

AML IP, LLC v. BATH & BODY WORKS DIRECT, INC., Appeal No. 2025-1280 (Fed. Cir. August 28, 2026). Before Prost, Bryson, and Reyna. Appealed from E.D. Tex. (Judge Jordan).

Background:

AML IP, LLC ("AML") sued Bath & Body Works Direct, Inc. and others in the Eastern District of Texas for infringing its patent, which relates to e-commerce methods that use a "bridge computer" to facilitate transactions among service providers. The defendants moved to dismiss on two grounds: (i) improper venue under Rule 12(b)(3), and (ii) failure to state a claim under Rule 12(b)(6) because the claims are ineligible under 35 U.S.C. § 101.

The district court ruled in favor of the defendants on both grounds simultaneously within a single order. In that order, the district court first held that venue was improper and dismissed on that basis. It then analyzed the claims, held them ineligible, and dismissed on that basis as well. AML moved to amend the judgment or, alternatively, to amend its complaint, which the district court denied. On appeal, AML did not challenge the actual correctness of the venue or the eligibility rulings. Instead, AML argued a procedural point: once the district court determined that venue was improper, it should have halted its analysis and it lacked the authority to dismiss the case on substantive 101 grounds.

Issues/Holdings:

1. Did the district court abuse its discretion by ruling on eligibility after finding venue improper? No.
2. Should the Federal Circuit vacate the eligibility ruling, or declare it non-preclusive, because the ruling was unnecessary to the judgment? No.

Discussion:

Reviewing only for abuse of discretion, the Federal Circuit affirmed the district court's order deciding the dismissal grounds because it was simply a matter of managing its own docket. On the first issue, AML gave two reasons for vacating the eligibility dismissal: (a) the district court should have dismissed on venue alone, and (b) other courts have transferred a case on venue and left the merits to the transferee court. The Federal Circuit noted that AML did not appear to argue that the district court lacked the power to rule on eligibility. Improper venue, unlike a lack of subject-matter jurisdiction, is waivable and does not take away a court's authority to act. The district court could therefore decide eligibility after finding venue improper.

The cases AML cited did not require the court to stop at venue. They reflect only a general principle that venue should be decided first, and the district court did decide venue first. The district court then chose to dismiss rather than transfer, so no transferee court was left waiting to rule on the merits.

The Federal Circuit added that when one motion raises both improper venue and failure to state a claim, judicial economy favors deciding both grounds, because doing so lets the appellate court review both rulings in a single appeal and avoids piecemeal appeals.

On the second issue, the Federal Circuit declined to state whether the eligibility ruling will have preclusive effect, as that question can be decided only in a later case. Because no rule barred the district court's approach, the Federal Circuit affirmed.