

## *Multi-Defendant Patent Cases and Transfers*

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Mr. Smith, who has appeared as counsel of record in over 400 civil cases in the U.S. District Court for the Eastern District of Texas, served as chairman of the Eastern District's Local Rules Advisory Committee from 2000-2009. He has also been the editor of the *O'Connor's Federal Rules \* Civil Trials* handbook on federal civil procedure since 1998, and maintains the nationally recognized *Eastern District of Texas Federal Court Practice* web log at [www.EDTexweblog.com](http://www.EDTexweblog.com), which tracks Eastern District news and caselaw. Mr. Smith is a frequent author and speaker on topics including intellectual property, patent, and product liability litigation, federal court practice, ethics, and law office administration.

Mr. Smith holds a law degree from Baylor University, a master's degree in public administration from the *LBJ School of Public Affairs* at the University of Texas at Austin, and a bachelor's degree from East Texas State University (now Texas A&M University-Commerce).

Mr. Smith is a Life Fellow of the Texas Bar Foundation. He also served on the Board of Directors of the State Bar of Texas from 2005-08, representing the 24 counties of State Bar district 1 in northeast Texas, where he was recognized as *Outstanding Third Year Director* and received a Presidential Citation for his work in the area of member benefits. He currently serves as chair of the editorial board for the *Texas Bar Journal*, and as vice chair of the Council of the Litigation Section of the State Bar of Texas. Mr. Smith has also served as chair of the State Bar's *Causes of Action* seminar and co-chair of the *Litigation Update* and *Advanced Personal Injury* seminars. He is a past president of the Eastern District of Texas Bar Association, East Texas Trial Lawyers Association, and the Harrison County Bar Association, and is a charter member of the T. John Ward American Inn of Court. He has also been selected for inclusion in the 2008, 2009 and 2010 *Texas Super Lawyers* list, and is a recipient of the Texas Access to Justice Foundation's *Cy Pres: Impact on Justice* award, as well as the Northeast Texas Association of Paralegals' *Attorney Most Supportive of Paralegals* award, and TexasBarCLE's *Standing Ovation* award in 2010.

Before entering private practice, Mr. Smith was a law clerk for the late U.S. District Judge Sam B. Hall, Jr. of the Eastern District of Texas, Marshall and Texarkana Divisions, and worked in Baylor University's Office of General Counsel. Prior to attending law school, Mr. Smith worked for the National Commission to Prevent Infant Mortality in Washington, D.C., and the Texas General Land Office and the Texas Education Agency in Austin, Texas.

Mr. Smith, a Marshall native, has also been active in community affairs. He served on the Marshall City Commission for three terms, from 1996-2002, and is a former president of the Harrison County Historical Museum and the Citizens Advisory Committee and member of the Marshall Chamber of Commerce Board of Directors. Mr. Smith is married to Harrison County Treasurer Jamie Marie Noland. They have three sons, Grayson, 11 and twins Collin & Parker, 8.

In addition to his legal writings, Mr. Smith is also the author of two books on aircraft carriers, *Essex Class Carriers in action*, and *US Light Carriers in action*, published by Squadron-Signal publications.

## I. INTRODUCTION

Venue plays an important part in patent litigation. This paper analyzes recent Federal Circuit and Eastern District of Texas district court opinions dealing with venue – especially venue in cases involving multiple defendants - to determine what tactics parties are using to deal with the changed landscape of patent venue, and how courts are reacting to them.<sup>1</sup> The paper also discusses the recent patent legislation and its effect on these questions.

## II. DISCUSSION

### A. Venue in Patent Infringement Cases

As one commentator has observed, “all too often, patent infringement suits begin with a battle over where the war is to be fought.” Wydick, *Venue in Actions for Patent Infringement*, 25 Stan. L. Rev. 551 (1973).

Federal district courts have original and exclusive jurisdiction of any civil action arising under any act of Congress relating to patents, including 35 U.S.C. §281. 28 U.S.C. § 1338. As for venue, 28 U.S.C. § 1400(b) is the exclusive provision governing venue in patent infringement actions. *See Fourco Glass Co. v. Transmirra Prod. Corp.*, 353 U.S. 222, 229, 77 S.Ct. 787 (1957). Section 1400 provides that patent infringement cases may be filed in the judicial district: (1) where the defendant *resides*; or (2) where the defendant has committed acts of infringement and has a regular and established place of business.

After amendments were made in 1988 to the general venue statute, 28 U.S.C. § 1391, the Federal Circuit held that the residence of a corporate defendant in patent infringement actions is to be analyzed under the general venue provision, specifically § 1391(c). *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583-84 (Fed.Cir.1990). Section 1391(c) provides that for venue purposes “a defendant that is a corporation shall be deemed to *reside* in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced...” (Emphasis added).

Accordingly, the Court held that the definition of “where the defendant resides” in § 1400(b) should be determined using the test set out in 28 U.S.C. § 1391(c). So, if personal jurisdiction exists in the district in which a patent case is filed as (considering the defendant’s contact with that district as though it were a separate state) then venue is proper in the district as well.

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<sup>1</sup> The author would like to gratefully acknowledge Eric Findlay of Findlay Craft in Tyler, and Greg Love of Stevens Love in Longview for permission to draw from their recent presentation *Current Developments in Venue* at the 2011 Eastern District of Texas Bench Bar Conference held jointly with the Federal Circuit Bar Association in September 2011.

Thus a patent holder may file a patent case in any district where the defendant does a sufficient amount of business. If the business is “continuous and systematic”, the test for “general” personal jurisdiction, the infringement need not arise out of the contacts. On the other hand, applying principles of “specific” personal jurisdiction, if the cause of action arises out of the contacts with the district, a much lower standard applies, and the sale of the alleged infringing product in the district of suit is enough to permit venue. If this provision appears broad, it is – in most cases, venue will be at least permissible in almost every judicial district in the nation.

However, the district court can still transfer the case to another district “for the convenience of parties and witnesses and in the interests of justice” under 28 U.S.C. § 1404. It is motions seeking these discretionary transfers that are the subject of this paper.

## **B. Appellate Cases**

The Federal Circuit has issued numerous opinions on petitions for writs of mandamus on orders denying motions to transfer in the now three years since the Fifth Circuit’s opinion in *In re Volkswagen*, 545 F. 3d 304 (5<sup>th</sup> Cir. 2008) came out, and several more are currently pending. The following is a brief overview of *In re Volkswagen* and some of its more notable descendants in the Federal Circuit, both published and unpublished.

### **1. *In re Volkswagen IIc***

In 2006, the plaintiffs in *Singleton v. Volkswagen* filed a product liability case against Volkswagen in federal court in Marshall arising out of a tragic accident which occurred on a Dallas freeway when a grandfather’s seat back failed following a rear-end collision, causing him to crush his granddaughter to death in the rear seat and paralyzing him from the waist down. A motion to transfer venue was denied, as was a motion for rehearing. Volkswagen sought mandamus, which was denied by a divided panel in the Fifth Circuit, then granted by a second panel.

Following *en banc* hearing, the mandamus was granted by a sharply divided court 10-7 and the case ordered transferred to the Northern District of Texas - Dallas Division. See *In re Volkswagen* 545 F.3d 304 (5<sup>th</sup> Cir. 2008) (*In re Volkswagen IIc*). The *en banc* panel restructured the venue analysis by holding that the plaintiff’s choice of forum was no longer a permissible factor for courts to consider, but rather is reflected in the burden of proof. Thus, “when the movant then demonstrates that the transfer of venue is clearly more convenient . . . the district court should grant the transfer.” (Emphasis added). It also reduced the mandamus standard to permit the writ to issue where a “clear abuse of discretion was shown” in place of the prior more stringent standard.

### **2. *In re TS Tech***

Any doubts that *In re Volkswagen* would be carried over to the patent context were eliminated by *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008) in which the Federal Circuit granted a writ of mandamus and ordered Judge T. John Ward to transfer a patent case from Marshall, Texas to Ohio. The plaintiff resided in Michigan, and the accused infringers, three related corporations, resided in Ohio and nearby Canada. The defendant had sought to transfer the infringement action to its home forum in Ohio, arguing that since all relevant witnesses and documents were in Ohio, Michigan, and Canada, the Ohio forum was clearly a more convenient forum than Texas. Applying the Fifth Circuit's recent *en banc* opinion in *In re Volkswagen IIc* the Federal Circuit found that the district court, by committing four legal errors in its analysis of the transfer issue, and "clearly abused its discretion."<sup>1</sup>

### 3. *In re Telular*

In *In re Telular* 2009 WL 905472 (Fed. Cir. April 3, 2009), the Federal Circuit denied a petition for writ of mandamus seeking a transfer from the Eastern District of Texas.

