

***Is there Escape from Marshall?  
The Future of Venue in the  
Eastern District of Texas for  
Patent Cases***

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***THE EASTERN DISTRICT OF TEXAS***

➤ **Eastern District of Texas**

**Among leading U.S. patent venues**

- ▶ Recent filings rival
  - ⌘ C. D. California (Los Angeles)
  - ⌘ N.D. California (Silicon Valley)
  - ⌘ S.D.N.Y. (NYC)
  - ⌘ E.D. Virginia (Alexandria)
  - ⌘ N.D. Illinois (Chicago)

➤ **Reasons for Popularity**

- ▶ Rocket Docket
- ▶ Perceived as plaintiff friendly
- ▶ Local Patent Rules
- ▶ Local Expertise

## **VENUE ISSUES GOVERNED BY REGIONAL CIRCUIT LAW**

- **Fifth Circuit Law Governs Eastern District of Texas in Matters not related to substantive patent law**

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## **INTRODUCTION**

- ***In re TS Tech*: Federal Circuit granted *mandamus* transferring case from E.D. Texas**
  - ▶ Provides detailed standard governing transfer analysis under Fifth Circuit Law
- ***In re Telular* (non-precedential, denies *mandamus*)**
- ***In re Genentech*: Federal Circuit again grants *mandamus*, ordering transfer case from E. D. Texas and emphasizing *TS Tech* standard**
- ***In re Volkswagen of America*: Federal Circuit denies *mandamus*, and emphasizes role of judicial economy in deciding transfer**
- **Eastern District of Texas has decided motions to transfer after *TS Tech*.**
  - ▶ Where does the Eastern District stand now?
  - ▶ What factors weigh heavily in decisions to grant or deny transfer?

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## FIFTH CIRCUIT VENUE STANDARDS

### ➤ *In re Volkswagen of America, Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (en banc)

- ▶ Products liability action arising from fatal traffic accident in Dallas (Northern District of Texas)
- ▶ Plaintiffs sued VW in Marshall, Texas (Eastern District of Texas) for alleged design defects
  - ⊗ All witnesses and events related to accident were in Dallas
  - ⊗ None in Eastern District
    - No known source of proof, party, or non-party witness in E.D. Texas
  - ⊗ Volkswagen filed third-party complaint against driver who resided in Dallas for negligence in causing accident

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### *In re Volkswagen of America, Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (en banc)

- VW filed motion to transfer case from Eastern to Northern District of Texas (Dallas Division)
- Eastern District Court (Ward, J.) denied transfer motion *Singleton v. Volkswagen of Am., Inc.*, 2006 U.S. Dist. LEXIS 65006 (E.D. Tex. Sept. 12, 2006)
- VW filed for a writ of *mandamus* in the Fifth Circuit
  - ▶ Initially denied by 3-judge panel (223 Fed. Appx. 305 (5th Cir. 2007))
  - ▶ *Mandamus* granted by second 3-judge panel (*In re Volkswagen of Am., Inc.*, 506 F.3d 376 (5th Cir. 2007))
  - ▶ *En banc* review granted *In re Volkswagen of Am., Inc.*, 517 F.3d 785 (5th Cir. 2008)

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***In re Volkswagen of America, Inc.*, 545 F.3d 304, 315  
(5th Cir. 2008) (en banc)**

➤ **28 U.S.C. § 1404(a)**

▶ “For the convenience of the parties and witnesses, and in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.”

➤ **Threshold Issue: Could action have been brought in requested transferee court?**

➤ **Motion should be granted upon a showing that the transferee venue is "clearly more convenient" than the venue chosen by the plaintiff**

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***In re Volkswagen of America, Inc.*, 545 F.3d 304, 315  
(5th Cir. 2008) (en banc)**

➤ **Fifth Circuit Analyzes Public and Private Interest Factors that are reviewed in forum *non conveniens* motions:**

➤ **Fifth Circuit’s Private Interest Factors:**

- (1) the relative ease of access to sources of proof
- (2) the availability of compulsory process to secure the attendance of witnesses
- (3) the cost of attendance for willing witnesses (more weight given to non-party witnesses); 100 mile rule
- (4) all other practical problems that make a trial easy, expeditious and inexpensive

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***In re Volkswagen of America, Inc.*, 545 F.3d 304, 315  
(5th Cir. 2008) (en banc)**

➤ **Fifth Circuit's Public Interest Factors:**

- (1) the administrative difficulties flowing from court congestion
- (2) the local interest in having localized interests decided at home
- (3) the familiarity of the forum with the law that will govern the case
- (4) the avoidance of unnecessary problems of conflicts of laws or in the application of foreign law

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***In re Volkswagen of America, Inc.*, 545 F.3d 304, 315  
(5th Cir. 2008) (en banc)**

➤ **What weight is to be given to plaintiff's choice of forum?**

- ▶ Not an independent factor in the analysis
- ▶ Deference to choice is manifested in "significant burden" on defendant to demonstrate the transferee court is "clearly more convenient" than original venue

