were a separate State." 28 U.S.C. § 1391(c). *See also Enviroplan, Inc. v. W. Farmers Elec. Coop.*, 900 F. Supp. 1055, 1062-63 (S.D. Ind. 1995). Thus, corporate defendants such as PRF may have more than one residence for purposes of venue.

In 1990, the Federal Circuit held that for the purposes of venue, § 1391(c) also applies to the term "resident" found in § 1400(b). *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1580 (Fed Cir. 1990). *See also Braden Shielding Sys. v. Shielding Dynamics*, 812 F.Supp. 819, 820 (N.D. Ill. 1992). Hence, "venue in a patent infringement case includes any district where there would be personal jurisdiction over the corporate defendant." *VE Holding Corp.*, 917 F.2d at 1583.

The Indiana Supreme Court recently explained that a two-step analysis is required to determine

[1] While, with respect to residency, § 1391(b)(1) and § 1400(b) are very similar, § 1400(b) requires more. In cases involving multiple defendants, § 1400(b) requires that venue be proper with respect to *each* individual defendant. *Gummow v. Superior Ratchet and Tool Co.*, No. 96-C-50213, 1997 WL 374406, at *5 (N.D. Ill. June 20, 1997); *Toombs v. Goss*, 768 F. Supp. 62, 65 (W.D.N.Y. 1991).

whether an Indiana state court may exercise personal jurisdiction over a nonresident defendant. *See Anthem Ins. Co. v. Tenet Healthcare Corp.*, 730 N.E.2d 1227, 1232 (Ind. 2000). The Court must first determine whether PRF's conduct falls within Indiana's long-arm statute. If it does, the Court must then determine if PRF's contacts with the Southern District satisfy due process requirements. *Id*. In determining if personal jurisdiction exists, courts "must construe all facts concerning jurisdiction in favor of the non-movant, including disputed or contested facts." *Enviroplan*, 900 F. Supp. at 1059.

1. PRF's Contacts with this District Satisfy Indiana's Long-Arm Statute

Indiana's long-arm statute, Trial Rule 4.4(A)(1), provides that a non-resident organization submits to the jurisdiction of the courts of this state as to an action arising from "doing any business in this state." In *NUCOR Corp. v. Aceros Y Maquilas de Occidente, S.A. de C.V.*, the Seventh Circuit held that the non-resident defendant was subject to personal jurisdiction under Indiana's long-arm statute where the defendant engaged in preliminary contract negotiations in Indiana. *See* 28 F.3d 572, 580-81 (7th Cir. 1994). Similarly, in *Woodmar Coin Center, Inc. v. Owen*, the court held that the defendant "purposely availed himself of the benefits and responsibilities of doing business in this State by soliciting, negotiating and forming a contract with an Indiana resident." 447 N.E.2d 618, 621 (Ind. Ct. App. 1983). *See also Lee v. Goshen Rubber Co.*, 635 N.E.2d 214 (Ind. App. Ct. 1994) (finding personal jurisdiction where the defendant "solicited, negotiated, and formed a contract of employment with an Indiana corporation").

PRF's contacts with the Southern District of Indiana mirror those in *NUCOR*, *Woodmar*, and *Lee*. Cook's affidavit shows that PRF's primary negotiator, Terry F. Willey ("Willey"), traveled to the Southern

District five times to negotiate with Cook over the terms on which Cook would be licensed the rights to the relevant portfolio of patents. Exhibit D, ¶ 5. Additionally, Willey was physically present in the Southern District for the signing of the license agreement at issue in this case. Exhibit D, ¶ 6.

Negotiating and forming a contract within the district constitutes "doing business" within the meaning of Trial Rule 4.4(A)(1). *See NUCOR*, 28 F.3d at 580-81. Thus, PRF's contacts with this district satisfy Indiana's long-arm statute.

2. PRF's Contacts with the Southern District Satisfy Fourteenth Amendment Due Process Requirements

Under the familiar due process analysis enunciated by the Supreme Court in *International Shoe Co. v. Washington*, a court must determine whether a defendant has sufficient "minimum contacts with [the forum] such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'" 326 U.S. 310, 316 (1945) (quoting *Milliken v. Meyer*, 311 U.S. 457, 463 (1940)). *See also Wilson v. Humphreys (Cayman) Ltd.*, 916 F.2d 1239, 1243 (7th Cir. 1990). Due process requires that the defendant purposefully availed itself of the "privilege of conducting activities" in the forum district and reasonably should have anticipated "being haled into court" in the forum district. *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980); *Hanson v. Denckla*, 357 U.S. 235, 253 (1958). Finally, "when a cause of action arises from the defendant's contacts with the forum state, less is required to support jurisdiction than when the cause is unrelated to those contacts." *Brokemond v. Marshall Field & Co.*, 612 N.E.2d 143 (Ind. App. Ct. 1993) (citing *Oddi v. Mariner-Denver, Inc.*, 461 F. Supp. 306, 309

(S.D. Ind.1978)).