In *Telular*, the plaintiff, a Dallas resident, filed a patent infringement case against a number of security companies with various locations. One of the defendants, Telular, sought transfer to Chicago, where its head offices were located (its monitoring offices were in Atlanta). Judge Ward denied the motion in this case, and several months later *In re TS Tech* issued. Several weeks later, the defendant *Telular* filed a petition for writ of mandamus, citing *In re TS Tech*. After reviewing the standards, the Federal Circuit observed that "Telular faces an extraordinary burden in this case. First, the equities lie considerably against granting mandamus" because, as the Court noted, Telular waited five months after the court's ruling to seek mandamus - unlike *TS Tech* had done. The court goes on to say, citing *In re Volkswagen* for each sentence (and quoting it several times), that

[M]andamus relief in § 1404(a) cases is only permitted when the petitioner is able to demonstrate that the denial of transfer was a "clear" abuse of discretion such that refusing transfer produced a "patently erroneous result." A suggestion that the district court abused its discretion, which might warrant reversal on a direct appeal, is not a sufficient showing to receive mandamus relief. Unless it is clear that the facts and circumstances

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<sup>1</sup> Interestingly, Judge Ward's order in this case predated *In re Volkswagen* by about six weeks, so it is not surprising that it did not comply with the requirements of that case – in fact many if not all of the errors claimed by the Federal Circuit were a direct result of the Fifth Circuit's changing of the standards in this case from what they had been previously. Interestingly, the Federal Circuit did not give Judge Ward a chance to reconsider his order following the issuance of *In re VW II*, nor did it apply its own recently-enacted case holding that a party that does not give the district court a chance to reconsider its order based on new caselaw waives the caselaw on appeal.

are without any basis for a judgment of discretion, we will not proceed further in a mandamus petition to examine the district court's decision. In other words, we will deny a petition "[i]f the facts and circumstances are rationally capable of providing reasons for what the district court has done.

One other point bears brief mention. Telular had argued that the only relationship between the case and the Eastern District of Texas was that a distributor installed Telular's cellular alarm security systems in homes in the venue, but the Federal Circuit declined to agree that this fact necessitates transfer under the "clearly more convenient" test mandated by *In re VW*, writing:

The Eastern District of Texas may have no more of an interest in this case than any other district in which Telular's systems are ultimately installed. This alone, however, does not mean that Telular's alternative choice of venue, in this case the Northern District of Illinois, is clearly more convenient. . . . The district court weighed competing positions which were reasonably supported by the facts. This situation is in stark contrast to the circumstances leading to the grants of mandamus in *TS Tech* and *Volkswagen*, in which the facts overwhelmingly supported transfer. In such situations, courts may be required to grant mandamus to correct an order that clearly exceeds the bounds of judicial discretion. Here, however, a rational legal argument exists in support of the trial court's ruling, and mandamus is inappropriate.

#### **4. *In re Volkswagen III & IV*<sup>2</sup>**

On May 22, 2009, the Federal Circuit issued two more mandamus opinions in *In re Volkswagen*, 566 F.3d 1349, (Fed. Cir. 2009) ("*In re Volkswagen IV*") and *In re Genentech*, 566 F.3d 1338, (Fed. Cir. 2009).

In the former, arising out of the *MHL Tek* litigation discussed *infra*, the Court denied a petition seeking to set aside Judge Ward's denial of a motion to transfer a case to Michigan. The Federal Circuit agreed with Judge Ward, noting that "[i]n this case, the existence of multiple lawsuits involving the same issues is a paramount consideration when determining whether a transfer is in the interest of justice" and denied the petition for mandamus.<sup>3</sup> Interestingly, late in 2009 Judge Ward granted a motion for summary

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<sup>2</sup> There have been four *In re Volkswagen* opinions on venue mandamus from the Fifth Circuit in products liability cases and two from the Federal Circuit. For ease of reference they are referred to by the author as *In re VW I* (the 2004 opinion), *Ia* (the first 2007 panel), *Ib* (the second 2007 panel), *Ic* (the 2008 *en banc*), *III* (the 2008 Federal Circuit opinion), and *IV* (the 2009 Federal Circuit opinion).

<sup>3</sup> *In re Volkswagen III*, 291 Fed. App. 11 (Fed. Cir., May 22, 2008) is the Federal Circuit's denial of Volkswagen's petition seeking to overturn a Michigan judge's decision to transfer its declaratory judgment action to Judge Ward in Texas, which in turn Judge Ward relied on in denying Volkswagen's motion to transfer in the *MHL Tek* case.

judgment of noninfringement in the case – a summary judgment that was reversed on appeal by the Federal Circuit. See *MHL Tek, LLC v. Nissan Motor Co.*, \_\_\_ F.3d \_\_\_, 2011 WL3487025 (Fed. Cir. Aug. 10, 2011).

### **5. *In re Genentech***

*In re Genentech* arose out of the *Sanofi-Aventis* litigation pending in Eastern District of Texas Judge Ron Clark's court (again, discussed *infra*), in which a German plaintiff sued two California companies. The Court observed that California was only marginally less convenient than Texas for the foreign plaintiff, and declined to allow the Texas court's central location to trump the fact that the California court was "clearly more convenient" for the parties and witnesses in this case. The court also rejected the theory that held that in cases where the witnesses are widely distributed, that a forum could serve as a centralized location weighed against transfer. See *Genentech*, 566 F.3d at 1345; see also *Nintendo*, 589 F.3d at 1199 (citing *Genentech*).

### **6. *In re Hoffman-LaRoche, Inc.***

In *In re Hoffman-LaRoche, Inc.*, 587 F.3d 1333, 1338 (Fed. Cir. 2009) the Federal Circuit granted mandamus reversing Judge Folsom's denial of a motion to transfer a case brought by a California plaintiff against the makers of Fuzeon, a commercial HIV inhibitor drug. Scientists at Duke Medical Center identified the drug's composition and later formed a company called Trimeris to develop the compound into a possible HIV infection therapy. Plaintiff sued Trimeris and its commercial partners, the three Roche entities.

While the Federal Circuit noted that there were parties and witnesses across the country and indeed, the world, the Federal Circuit granted the mandamus finding that "there is stark contrast in relevance, convenience, and fairness between the two venues" noting that the accused drug was developed and tested within the Eastern District of North Carolina.

In addition, the court noted that there appeared to be no connection between the case in the Eastern District of Texas and specifically rejected Novartis' decision to convert approximately 75,000 pages of documents demonstrating conception and reduction of practice into electronic format and transfer them from California to its litigation office in Texas. The Federal Circuit observed that the assertion that these documents are "Texas" documents is "a fiction which appears to have been created to manipulate the propriety of venue."<sup>4</sup> The Federal Circuit also held that the district court gave too much weight to its ability to compel a Texas witness's attendance at trial.

Notably, the Federal Circuit reiterated its statement in *Genentech* that "because each witness has been identified as having relevant and material information relating to the suit...the convenience of all witnesses should be assessed." This holding rejected the

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<sup>4</sup> It is worth noting that the district judge did not assign the location of these documents any weight in either of his two opinions in the case.

position-common in district courts in Texas – that only “key” witnesses’ convenience be considered.

### **7. *In re Nintendo***

In *In re Nintendo*, Misc. Docket No. 914 (Dec. 17, 2009) the Federal Circuit granted a mandamus ordering a patent case transferred to Washington state, where the U.S. subsidiary of the Japanese parent was located.

### **8. *In re Vtech***

In *In re Vtech Communications*, Misc. Docket No. 909 (Jan. 6, 2010) the Federal Circuit denied a petition for writ of mandamus directed at one of Judge Folsom's orders denying transfer. The opinion affirmed Judge Folsom's reliance on his familiarity with the case (he had concluded the claims construction process) and faulted Vtech for not "actively and promptly" pursuing the motion to transfer before the district court had invested considerable time and attention on discovery and completing the claims construction process.

The court also noted that unlike *Genetech* in which there were no witnesses in Texas, in this case there was at least one identified nonparty witness who was a resident of the Eastern District of Texas. There was also a source of documents in San Antonio and some of the witnesses were in fact closer to Texas than to Oregon. Taking all of this into consideration, the Federal Circuit concluded that because "the facts are rationally capable of providing reasons for what the district court has done", mandamus should not issue, which would have interfered with the approaching trial date.

### **9. *In re Apple***

In *In re Apple, Inc.*, 374 Fed. Appx. 997, 999 (Fed. Cir. May 12, 2010) the Federal Circuit declined to issue mandamus to correct an order denying transfer but did point out that a plaintiff's state of incorporation and presence in Texas could be discounted where it was “recent and ephemeral.” This case arose out of the *Personal Audio v. Apple* litigation discussed *infra*.

### **10. *In re Zimmer***

In *In re Zimmer Holdings, Inc.*, 609 F. 3d 1378 (Fed. Cir. 2010) the Federal Circuit granted mandamus reversing Judge Ward's finding discussed *infra* that transfer was not appropriate. The Federal Circuit rejected the plaintiff's claim that its choice of forum for suit in the district of its principal place of business in Longview, within the Eastern District of Texas, was entitled to deference, and held that the plaintiff's presence in Texas appeared to be “recent, ephemeral, and an artifact of litigation.” On the contrary, the Federal Circuit's “assessment of the realities of this case” reflected that MedIdea was a Michigan limited liability corporation and that while its principal place of business was

alleged to be in Texas, all of its research and development and patent prosecution work took place in Michigan, and it had no employees in Texas.

There was an ongoing patent suit in the Eastern District of Texas filed by the same plaintiff against another defendant involving the same patent, and similar technology, but the Federal Circuit found that, under the circumstances, this fact was entitled to little weight because both of the actions were at early stages of litigation. The Federal Circuit concluded that in light of the substantial conveniences of trying the case in the Northern District of Indiana, the limited relationship between the case and the plaintiff's other pending suit in the Eastern District of Texas, and because the only connection between the case and the plaintiff's chosen forum is a "legal fiction" that mandamus was appropriate.

### **11. *In re Oracle***

In *In re Oracle Corp.*, 399 Fed. Appx. 587 (Fed. Cir. 2010), Financial Systems Technology ("FST") sued Oracle Corporation ("Oracle") in the Eastern District of Texas in 2004. Oracle moved for transfer to the Northern District of California, and Judge Ward denied the motion. In 2005, FST began re-issue proceedings, and the parties agreed to dismiss the action without prejudice pending completion of those proceedings. In that agreement, they further agreed that a new action could be brought, and that the Eastern District of Texas would have exclusive jurisdiction and venue over the action. That agreement was made subject to Oracle's right to reassert a motion to transfer venue raising new grounds not raised in the prior case.

After FST filed a second lawsuit, Oracle reasserted its motion to transfer, arguing that intervening case law from the Fifth and Federal Circuits constituted "new grounds." The district court denied the motion on the contractual basis that Oracle did not raise "new grounds" for transfer, and did not address the factors relevant to transfer under 28 U.S.C. § 1404(a). Oracle then sought a writ of mandamus. The Federal Circuit granted the writ to the extent that it vacated the district court's order and directed it to address the motion under the factors relevant to venue transfer. Relying on *Stewart Org. v. Ricoh Corp.*, 487 U.S. 22 (1988), the court explained that the parties' private expression of a venue preference is encompassed within the factors relevant to transfer, so that a forum selection clause cannot be the sole basis for denying transfer. In other words, a forum selection clause should receive neither dispositive consideration, nor no consideration. Because the district court's failure to address the relevant transfer factors was "plainly incorrect as a matter of law," the Federal Circuit vacated the challenged order and remanded for consideration of both (i) the relevant factors for venue transfer in the Fifth Circuit, and (ii) the parties' agreement as to venue.

### **12. *In re Microsoft***

In *In re Microsoft Corp.*, 630 F. 3d 1361 (Fed. Cir. 2011) (Misc. No 944, Nov. 8,

2010) Judge Davis denied a motion to transfer venue to the Western District of Washington, and the defendant, Microsoft Corp. (“Microsoft”) sought a writ of mandamus from the Federal Circuit. The court granted the petition and ordered Judge Davis to transfer the case as requested because the record revealed that the transferee court was “clearly more convenient and fair for trial.”

The plaintiff, Allvoice Developments U.S. (“Allvoice”), was in all respects “operated from the United Kingdom.” It had an office in Tyler, but that office had no employees. Microsoft, on the other hand, is headquartered in the Western District of Washington, and all its identified witnesses and relevant documents were located there. Allvoice identified two minor witnesses in the Eastern District of Texas, but its other 12 witnesses were located in Massachusetts, New York, and Florida.

Though Judge Davis conducted the proper analysis in denying transfer, the Federal Circuit disagreed with the analysis in two respects. First, it found that the presence of many witnesses and documents in the Western District of Washington, coupled with the absence of meaningful sources of proof in the Eastern District of Texas, weighed in favor of transfer. Second, and more importantly, it refused to give any weight to Allvoice’s presence in the Eastern District of Texas, even though Allvoice had incorporated in Texas 16 days before filing suit.

The court dismissed Allvoice’s reliance on an “established presence” in the Eastern District of Texas as resting on a fallacious assumption, i.e., that the court “must honor connections to a...forum made in anticipation of litigation and for the likely purpose to make that forum appear convenient.” The court dismissed Allvoice’s recent incorporation in Texas as “no more meaningful, and no less in anticipation of litigation” than other practices it had previously rejected.

### **13. *In re Acer***

In *In re Acer American Corp.*, 626 F. 3d 1252 (Fed. Cir. 2010) (i) the plaintiff and five defendants were headquartered in the Northern District of California, but no party was headquartered in the Eastern District of Texas, (ii) the plaintiff’s and many defendants’ sources of proof were located in the Northern District of California, but there were no likely sources of proof in the Eastern District of Texas, and (iii) the Eastern District of Texas had no subpoena power while the Northern District of California had extensive subpoena power. Magistrate Judge Everingham denied transfer to the Northern District of California, largely on Dell’s presence which is in Texas, but outside the Eastern District of Texas. The defendants sought a writ of mandamus from the Federal Circuit, and after an unusually lengthy delay, the court granted the petition three weeks before trial, after a motion to stay the case pending a decision. The Federal Circuit disagreed with most of Judge Everingham’s findings and concluded that no factor remotely favored keeping the case in the Eastern District of Texas. On the other hand, witness convenience, the courts’ relative subpoena power, and the locations of sources of proof all favored transfer; and the local interest factor strongly favored transfer.

#### **14. *In re Vistaprint***

In *In re Vistaprint Limited*, 628 F. 3d 1342 (Fed. Cir. 2010) Judge Davis denied a motion to transfer to the District of Massachusetts because, while the “convenience” factors weighed in favor of transfer, judicial economy would be better served by keeping the case in the Eastern District of Texas due to the court’s familiarity with the patent in suit through prior litigation. The defendant sought a writ of mandamus from the Federal Circuit, which that court denied.

In reaching that result, it rejected the petitioners’ argument that it is always improper for a trial court to deny transfer based on judicial economy when the convenience factors clearly favor transfer. Instead, it held, under the balancing called for on a motion to transfer, convenience is important but not always paramount. In this case, the court concluded, Judge Davis correctly weighed the balance between convenience and judicial economy, and the denial of the motion to transfer was not a patently erroneous result. In sum, the court opined, there are cases where a meaningful application of the relevant factors yields only one correct result, and mandamus may be appropriate in such cases. But in cases such as this, a meaningful application of the relevant factors yields a “reasonable range of choice.” In that event, it is entirely within the trial court’s discretion to conclude that factors of public interest or judicial economy can be of paramount consideration. And as long as there is plausible record support for that conclusion, the court will not second-guess the trial court’s decision, even if convenience factors alone call for a different result. The court cautioned, however, that its holding does not mean that once a patent is litigated in a particular venue, the holder will necessarily have a “free pass” to litigate all cases involving the patent in that venue. Instead, decision on a motion to transfer is a case-specific exercise.

#### **15. *In re Wyeth***

*In re Wyeth*, 406 Fed. Appx. 475 (Fed. Cir. 2010) is essentially a variation on *Vistaprint*. After the parties had litigated the case for 17 months the plaintiff added a claim for infringement of another patent. The defendants moved to transfer to the Northern District of California, arguing that eight witnesses who would testify about the new claim resided in that district. Disclosures earlier in the case identified as many as 13 potential witnesses in the same district, yet the defendants had not previously moved to transfer. The magistrate judge denied the motion, holding that while “convenience” factors appeared to favor transfer, the defendants’ failure to seek transfer more promptly had resulted in the expenditure of judicial effort that would be wasted if the case were transferred.

The Federal Circuit denied the petition for three reasons. First, it noted that the Fifth Circuit has emphasized that transfer motions should be filed promptly, which had not occurred in this case. Thus, the trial court had devoted resources to the case (although not to the point of claim construction), and judicial economy would be lost by transfer. Second, citing *Vistaprint*, it rejected that claim that Judge Ward had improperly given

paramount weight to judicial economy. Third, it rejected the argument that Judge Ward had improperly balanced the relevant factors.

#### **16. *In re Aliphcom***

*In re Aliphcom*, 2011 U.S. App. LEXIS 2604 (Fed. Cir. Feb. 9, 2011) is yet another variation on *Vistaprint*. In April 2010, Wi-LAN, Inc. (“Wi-LAN”) sued 28 defendants for patent infringement in the Eastern District of Texas, not including Aliphcom. It subsequently send Aliphcom an infringement letter, to which Aliphcom responded by filing a declaratory judgment action against Wi-LAN in the Northern District of California. Wi-LAN then amended its action in Texas to add Aliphcom as a defendant. Later, it later moved for an order in the California action transferring the case to the Eastern District of Texas on the theory that judicial efficiency would be served because of the overlapping issues in the cases. In addition, the judge in the Texas action had previously issued a claim construction order in another case involving the same patent, and was therefore familiar with the matter to an extent. Judge Koh granted the motion to transfer because, even though multiple convenience factors might have counseled against transfer, those factors were outweighed by concerns of judicial economy and the risk of inconsistent judgments if the declaratory judgment action remained in the Northern District of California. Aliphcom sought a writ of mandamus from the Federal Circuit directing Judge Koh to vacate her transfer order, and the Federal Circuit denied the petition on the reasoning of *Vistaprint*. Thus, considerations of judicial economy can be paramount to convenience both for purposes of denying transfer and for purposes of granting transfer.

#### **17. *In re Google***

In *In re Google, Inc.*, Misc. No. 968 (March 14, 2011) Eolas Technologies, Inc. (“Eolas”) filed suit for patent infringement against 22 defendants in the Eastern District of Texas. Eolas and four defendants were headquartered in the district, seven defendants were headquartered in the Northern District of California, and the remaining defendants were scattered throughout the rest of the country. Several (but not all) defendants moved Judge Davis to either (i) transfer the entire case to the Northern District of California, or (ii) sever the claims against the California defendants and transfer those claims to the Northern District of California. Judge Davis denied both requests and the movants filed a petition for a writ of mandamus with the Federal Circuit. That court denied the petition, holding that Judge Davis had not abused his discretion. With respect to transfer of the entire case, the court noted that while transfer would make the case more convenient for the California defendants, it would make it less convenient for the defendants located in the Eastern District of Texas. Under those circumstances, denial of transfer was not an abuse of discretion. With respect to severance and transfer of the claims against the California defendants, Judge Davis denied the request because judicial economy dictated that all of the plaintiff’s claims be tried by one court. The Federal Circuit endorsed the

ruling, noting that judicial economy plays a paramount role in trying to maintain an orderly, effective administration of justice, and having one court decide all of the claims in the case furthered that objective.