In *NUCOR*, the Seventh Circuit found that specific personal jurisdiction existed over a defendant that engaged in contract negotiations in Indiana because by doing so "the defendant purposefully availed itself of the privilege of conducting business in Indiana; by that same conduct it invoked the benefits and protections of the laws of Indiana." *NUCOR*, 28 F.3d at 580-81. The Seventh Circuit cited numerous authorities in support of its holding:

> *See Deluxe Ice Cream Co. v. R.C.H. Tool Corp.*, 726 F.2d 1209, 1215-16 (7th Cir.1984) (holding that discussions in Illinois leading to contract created jurisdiction in Illinois); *Nieman v. Rudolf Wolff & Co.*, 619 F.2d 1189, 1193 (7th Cir.) (holding that lunch meeting in Illinois on terms of contract sufficient for specific jurisdiction), *cert. denied*, 449 U.S. 920, 101 S.Ct. 319, 66 L.Ed.2d 148 (1980); *Rainbow Travel Serv., Inc. v. Hilton Hotels Corp.*, 896 F.2d 1233, 1238 (10th Cir.1990) (finding sufficient contacts when hotel solicited business, carried out negotiations and sent contracts to forum state); *Thompson v. Ecological Science Corp.*, 421 F.2d 467, 469 (8th Cir.1970) (finding that conference and negotiations leading to execution of contract created jurisdiction in Arkansas); *Liquid Carriers Corp. v. American Marine Corp.*, 375 F.2d 951, 953-54 (2d Cir.1967) (finding that trips to New York for negotiation established jurisdiction in New York).

In the present case, PRF's primary negotiator traveled to the Southern District at least six times to negotiate and execute the patent licensing agreement. Exhibit D, ¶¶ 5, 6. Additionally, all prosecution, maintenance, development and protection of the patent portfolio, is conducted in the Southern District by Purdue's and Cook's Indianapolis counsel. *Id.* ¶¶ 11, 12. This action is directly related to, or arises out of, the patent portfolio contract. Cook brought this action against Purdue alleging breach of contract and patent infringement. Whether or not Purdue has infringed the patent rights held by Cook depends, in part,

on the Court's determination of whether the contract covered non-intestinal submucosa.

The Court is satisfied that PRF's contacts in this district were purposeful, and therefore, PRF should have reasonably anticipated being haled into court in this district. In sum, exercising personal jurisdiction over PRF is consistent with due process and Indiana's long-arm statute. As a result, PRF is a resident of this district for venue purposes pursuant to § 1391(c), and thus, venue is proper pursuant to 28 U.S.C. § 1400(b) and § 1391(b)(1).

B. VENUE IS PROPER WITH REGARD TO PURDUE UNIVERSITY

Purdue University contends that it is not a corporation as Cook argues, but rather an "instrumentality" or "agency" of the State of Indiana. Reply Brief at 4. Purdue argues that, as such, § 1391(c) does not apply to it, and therefore, where it is subject to personal jurisdiction is irrelevant to the determination of proper venue.

As a public institution, Purdue University is clearly an agency of the State of Indiana. Purdue was created as a state agency by Indiana Code § 20-12-35-2. Indiana's Budget Agency Act expressly includes Purdue University in its definition of a state agency. Ind. Code § 4-12-1-2. Consistent with its status as a public institution, the State of Indiana maintains significant control over Purdue University. For example, Purdue University receives a significant portion of its funding directly from the State, it is required to prepare and file a budgetary statement with the State, and the Governor appoints the majority of the members of the Trustees of Purdue University. *See Kashani v. Purdue Univ.*, 813 F.2d 843, 845 (7th

Cir. 1987); Ind. Code. 20-12-37-4.

Several courts have expressly recognized that Purdue University is an agency of the State of Indiana. *See Kashani*, 813 F.2d 843, 845 (holding that "Purdue is an instrumentality of the State of Indiana"); *Shannon v. Bepko*, 684 F. Supp. 1465, 1470 (S.D. Ind. 1988) (finding that "Indiana University and IUPUI are instrumentalities of the State of Indiana"); *Russell v. Trustees of Purdue Univ.*, 168 N.E. 529, 535 (Ind. 1929) (stating that "Purdue University is an educational institution belonging to the state of Indiana").

On the other hand, Cook cites several authorities in support of its contention that Purdue University is a corporation. The Court need not consider whether Purdue University is also a corporation because venue is already proper with regard to Purdue University as an agency of the State of Indiana.