**18. *In re Verizon***

The holding in *In re Verizon Business Network Services, Inc.*, 635 F. 3d 559 (Fed. Cir. 2011) turned on the cautionary note raised in *Vistaprint*, i.e., that its holding did not mean that once a patent is litigated in a particular venue, the holder will necessarily have a “free pass” to litigate all future cases involving the patent in that venue. The proposed transferee court, the Northern District of Texas, was arguably a more convenient venue than the Eastern District of Texas. Judge Ward nevertheless affirmed the magistrate judge’s order denying a motion to transfer to the Northern District of Texas because the patent in suit had been at issue in a prior case before the court.

The Federal Circuit granted the defendants’ petition for writ of mandamus, finding that Judge Ward’s familiarity with the patent in suit through a case that had settled more than five years earlier and which had undergone reexamination proceedings in the interim was too tenuous a reason to deny transfer in the face of convenience factors strongly favoring transfer.

**19. *In re Simpson Strong-Tie Co.***

In *In re Simpson Strong-Tie Co., Inc.*, 417 Fed. Appx. 941 (Fed. Cir. 2011) Ei-Land Corporation sued various defendants in the Eastern District of Texas, including a few local hardware stores accused of selling the manufacturer defendants’ accused product. At some point, all but one of the local defendants were dropped from the case. The remaining defendants then moved to sever the claims against that defendant and transfer the claims against the other defendants to the Northern District of California.

Magistrate Judge Everingham denied the motion after balancing the relevant factors--some of which favored transfer and others of which did not--and concluding that the movants had not met their burden of showing that the Northern District of California was clearly more convenient as the venue for the case. The defendants sought a writ of mandamus from the Federal Circuit, which denied the petition. In so doing, the court distinguished the case from *In re Microsoft Corp.*, supra, on the basis that the non-Texas defendants conducted at least some operations in the Eastern District of Texas. It also rejected the argument that Ei-Land had named local retail stores as defendants in an attempt to prevent transfer, noting that (i) all but one of the hardware defendants had been dropped from the case, and (ii) the reasons for denying transfer did not include the remaining retail defendant’s presence in Texas. Thus, the decision to deny severance and transfer was not plainly incorrect and the petitioners had not met the burden necessary to justify issuance of a writ of mandamus. Interestingly, in reciting the standard for a writ of mandamus, the Federal Circuit stated that the standard “is an exacting one, requiring the

petitioner to establish that the district court's decision amounted to a failure to meaningfully consider the merits of the transfer motion."

## **20. *In re Morgan Stanley***

*In re Morgan Stanley*, Misc. Nos. 962, 964, 967 (April 6, 2011) involves three infringement cases filed by Realtime Data LLC ("Realtime") in the Eastern District of Texas. In each case, Judge Davis denied transfer to the Southern District of New York on the basis of his familiarity through prior litigation with two of the patents in suit and the underlying technology. Petitions for writs of mandamus were filed in the cases and, in a consolidated decision, the Federal Circuit granted them.

The decision is not surprising, given that (i) Realtime and 27 of the defendants were headquartered in or near the Southern District of New York, and (ii) while other defendants were located in Texas, Illinois, and other Northeast states, no party was located in (or within 100 miles of) the Eastern District of Texas. The Federal Circuit found these facts similar to those in *In re Acer, supra*, and granted mandamus because transfer would significantly minimize the cost time and expense of travel time to trial. Notably, however, the court described that result as the purpose of § 1404(a), which is not consistent with the Fifth Circuit's transfer jurisprudence. Further, the court opined that, while Judge Davis was familiar through a prior case with some of the patents in suit, the overlap with the prior case was not substantial enough to warrant denial of transfer. In so holding, it reaffirmed that the interest of justice in avoiding duplicative efforts by multiple district courts does not preclude transfer to a "far more convenient" venue. In other words, the proper administration of justice may be to transfer a case to a "far more convenient" venue even when the transferor court has some degree of familiarity with the matter. Here, the court concluded, that balance mandated transfer to the Southern District of New York. Finally, Realtime argued that court congestion--which is one of the factors specifically considered by the Fifth Circuit--weighed against transfer. The Federal Circuit rejected this argument, stating that it did not regard the prospective speed with which the case might come to trial to be of particular significance in the case. The reason, it said, was that Realtime was a non-practicing entity that did not make or sell any product that practiced the claimed invention, and therefore did not need a quick resolution of the case because its position in the market was not threatened. Nor had it pointed to any other reason that a more rapid disposition of the case would be "important enough" to be assigned significant weight in the transfer analysis.

## **21. *In re Leggett & Platt***

In *In re Leggett & Platt, Inc.*, Misc. No. 986 (July 7, 2011) the defendants in an infringement action brought in the Central District of California asked Judge Klausner to transfer the case to the Western District of Missouri pursuant to 28 U.S.C. §1404(a). When the motion was denied, they sought a writ of mandamus from the Federal Circuit. Noting that the Ninth Circuit holds that a reviewing court should override a decision not

to transfer only in rare instances, the Federal Circuit declined to do so and denied the petition. Also noting that both defendants had relevant contacts in the Central District of California, the court found that the decision below was not “plainly incorrect” and the petitioners therefore had not met the standard for issuance of a writ of mandamus.

## **22. *In re Vertical Computer Systems***

*In re Vertical Computer Systems, Inc.*, Misc. No. 985 (August 17, 2011) In this case, Interwoven, Inc. (“Interwoven”) filed a declaratory judgment action against Vertical Computer Systems, Inc. (“Vertical”) in the Northern District of California. One month later, Vertical filed an infringement action against Interwoven, and others, in the Eastern District of Texas. The Eastern District of Texas then transferred the portion of the case involving Interwoven to the Northern District of California. Vertical moved Judge Seeborg to re-transfer the case against Interwoven to the Eastern District of Texas. Upon denial of the motion, Vertical sought a writ of mandamus from the Federal Circuit directing Judge Seeborg to vacate the order denying transfer, and remanding with instructions to transfer the case. In so doing, it asked the court to disregard the first-to-file rule in favor of the Texas case.

The Federal Circuit denied the petition, noting that the first-to-file rule favors the first filed action. Though that rule is not necessarily determinative (the anticipatory race to the courthouse is one factor to consider), the court found that Vertical had not shown that the district court was clearly and indisputably incorrect in denying transfer, as it properly considered the factors relevant to transfer in this context. Note that this case does not involve transfer under 28 U.S.C. § 1404(a).

## **23. *In re Xoft***

In *In re Xoft, Inc.*, 2011 U.S. App. LEXIS 17216 (Fed. Cir. August 17, 2011) Judge Stark of the District of Delaware denied a motion to transfer venue to the Northern District of California. In so doing, he found that (i) the plaintiff’s choice of forum favored denial of the motion, (ii) the other private interest factors were neutral or only slightly favored transfer, and (iii) the public interest factors were neutral or only slightly favored transfer. Xoft, Inc. sought a writ of mandamus from the Federal Circuit directing Judge Stark to vacate the order denying transfer and transfer the case to the Northern District of California, arguing that he placed too much emphasis on the plaintiff’s choice of forum.

The Court denied the petition, holding that the district court properly considered factors relevant to transfer in the Third Circuit, and determined that they did not strongly favor transfer. The petitioner therefore did not meet its burden to justify a writ of mandamus. This case illustrates an important circuit split in transfer law. In the Third Circuit, the plaintiff’s choice of forum is a separate private interest factor, whereas in the Fifth Circuit, it is not a separate factor but is held to be subsumed into the defendant’s burden of proof to show that transfer is warranted.

## **24. *In re Board of Regents of UT System***

In *In re Board of Regents of UT System*, 2011 U.S. App. LEXIS 17234 (Fed. Cir. August, 17, 2011) Judge Armstrong of the Northern District of California transferred portions of a declaratory judgment action to the Eastern District of Texas, in which a prior case involving the same patent and some of the same parties was then pending. However, defendant Board of Regents of the University of Texas (“Board”) sought dismissal of the claims against it for lack of subject matter jurisdiction under the Eleventh Amendment. Judge Armstrong held that venue for that claim was improper and transferred it to the Eastern District of Texas under 28 U.S.C. § 1406(a). She also declined to rule on the Board’s challenge to subject matter jurisdiction. The Board petitioned the Federal Circuit for a writ of mandamus to direct Judge Armstrong to vacate her order transferring the claim against it to the Eastern District of Texas.

The Court denied the petition, holding that the Board had not met the requirements for mandamus since (i) a decision by the Eastern District of Texas denying the motion to dismiss would be immediately appealable, so that the Board did not lack an adequate remedy on appeal, and (ii) review of a transfer under § 1406(a) is not available by mandamus. Note that this case does not involve transfer 28 U.S.C. § 1404(a).

### **C. Eastern District of Texas Cases on Venue Post-*TS Tech***

Following *In re Volkswagen IIc* and *In re TS Tech*, the number of venue motions granted in the Eastern District of Texas approximately quadrupled, and the percentage of the patent docket transferred approximately doubled.

The following Eastern District venue opinions post-*In re TS Tech* provide a useful summary of the current state of venue law in the Eastern District of Texas, organized by the general topics that are of the most interest to practitioners.

#### **1. “Regional” versus “National” cases**

In *Odom v. Microsoft*, 6:08cv331 (Jan. 30, 2009) the plaintiff was an Oregon inventor (better known to many as Patent Hawk) claiming that Microsoft, the sole defendant, infringed his patent via its Office software. Microsoft sought a transfer to Oregon. The case also involved Odom's relationship with Microsoft and the Klarquist Sparkman firm in Oregon prior to suit being filed.

Judge John Love of Tyler's opinion not only cites but analyzes both *In re VW II* and *In re TS Tech*, the first Eastern District of Texas case to do both since the latter came out. Importantly, Judge Love observed that “[t]his is not a case where witnesses are spread out all over the country or the world” citing *Network-1 Sec. Solutions, Inc. v. D-Link Corp.*, 433 F. Supp. 2d 795, 800, *mandamus denied*, 183 Fed. Appx. 967 (Fed. Cir. 2006) (finding this factor neutral where witnesses were located in Connecticut, New York, California, Taiwan, and Israel). This case, Judge Love wrote, was in fact quite similar to the facts in *TS Tech*, not *Network-1*.

On the local interest factor, due to the extensive ties Oregon had to the underlying case via the contracts, etc., Judge Love concluded that there was in fact a local interest in the case in Oregon, and none (beyond the sale of infringing products which all districts likely shared) in Texas. Accordingly, after weighing the relevant factors, Judge Love transferred the case.

On the same day as *Odom v. Microsoft*, Judge David Folsom of Texarkana transferred *PartsRiver v. Shopzilla*, 2:07cv440 by a California patent owner against six California defendants (with a seventh in Washington) to California, finding that "based on the regional nature of this case, that the Northern District of California is clearly more convenient to the parties.

But the distinction between "regional" and "national" cases under the new standard began to become clear only a few days later when, in *Novartis Vaccines & Diagnostics v. Hoffman-La Roche*, 2009 WL 349760 (E.D.Tex. Feb. 3, 2009) Judge Folsom denied a motion to transfer the case from Texas to North Carolina. He found that both the parties and the sources of proof in this case were distributed nationwide, so that far from increasing convenience, a transfer from Texas to North Carolina would actually increase travel an additional eight hundred miles on average, and substantially inconvenience the West Coast witnesses. Judge Folsom concluded that the case was distinguishable from *VW* and *TS Tech*, in both of which the physical evidence was confined to a limited region. Judge Folsom denied a motion for reconsideration following *In re Genentech*. Importantly, this ruling was reversed by the Fifth Circuit in *In re Hoffman-LaRoche* in December thus calling into question the extent to which a case's "national" case can prevent transfer.

In *SMDK Corp. v. Creative Labs*, 2:08cv26 (Dec. 14, 2009), the defendants asked Judge Folsom to transfer the case to California, and at the scheduling conference the Court set the motion for hearing on January 7. Within a few days of the issuance of *In re Hoffman-La Roche*, Judge Folsom cancelled the hearing and transferred the case, noting that there were both defendants and some prior art activity in the transferee forum. According, Judge Folsom found that California was a "more convenient" forum, and thus transferred the case.

## **2. Prior/Pending Litigation**

Judge Love granted one motion to transfer and denied another in two cases filed by a plaintiff against the same defendant in February 2009. In *Invitrogen Corp. v. General Elec. Co.*, 2009 WL 331891(E.D.Tex. Feb 09, 2009) (*Invitrogen I*) the defendant GE sought transfer to Maryland, where half of the patents asserted in the Texas case had been asserted by the plaintiff's predecessor in interest against GE over an 11 year period. Judge Love found persuasive GE's claim that this case should be transferred to Maryland in order to preserve judicial economy, noting that there was "substantial overlap" between the Texas case and the now-settled Maryland case in both the patents asserted and the enforcement of the Maryland case settlement agreement.

In the second case, however, *Invitrogen Corp. v. General Elec. Co.*, 2009 WL 331889 (E.D.Tex. Feb 09, 2009) (*Invitrogen II*) Judge Love denied the motion to transfer, noting that that case lacked the decade-long prior litigation involving the patents in Maryland, and that it had little in common with the other litigation. That the patents both dealt with the field of DNA technology and the same parties was not enough. Judge Love concluded that only a couple of factors weighed slightly in favor of transfer, and accordingly denied the motion, finding that the defendant had not under these facts shown that the proposed transferee forum was "clearly more convenient."

In *Jackson v. Intel Corporation* (2-08-cv-00154) (E.D. Tex. March 19, 2009) defendant's motion to transfer venue for convenience was granted because the "plaintiff had litigated with more than 75 parties over the patent-in-suit in the transferee district."

In *Dura Operating Corp v. Magna International Inc. et al* (6-08-cv-00455) (E.D. Tex. March 26, 2010) Defendants' alternative motion to transfer venue was granted. "[P]ending litigation between Plaintiff and two of the defendants involving similar technology in the Eastern District of Michigan, in conjunction with these other factors, tips the scales in favor of transfer." The existence of prior pending litigation was also a factor weighing against transfer in *MedIdea LLC v. Zimmer Holdings, Inc., et al*, 2:09-cv-00258 (E.D. Tex. March 8, 2010) but the Federal Circuit expressly rejected it as a basis for denying transfer under the facts of that case in *In re Zimmer*.

In *Bandspeed, Inc. v. Acer, Inc. et al.*, No. 2:10-cv-215, Dkt. No. 546 (E.D. Tex. Aug. 15, 2011) Judge Ward transferred the case to where a prior suit had been filed. In *Ameranth, Inc. v. Par Technology Corp., et al.*, No. 2:10-cv-294, Dkt. No. 112 (E.D. Tex. Aug. 16, 2011) Judge Everingham noted that creating multiple lawsuits weighs against transfer.

*Rembrandt Vision Technologies LP v. Johnson & Johnson Vision Care, Inc.*, No. 2:09-cv-0200, Dkt. No. 85 (E.D. Tex. July 19, 2011) is an intriguing case. In it, Judge Ward excused the extremely late filing because it was filed only after his retirement was announced, which substantially affected the judicial economy factor in this case, which involved patents which had previously been litigated in his court.

### **3. No Infringement in the District**

In *Fifth Generation Computer Corporation v. International Business Machines Corporation*, 9:08cv00205, a Judge Clark case out of Lufkin decided February 17, 2009. Judge Clark noted that the plaintiff could not show any infringing acts in the Eastern District at all, so it joins the virtually unanimous list of Eastern District cases holding that motions to transfer will be granted when there is no alleged infringement occurring in the district. The facts in this case were weighted heavily in favor of a transfer, and the result likely would have been the same prior to either *VW* or *TS Tech*.

#### **4. Defendant Not Subject to Personal Jurisdiction in Transferee District**

In *Locked & Loaded Products, Inc. v. Kinedyne Corp., et al.*, No. 6-10-cv-00484, Dkt. No. 38 (E.D. Tex. Aug. 10, 2011) Judge Love held that the court can't rely on consent to personal jurisdiction to transfer venue. In *Intravisual, Inc. v Fujitsu Limited, et al.*, No. 2:10-CV-90-TJW (E.D. Tex. Sept. 20, 2011) the moving Defendants failed to prove non-moving Defendants would be subject to personal jurisdiction in transferee district. One non-moving defendant had objected to personal jurisdiction anywhere in U.S. but later stipulated to it in "this court" (E.D. Tex.), but the moving defendants failed to establish that NXP was subject to personal jurisdiction in California.

#### **5. "Clearly More Convenient"**

Most current Eastern District cases focus, not surprisingly, on the "clearly more convenient" standard required by *In re Volkswagen II*.

In *j2 Global Communications Inc v. Protus IP Solutions Inc.*, (6:08-cv-00211) (E.D. Tex. Feb. 20, 2009) Judge Love denied the motion for reconsideration of his order denying transfer in this case in light of *In re TS Tech*. Judge Love noted that while transfer to California might be slightly more convenient for the parties, it would be no more convenient for this globe-encompassing mass of nonparty witnesses identified by the defendants, so overall this factor was neutral.

Judge Ward issued his first opinion in a patent case since *In re VW II* or *In re TS Tech* in late February of 2009. In *MHL TEK, LLC v. Nissan Motor Co et al*, (2:07cv00289) (E.D. Tex. Feb. 23, 2009) Judge Ward was asked to reconsider his decision of September 10, 2008<sup>6</sup> denying the defendants' motion to transfer the case to Michigan. Judge Ward concluded that "the defendants have not shown that the Eastern District of Michigan is clearly more convenient than the plaintiff's chosen forum" and therefore denied the motion to reconsider.

The structure of the case is of some importance, especially since it resulted in an affirmance by the Federal Circuit and represents perhaps the most thorough analysis of the standard. Plaintiff is a Texas corporation with offices in Michigan. Defendants are various foreign auto companies and subsidiaries. Four defendants reside in Germany, three in California, two in Japan, two in South Korea, two in New Jersey, one each in Michigan, Tennessee, Alabama, Georgia, South Carolina, Indiana, and Virginia. Judge Ward found that the Eastern District would, at least, be just as convenient or inconvenient to most of the defendants as the desired transferee district. Based on his travel calculations, Judge Ward found that under the 100-mile rule, the Texas court, rather than

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Interestingly, Judge Ward's venue orders in what became *In re TS Tech*, *In re Telular* and *In re Volkswagen IV* all issued on September 10, 2008.

the Michigan one, was more centrally located to the scattered distribution of party witnesses.

Judge Ward made clear that he was not reading the sources of proof factor out of the analysis, but given that the plaintiff's documents were being produced in Marshall, only one defendant was from Michigan (and it had two related companies in the litigation, so the question of where its documents actually were was an open one), and the vast majority of the other documents were located elsewhere - plus that this case did not involve physical evidence, this factor did not support transfer. He specifically contrasted this case from *TS Tech* and *VW II*, where all of the documents and physical evidence was either located in the transferee forum, or much more convenient to it.