State agencies can maintain more than one residence for purposes of venue. *See Partisan Defense Comm. v. Ryan*, No. 94-C-260, 1994 WL 13764, at *1-2 (N.D. Ill. Jan. 14, 1994); *Braggs v. Lane*, 717 F. Supp. 609, 611 (N.D. Ill. 1989); *Mich. State Chamber of Commerce v. Austin*, 577 F. Supp. 651, 654-55 (D.C. Mich. 1983); *Cheeseman v. Carey*, 485 F. Supp. 203, 207 (D.C. N.Y. 1980); *Buffalo Teachers Fed., Inc. v. Helsby*, 426 F. Supp. 828 (D.C. N.Y. 1976). Thus, the fact that Purdue University's main campus is located in the Northern District does not prevent it from also residing in the Southern District for venue purposes.

Several courts have refused to extend to *state* agencies the traditional rule that *federal* officials and agencies have only one residence. In the context of "a suit against a state governmental entity or official, . . . [t]he threat of severe inconvenience or forum shopping is scarcely sufficient . . . to warrant a blanket rule that there may never be more than a single residence." *Buffalo Teachers Fed.*, 426 F. Supp. at 829. *See also Cheeseman*, 485 F. Supp. at 207 (explaining that "[t]he potential inconvenience to federal officials [or agencies] resulting from a rule recognizing multiple official residences is far greater than for state officials [or agencies], who can never be deemed to reside in another state").[2] Thus, there are "good reasons for following a broader rule with regard to state officers [or agencies] and holding, under proper circumstances, that a state officer [or agency] may have more than one official residence." 15 WRIGHT, MILLER, & COOPER, FEDERAL PRACTICE AND PROCEDURE § 3805, at 38.

In determining whether a state defendant has a second official residence for venue purposes, courts consider the following factors: 1) the defendant's presence in the district in which plaintiff has sued; 2) the extent of the defendant's official activities in the district; and 3) the relationship between the defendant's activities within the district to the cause of action asserted. *See Partisan Defense Comm.*, 1994 WL 13764, at *1-2; *Braggs*, 717 F. Supp. at 611; *Cheeseman*, 485 F. Supp. at 207. The authorities do not dictate the weight to be given to each factor. Thus, the Court will consider the factors in light of the particular circumstances of the case.

[2] When looking at a state official's residence for venue purposes, courts look to their official, not actual residence.

In *Buffalo Teachers Fed.*, the court held that for venue purposes the New York Public Employment Relations Board maintained a second residence in New York City where it kept an official office and transacted a significant portion of its business even though its central headquarters were in Albany. 426 F. Supp. 828. *See also Fla. Nursing Home Ass'n v. Page*, 616 F.2d 1355, 1360-1361 (5th Cir. 1980), *reversed on other grounds*, 450 U.S. 147 (1981) (holding that the Florida Department of Health and Rehabilitative Services had a second residence in the Southern District of Florida for venue purposes where it "maintain[ed] a large office in the Southern District and much of its business [wa]s transacted from that office"); *Mich. State Chamber of Commerce*, 577 F. Supp. at 654-55 (finding that the Michigan Secretary of State was also a resident of the Eastern District of Michigan for venue purposes because the Secretary maintained offices and conducted business there, even though the Secretary's principle office was located in the Western District).

Turning to the present case, Purdue maintains a substantial presence in this district and conducts an extensive amount of official activities here. Purdue's IUPUI Indianapolis campus advertizes that by attending IUPUI, students "can take full advantage of a Purdue education without coming to West Lafayette." Exhibit G. Cook's exhibits show that IUPUI offers 180 Indiana University and Purdue University degree programs, employs nearly 1,400 full-time and 900 part-time faculty members, has 27,000 students enrolled in a typical semester, and has an NCAA Division I sports program. Exhibit F. Additionally, Purdue's School of Technology enlists students in its degree-granting programs at five locations throughout the Southern District. Exhibit G.

Although the connection between Purdue University's aforementioned presence and activity in this district and the claim are somewhat tenuous, its presence and official conduct in this district are so extensive that this Court is satisfied that Purdue University also resides in this district. Therefore, venue is proper under both § 1400(b) and § 1391(b)(1).

III. CONCLUSION

Venue is proper with regard to PRF and Purdue University under 28 U.S.C. §1400(b) and § 1391(b)(1) because both defendants reside in this district for venue purposes. Accordingly, the Court **DENIES** Purdue's motion to transfer for improper venue.

IT IS SO ORDERED this _____ day of June, 2002.

_____
LARRY J. MCKINNEY, CHIEF JUDGE
United States District Court
Southern District of Indiana

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