Judge Ward's analysis of the factor of judicial economy disclosed an interesting set of facts. Following the filing of this case by MHL, Volkswagen filed a declaratory judgment lawsuit against MHL, involving the same three patents, in the Eastern District of Michigan. The Michigan judge transferred Volkswagen's second-filed lawsuit to Judge Ward. Volkswagen petitioned the Federal Circuit for a writ of mandamus directing the Michigan judge to vacate his transfer order, making essentially the same arguments asserted in this motion for reconsideration regarding the inconvenience resulting from a trial in Marshall. The Federal Circuit denied Volkswagen's petition, finding that Volkswagen arguments were "only general assertions regarding convenience." *In re Volkswagen of America, Inc.*, 296 Fed. Appx. 11, 14 (Fed. Cir. 2008). "In the light of this guidance from the Federal Circuit," Judge Ward wrote, "this Court is inclined to deny defendants' motion." Judge Ward also noted that there was a previously filed case by this plaintiff against different defendants but involving the same patent filed in his court. "With two other cases involving the exact same patents before this Court, granting defendants' motion for transfer in the present case would cut against principles of judicial economy and increase the risk of inconsistent adjudication."

As previously noted, Volkswagen filed another petition for mandamus following Judge Ward's order which was denied on May 22. *See In re Volkswagen*, 566 F.3d 1349 (Fed. Cir. 2009).

In *Motorola Inc v. Vtech Communications, Inc. et al* (5-07-cv-00171) Judge Caroline Craven of Texarkana recommended denial of defendants' motion to transfer of a case involving witnesses and evidence in the U.S., Canada, Hong Kong, and China, finding that "[t]he central location of the Eastern District of Texas in relation to this international suit makes this district as convenient a location as Oregon." The Federal Circuit later denied a petition for writ of mandamus in this case.

In *RealTime Data, LLC d/b/a Ixo v. Packeteer, Inc. et al* (6-08-cv-00144) (E.D. Tex. March 5, 2009) ten of the thirteen defendants filed a motion to transfer, claiming that the case should be transferred to the Northern District of California. "While Defendants point to the Northern District of California as the location for a significant source of proof," Judge Love wrote, "they ignore the remaining sources of proof which originate from numerous locations." At its heart, the motion asked Judge Love to evaluate which

of the parties were more important, something he was not willing to do at this stage. In the end, he found that transfer would make things easier for some parties, but more difficult for others, and on balance "a transfer from this District to the Northern District of California would merely redistribute the inconvenience". Accordingly, he denied the motion.

In *Sanofi-Aventis Deutschland GmbH v. Genentech, Inc.*, 607 F.Supp.2d 769, (E.D.Tex. 2009) Judge Clark noted that several private and public interest factors favored transfer to the Northern District of California, but concluded that on balance, the factors favored retaining the case in the Eastern District of Texas. "Key to the court's decision are the facts that Defendant [defendant] has, in the recent past, found it convenient to avail itself of this forum as a Plaintiff; the question of whether [plaintiff] is subject to personal jurisdiction in the Northern District remains an open one, and significant judicial resources could be saved by retaining the case, thus mooting that question; [one of the defendants] has no presence – corporate, research, or otherwise – in the Northern District [of California]; litigation in California would be more expensive and quite possibly more time-consuming; cases which proceed to trial in the Eastern District, especially patent cases, are resolved in significantly less time than they are in the Northern District; and, despite the fact that none of the parties has a research or corporate presence in this District, the residents of the Eastern District have an interest in the outcome of this case because the allegedly infringing products are pharmaceuticals are sold here." Notably, this was the decision which the Federal Circuit reversed in *In re Genentech*, 566 F.3d 1338, (Fed. Cir. 2009).

In *Konami Digital Entertainment Co, Ltd. et al v. Harmonix Music Systems, Inc. et al* 2009 WL 781134 (E.D. Tex. March 23, 2009) Judge Love denied defendants' motion to transfer writing that "[o]n a motion to transfer venue in an action for patent infringement, the geographic location of physical evidence must be taken into account. Here, these materials are spread throughout the country and the nation, and therefore [the transferee forum] is not a clearly more convenient forum to access sources of proof for all parties. With respect to sources of proof that are purely electronic information. . . it does not follow that transfer to [the transferee forum] where Defendant . . . would have relevant source code would be more convenient for anyone."

Despite defendants' objections to a PriceWaterhouseCoopers study regarding trial delays, the court found that "Plaintiffs have provided reliable evidence that patent cases go to trial, on average, just less than two years quicker in [the Eastern District of Texas] than in the District of Massachusetts, creating a reasonable inference that the parties would suffer prejudice from the delay in trial transfer would cause."

The court also found significant that "[d]efendants file[d] the instant Motion. . . over six months after Plaintiffs' original Complaint was filed. . . Should this case now be transferred, both parties would suffer the delay and prejudice of losing both the Markman and trial dates currently set."

In *Vasudevan Software, Inc. v. Int'l. Business Machines Corp.*, 2009 WL 3784371 (E.D. Tex. Nov. 10, 2009) Judge Ward granted a motion to transfer venue of a patent infringement action to the Northern District of California. The parties were scattered across the nation. The patentee resided in North Carolina. The accused infringers resided in New York and California, and the accused products had been designed and developed in California. Judge Ward found that the Eastern District of Texas had no connection with the suit and gave little weight to the fact that one of the accused infringers had a training facility in Plano, Texas where it trained personnel on using the accused product, and granted the motion to transfer.

In *Deep Nines, Inc. v. McAfee, Inc.*, 2009 WL 3784372 (E.D. Tex. Nov. 10, 2009), the court wrote that “It is clear that where there is no connection with Texas or the Eastern District of Texas, venue is improper.” Although denying the motion to transfer in *Deep Nines*, the court arrived at its decision only after painstakingly identifying the numerous contacts the action had with the forum. Specifically, the court found that one accused infringer maintained an office in the Eastern Texas forum, and that witnesses within the court’s subpoena power resided in Dallas. Additionally, the court noted that it had previously adjudicated a related dispute between the parties and the terms of the settlement agreement, governed by Texas law, were at issue in the current case, which gave the court an advantage in applying Texas law over the proposed transferee forum in Minnesota.

In *Versata Software, Inc., et al v. Internet Brands, Inc. et al*, 2009 WL 3161370 (E.D. Tex., September 30, 2009) Judge Chad Everingham of Marshall denied a motion to dismiss for lack of personal jurisdiction, improper venue and to transfer for inconvenient venue. Plaintiffs were Austin, Texas-based companies. Defendants were located in California, Canada and Michigan. Judge Everingham held that the defendants' interactive websites satisfied the test for personal jurisdiction, which in turn made venue proper, citing *Trintec v. Pedre*. After balancing the various factors, the Court concluded that the defendants had not met their burden to show that the Western District of Texas was "clearly more convenient".

In *Digital-Vending Services International, LLC v. University of Phoenix, Inc., et al* (2:08-cv-91) (9/30/09) Judge Everingham denied the defendants' motion to transfer to the District of Columbia as moot because he granted the alternative motion to transfer to a different location. Although Plaintiff opposed Defendants' motion to transfer to DC and argued that a transfer was not appropriate, Plaintiff argued that if the Court determined that transfer was appropriate, that a transfer to the Eastern District of Virginia is more convenient and appropriate than a transfer to the District of Columbia. Judge Everingham agreed and sent the case to Virginia, where he found that numerous witnesses were located.

In *TiVo v. AT&T*, 2:09-cv-259 (9/17/10) Microsoft and AT&T sought to sever and stay the claims against them and transfer them to California (leaving claims against a related AT&T company pending in Texas).

Judge Folsom agreed with TiVo's arguments that it was unclear whether the AT&T entity seeking severance was sufficiently unrelated to the other AT&T entity in terms of the accused activities that the claims against one could be said to be "peripheral" to the other. Such a determination would require a more fully developed record, the Court observed, and accordingly it denied the requested severance.

The Court noted that the factual record before it indicated that the relevant evidence existed in both California and Texas, distinguishing the case from *Genentech* and *In re Nintendo*, where there was no evidence located within the State of Texas, and bringing it closer to *Vtech*, where there was. (In doing so, the Court was careful to note that it did not take into consideration the presence of the 4 court files from the related *Echostar* case, "which would have remained in California but for that litigation" citing *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333,1337 (Fed. Cir. 2009) ("But, if not for this litigation, it appears that the documents would have remained a source of proof in California.")).

The same basic story applied to the witnesses as well - both California and Texas had some witnesses, and unlike *In re Volkswagen*, neither district would have "absolute" subpoena power. And as a result of *In re Genentech*, the Court was not permitted to examine which of the identified witnesses were truly "key". So, again, the case was distinguishable from *Genentech* and *In re Nintendo*, where there were no witnesses located within the State of Texas. But, since the California court had more "usable" subpoena power, the factor weighed in favor of transfer nonetheless.

Judge Folsom's analysis of the "cost of attendance of witnesses" factor sets out in sharp relief the conflict in recent Federal Circuit caselaw on the convenience of foreign witnesses.

In light of recent case law, the focus of the inquiry appears to be the U.S. witnesses, as foreign witnesses will be required to travel a significant distance no matter where they testify. *Genentech*, 566 F.3d at 1344; see also *Novartis Vaccines and Diagnostics, Inc. v. Wyeth*, No. 2:08-cv-067, 2010 WL 1374806, at \*2 (E.D. Tex. Mar. 31, 2010) ("When applying the 100-mile rule, a court should not place too much weight to the relative inconvenience for overseas parties and witnesses."); *but see Nintendo*, 589 F.3d at 1199 (discussing that the Japanese witnesses would have to travel an additional 1,756 miles or 7 hours by plane to Texas than to Washington state).

There were no foreign witnesses to address, it appears, so the Court did not have to decide which opinion to follow. But as the witnesses again split between California and Texas, the Court could not say that a transfer would be a net benefit. The same thing happened with the "local interest" factor - it was split between Texas and California. The Court agreed that judicial economy weighed against transfer because of the prior, related litigation - although not as heavily as the plaintiff contended.

In the end, following a 20-page opinion consisting almost completely of discussion and analysis of the hotly contested facts as to each of these elements, Judge Folsom concluded that it could not be said that the Northern District of California was a clearly more convenient forum, and therefore the motion was denied.

In *On Semiconductor v. Hynix Semiconductor*, 6:09cv390 (9/30/10), Plaintiffs asserted five patents against four groups of defendants. The Court noted that with one exception the defendants were corporate families with their main headquarters in Asia and U.S. headquarters in California, although one group's design work was done in Texas. Judge Davis went through the various factors, starting with the location of documents. While they were spread throughout the world, the majority of the U.S. documents appeared to be closer to California than Texas. With respect to witnesses, some were subject to subpoena in California, but none in Texas, and with respect to the cost of obtaining their attendance, while they were, again, spread throughout the world, slightly more were in California than Texas. Same thing with local interest - both states had an interest, but California's was slightly greater than Texas.

Judge Davis identified as a key factor in this case - in fact the factor that eventually tipped the scale in favor of transfer - as something that the parties apparently did not focus on, and that was his finding that the Eastern District was a "very questionable venue" for defendant NTC Texas which, although located in Texas, had very scarce contacts with the Eastern District. If the Court granted that motion to dismiss the plaintiff would have to prosecute two separate cases, with the attendant judicial economy issues, or give up its claims against NTC Texas. Thus a transfer alleviated this issue because there was no dispute that all parties were amenable to suit in the Northern District of California.

In conclusion, Judge Davis wrote that whether transfer would be "clearly more convenient" for the parties and witnesses was a close call, but the certainty that the Northern District of California would be proper venue as to all defendants "tips the scales in favor of transfer."

## **6. Documents in Texas**

In *Innoband, Inc. v. Aso Corp. & Aso LLC*, No. 2:10-cv-191, 2011 U.S. Dist. LEXIS 21986 (E.D. Tex. Mar. 4, 2011) Judge Everingham noted that many relevant documents were in Florida, and numerous relevant sources of proof were in Texas, and concluded that this factor was neutral. Transfer was denied. In *SimpleAir, Inc. v. Apple Inc., et al.*, No. 2:09-cv-289, Dkt. No. 213 (E.D. Tex. June 15, 2011) Judge Everingham held that there was a considerable amount of evidence in E.D. Tex. vs other evidence scattered through country and that this weighed against transfer, as did the fact that there were documents closer to E.D. Tex. than transferee forum.

## **7. Time to Trial**

In *Global Sessions LP. v. Travelocity.com LP, et al.*, No. 6:10-cv-671, Dkt. No. 153 (E.D. Tex. Aug. 26, 2011) (Tyler Division) Judge Love held that there needs to be more than a month's difference in time to trial to make a difference.

## **8. Severance and Transfer**

In *IP Co., LLC v. Intus IQ*, 2:09cv37 (E.D. Tex., Aug. 3, 2009), Judge Folsom denied a motion by one defendant for a severance and transfer of the plaintiff's claims against it. Noting that a severance would create an additional case and that the Federal Circuit recently counseled in *In re VWIII* that the existence of multiple suits involving the same issues is a "paramount consideration" when determining whether a transfer is in the interest of justice, Judge Folsom denied the motion.

In *Balthasar Online, Inc. v. Network Solutions, LLC*, 2009 WL 2952230 (E.D. Tex. Sept. 15, 2009) the patentee sued several accused infringers who resided in California, and some who resided elsewhere. After the accused infringers moved to transfer, the patentee amended its complaint to add additional accused infringers, including some who resided in the Eastern District of Texas. In considering the transfer motion, the court determined that the Texas defendants were small businesses who were not major players in the accused infringement. Accordingly, the court severed the Texas defendants from the case, and stayed the infringement claims against the Texas defendants. It then granted the accused infringers' motion to transfer the case to California.

In *Eolas v. Adobe*, 6:09cv446 (9/28/10) Judge Davis denied a request to sever the defendants and transfer, noting that it would not promote judicial economy.

## **9. "Connection to the Case"**

In *HTI IP v. DriveOK, Inc.*, 2010 WL 3075200 (E.D. Tex. Aug. 4, 2010) Judge Davis was confronted with a case in which the parties were located throughout the country (and Canada) with with a general concentration on the West Coast. One of the defendants, Xirgo, moved for transfer to the Southern District of California, and two other defendants joined. Judge Davis' opinions spends a full five pages providing a summary of the current state of the law as to the various factors, then a sixth of personal jurisdiction issues before holding that. Significantly, the analysis proper is just over two paragraphs, ending with the statement that "[w]hile the Eastern District of Texas may be a central location for all the parties, the Court's convenience as a centralized location cannot overcome its very limited connection to this case." In this case, while there were documents and witnesses widely distributed, the connections were no more than "scant", while the Southern District of California was home to one defendant, and neighbor to the home of another. Accordingly, the Court held that transfer was justified.

## 10. Plaintiff's Location

The significance of the plaintiff's location changed dramatically in recent district court cases, in response to the Federal Circuit's holding in *In re Zimmer*.

In *Personal Audio v. Apple*, decided on February 11, 2010, Judge Clark denied the defendant's motion to transfer. The facts of that case are significant, as this case represents a major holding on motions to transfer venue and a petition for mandamus was later denied by the Federal Circuit.

Personal Audio is a Texas company with an office in the Eastern District of Texas where it keeps many of its original documents. Transfer was requested to Massachusetts, but none of the defendants have their principal places of business there. Two of the defendants' offices are in New York, but another two defendants have principal places of business which are closer to Lufkin, Texas. Judge Clark concluded that many witnesses, documents and evidence would have to travel a significant distance to trial regardless of which forum and held that, at most, defendants could show that there may be some non-party interest in the District of Massachusetts which he held did not meet the defendants' burden of showing that Massachusetts is clearly more convenient than the Eastern District of Texas.<sup>1</sup>

A major issue in this case was that Personal Audio, LLC became a legal valid entity upon its incorporation, which was shortly before filing of the suit. "The court has found neither statute that states, nor case that holds, that there is a mandatory waiting period in which a plaintiff cannot file suit in a judicial district after incorporating in that district." Judge Clark also noted that while the plaintiff's only office, located in Beaumont, contained the originals of many of its corporate documents, including most of those relating to prosecution and assignment of the patents in suit, the original assignment history of the patents, and the remaining documents from the prior plaintiff's predecessor company, neither the plaintiff nor any defendant has any contact with, or documents in, the proposed transferee venue of Massachusetts.

Judge Clark also pointed out that, "it is common, for example, for a business to incorporate in the State of Delaware in order to take advantage of that state's corporate tax laws and its courts experience in corporate matters. The court has not found any case holding that such a "strategic" incorporation should be held against a corporation when analyzing venue or jurisdiction." This holding – that a party's incorporating in a venue deserves deference regardless of when or why it occurs – was repeated the next month in a Marshall case, which would make the same holding but which would be set aside on mandamus..

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<sup>1</sup> Significant to Judge Clark was that Apple had previously represented to him in *Affinity Labs* that it had five former employees who resided in the Northern District of California and had relevant information in that case. As in that case, the accused products in *Affinity Labs* included the iPod and iPhone. Judge Clark held that, "it is difficult to believe that these employees were relevant in the *Affinity Labs* case, but not here."

In *Medldea, LLC v. Zimmer Holdings, Inc. et al.*, 2:09cv00258 (E.D. Tex., March 8, 2010) Judge Ward denied the defendant's motion to transfer venue, declining to scrutinize the plaintiff's reason for relocation to the Eastern District of Texas. "[Defendant] argues that [plaintiff] moved its location from Ann Arbor to Longview as a sham concocted simply in anticipation of this litigation. . . . [A] business opens its doors in a particular location for a number of considerations, including the cost of rent, market profitability, cost of doing business, and tax benefits. The Court declines to scrutinize litigants' business decisions in order to determine whether opening an office in a particular location has a legitimate business purpose or is merely a 'tactic . . . to manipulate venue.' Moving a business to a particular location is not the type of activity that, on its face, serves no purpose but to manipulate venue." As noted above, the Federal Circuit reversed this holding in *In re Zimmer*. A major difference between *Personal Audio* and *Medldea* may have been that the defendants in the former did not seek transfer to a district where they lived, and the latter did.

In *Eolas v. Adobe*, 6:09cv446 (9/28/10), Defendant Adobe sought a transfer to California. The party lineup includes some 23 defendants, with several located in Texas, and four in the Eastern District of Texas proper. Judge Davis first rejected the request to sever defendants, noting that it would not promote judicial economy.

A noteworthy part of the Court's analysis in this case was its attention to the plaintiff's location in the Eastern District. While careful to note that he was not giving weight to the plaintiff's choice of forum, as it is already included in the weight a defendant must carry to justify a transfer, the Court rejected defendants' contention that the plaintiff's location should be rejected because it is "recent and insubstantial," or a "sham location to manipulate venue," noting that while *Eolas* did recently relocate to the Eastern District of Texas, it was conducting its normal business here. Defendants contended that *Eolas*'s recent relocation from Illinois to Texas is an attempt to manipulate venue, but *Eolas* pointed out that it receives more favorable tax treatment in Texas than in Illinois. Judge Davis concluded that while *Eolas*'s relocation is recent, it was not ephemeral. He wrote, "Eolas appears to have genuinely relocated its business to Texas and is conducting its business affairs in the normal course of its business in this District. The Court will not create a time-based litmus test for how long a plaintiff must reside in this District before bringing suit here. It would be substantially more convenient for *Eolas* to continue suit here." The Court also declined to presume that *Eolas* only sued the Texas defendants to manipulate venue.

## **11. Conclusion**

Taking the above cases together, we are continuing to see that the major effect of *VW* and *TS Tech* locally is the distinction between "regional" and "national" cases, with cases such as *MHL Tek* (affirmed by the Federal Circuit) now continuing the approach endorsed by Federal Circuit opinions such as *Network-1* and *In re Telular* of keeping "national" cases, *Odom v. Microsoft* and *PartsRiver* continuing the approach endorsed by

the Federal Circuit in *In re TS Tech* and *In re Genentech* of transferring cases where the parties (or at least the defendants) are closely grouped geographically, *Invitrogen I* continuing the line of cases transferring cases where prior litigation raises issues of judicial economy (endorsed by both of the Federal Circuit's *In re Volkswagen* opinions), and *Fifth Generation* continuing the line of cases transferring where no infringing activity in the district is shown.

In general, "regional" cases are either not being filed or are being transferred. The Eastern District judges are uniformly looking to see whether the proposed transferee forum is "clearly more convenient" and the cases are decided based on the particular facts under that standard, although an emerging factor seems to be whether there is a substantial "Texas" connection to the litigation as well. The plaintiff's location appears to have weight where it is not "insubstantial," but the "sham" location or activities that are "recent and ephemeral" or which can be characterized as an "artifact of litigation" will receive none.

Perhaps the best generalization that can be made is that transfers are easier to obtain in some cases, but paradoxically more difficult in others and that the recent caselaw has simply changed the types of cases that can be brought in Texas district courts. The effect of *TS Tech* is that some cases will be transferred, and even more will not being filed in the Eastern District of Texas in the first place.

Of course, all of this refers only to cases predating the enactment of §299, discussed *infra*, which prohibits joinder of defendants in infringement actions in many cases. It also does not take into account the effect of any Federal Circuit rulings in pending mandamus proceedings which solicit a holding under Fed. R. Civ. P. 20, that defendants making different products cannot be joined together in infringement actions.<sup>2</sup> Both overshadow much of the prior caselaw described above.

But the final word on these cases – at least for the moment - should go to Judge Leonard Davis who provided the following in the *On Semiconductor* case:

Motions to transfer in patent cases have become almost common place. Often, defendants merely seek to move the litigation to their home district under the assumption that since the plaintiff chose the forum where the case was filed, it cannot be a "good" venue for the defendant. The transfer issue becomes almost a separate litigation within the case, with discovery being taken and hundreds of thousands of dollars being spent to litigate the issue. Each side seeks to identify every possible witness and document in the United States that might support their position, the vast majority of whom will not be deposed, called to testify, or offered at trial.

The Court has serious questions over whether such a fight is in a client's best interest. As recognized by the transfer factors, litigating away

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<sup>2</sup> See *In re EMC*, Misc. Docket No. 100 (Fed. Cir., Sept. 9, 2011) (Plaintiff's response due Sept. 22, 2011).

from home does pose an increased cost in transporting documents to the trial location and housing party representatives and witnesses for the trial. However, as judged by the boxes of documents that often fill this Court's courtroom that go unopened at trial, the vast majority of documents are not needed. As for the cost or convenience of housing party representatives and witnesses, many will spend long hours and late nights during trial preparing for the next day and will thus effectively be "away from home" during trial, even if the trial is in their home town. While the Court does place importance on the ability to bring truly necessary third-party witnesses to testify, such an occasion or need is fairly rare in this Court's experience. In the cases this Court has tried, the vast majority of the witnesses are being paid by one side or the other. But because documents, witnesses, and third-party witnesses have been identified as important to the transfer analysis, each sides seeks to unearth or identify every document and person that might have some connection to the case and is closer to their chosen forum, even though in this Court's experience these documents and witnesses are unlikely to ever see the inside of the courtroom. In this instance, their convenience supports transfer, and the parties can begin anew in a new court, with the attendant expenses associated with such a change of venue.

#### **D. Patent Reform Act**

As a result of *In re Volkswagen* and *In re TS Tech*, in late March of 2009 the Senate Judiciary Committee approved a version of the Patent Reform Act that contained only a provision drafted by Sen. John Cornyn (R-Tex.)<sup>2</sup> which essentially codified the "clearly more convenient" test from *In re Volkswagen*, rather than adopting a more radical approach to modifying venue in patent cases.

In 2010 negotiations resulted in stripping out virtually all litigation related provisions – including this one - but shortly before the current legislation passed the House in June 2011, a "joinder" provision that had never been considered by either chamber in committee was added via manager's amendment, and remained part of the legislation as enacted. It provides;

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The actual language as passed by Senate Judiciary would have amended 28 U.S.C. §1400 by adding at the end the following:

“(e) CHANGE OF VENUE.—For the convenience of parties and witnesses, in the interest of justice, a district court shall transfer any civil action arising under any Act of Congress relating to patents upon a showing that the transferee venue is clearly more convenient than the venue in which the civil action is pending.”.

**‘§ 299. Joinder of parties**

(a) **JOINDER OF ACCUSED INFRINGERS.**—With respect to any civil action arising under any Act of Congress relating to patents, other than an action or trial in which an act of infringement under section 271(e)(2) has been pled, parties that are accused infringers may be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, or counterclaim defendants only if—

(1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process; and

(2) questions of ~~law or~~ fact common to all defendants or counterclaim defendants will arise in the action.

(b) **ALLEGATIONS INSUFFICIENT FOR JOINDER.**—For purposes of this subsection, accused infringers may not be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, based solely on allegations that they each have infringed the patent or patents in suit.

(c) **WAIVER.**—A party that is an accused infringer may waive the limitations set forth in this section with respect to that party.

*Leahy-Smith America Invents Act*, Pub. L. 112–12, H.R. 1249, 112th Cong., § 19(d) (1st Sess. 2011). Importantly, the amendment applies only to any civil action commenced on or after the date of the enactment of this Act, September 16, 2011. Since the legislation tracked the language of Fed. R. Civ. P. 20(a) in large part, the new sections shown above are underlined (and in one case prior language stricken-through) to make clear how this joinder provision differs from the default under FRCP 20.

The House Report on the legislation claimed that new section 299 “legislatively abrogates the construction of Rule 20(a) adopted in *MyMail, Ltd. v. America Online, Inc.*, 223 F.R.D. 455 (E.D. Tex. 2004); *Sprint Communications Co. v. Theglobe.com, Inc.*, 233 F.R.D. 615 (D. Kan. 2006); *Adrain v. Genetec Inc.*, 2009 WL3063414 (E.D. Tex. September 22, 2009); *Better Educ. Inc. v. Einstruction Corp.*, 2010 WL 918307 (E.D. Tex. March 10, 2010); *Mannatech, Inc. v. Country Life, LLC*, 2010 WL 2944574 (N.D. Tex. July 26, 2010); *Alford Safety Services, Inc., v. Hot-Hed, Inc.*, 2010 WL 3418233 (E.D. La. August 24, 2010); and *Eolas Technologies, Inc. v. Adobe Systems, Inc.*, 2010 WL 3835762 (E.D. Tex. September 28, 2010)—effectively conforming these courts’ jurisprudence to that followed by a majority of jurisdictions. *See generally Rudd v. Lux Products Corp.*, 2011 WL 148052 (N.D. Ill. January 12, 2011).” See H.R. Rep. No. 112–98, pt. 1, at 55 n.61.

It must be said, however, that the legislative abrogation did not extend to infringement actions under 271(e)(1), *i.e.* Hatch-Waxman claims involving pharmaceuticals, which remain under the existing provisions of Rule 20.

Whatever the intent, the new legislation's effect on multidefendant patent litigation is not known with certainty. The following are some of the questions remaining to be resolved about the legislation:

- What is the "same accused product or process"?
- What about cases involving overlapping products?
- What about cases involving overlapping claims?
- Are severed cases decided standalone for venue facts?
- How will courts apply caselaw on judicial economy?
- Is partial consolidation for trial available for invalidity or other common issues other than infringement?

The legislation permits consolidation for pretrial, and permits joinder of cases of defendants if the claims arise out of the same accused product or process. Presumably, then, the legislation will at the very least transform the existing practice of joinder for venue purposes from a practice of "horizontal" joinder to "vertical" joinder with the key organizing principle being not the patent being infringed, but the product being sold. To what extent it will extend across products is unknown, as is whether it will effectively refer all multidefendant patent litigation to multidistrict litigation under 28 U.S.C. §1407.

### **III. CONCLUSION**

I hope that the above has been a helpful overview of recent activity in the field of venue practice in multidefendant patent litigation in the Eastern District of Texas.

MCS  
10/5/2011