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***In re Volkswagen of America, Inc.*, 545 F.3d 304, 315  
(5th Cir. 2008) (en banc)**

- **District Court erred in finding relative ease of access to sources of proof was neutral factor**
  - ▶ All evidence was in the Northern District
  - ▶ District court's finding that advances in copying technology and information storage reduces burden of production improperly wrote this factor out of the analysis
- **District Court erred in finding availability of compulsory process was neutral factor**
  - ▶ E.D. had no ability to subpoena witnesses
  - ▶ N.D. had subpoena power

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***In re Volkswagen of America, Inc.*, 545 F.3d 304, 315  
(5th Cir. 2008) (en banc)**

- **District Court erred in finding that the cost of attendance for willing witnesses was neutral factor**
  - ▶ Fifth Circuit precedent *requires* cost to be reviewed when the original and proposed venue are >100 miles apart

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***In re Volkswagen of America, Inc.*, 545 F.3d 304, 315  
(5th Cir. 2008) (en banc)**

- **District Court erred in finding that “local interest” analysis was neutral**
  - ▶ Although the accident occurred in Dallas, Texas, the citizens of Marshall, Texas, “would be interested to know whether there are defective products offered for sale in close proximity to the Marshall Division.”
  - ▶ District Court’s “Local Interest” Finding Was Error
    - ✦ There was simply “No relevant factual connection to the Marshall Division”

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***In re Volkswagen of America, Inc.*, 545 F.3d 304, 315  
(5th Cir. 2008) (en banc)**

- **Fifth Circuit Criticized District Court’s rationale:**
  - ▶ Stretches logic in a manner that eviscerates the public interest that this factor attempts to capture
  - ▶ Could apply virtually to any judicial district or division in the United States
  - ▶ Leaves no room for consideration of those actually affected--directly and indirectly--by the controversies and events giving rise to a case
- **Fifth Circuit Granted Mandamus ordering transfer to N.D. Texas, Dallas Division.**

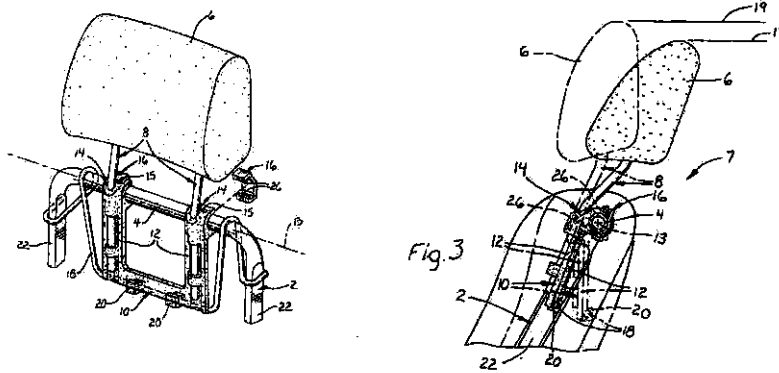
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***In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008)**

➤ **U.S. Patent 5,378,043, "Vehicle Pivotal Headrest"**

Claimed headrest pivotally attached to the seat, allowing the headrest to move forward, toward the passenger's head, upon rear impact



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***Lear Corp. v. TS Tech USA Corp.*, 2008 U.S. Dist. LEXIS 105072 (E.D. Tex. Sept. 10, 2008)**

➤ **Patent Assigned to Lear Corporation**

- ▶ Lear alleged infringement that consisted of defendants' manufacture and sale of headrests to Honda for use in Honda vehicles sold throughout U.S.
- ▶ No party was located in the Eastern District or in Texas
  - Plaintiff Lear Corp. incorporated in Delaware PPB in Michigan
  - Two Defendants (TS Tech North America, Inc. and TS Tech USA Corp.) incorporated in Ohio with PPB in S.D. Ohio
  - Third related defendant (TS Tech Canada, Inc.) incorporated and PPB in Ontario, Canada
- ▶ Allegedly infringing parts sold throughout United States

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***Lear Corp. v. TS Tech USA Corp.*, 2008 U.S. Dist. LEXIS 105072 (E.D. Tex. Sept. 10, 2008)**

- **Defendants moved for transfer to S.D. Ohio (28 U.S.C. § 1404(a))**
- **E.D. Texas (Ward, J.) denied transfer:**
  - ▶ Plaintiff's choice of forum will not be disturbed unless clearly outweighed by other factors
    - ✦ Choice is "neither controlling nor determinative," but still a factor to be considered and to be afforded deference in the absence of good cause
  - ▶ Convenience of parties and witnesses:
    - ✦ Convenience of parties neutral because no party resides in Texas
    - ✦ Convenience of non-party witnesses neutral: Moving party failed to identify "key" non-party witnesses who would be inconvenienced, outline their testimony or show their inconvenience

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***Lear Corp. v. TS Tech USA Corp.*, 2008 U.S. Dist. LEXIS 105072 (E.D. Tex. Sept. 10, 2008)**

- ▶ **Availability of Witnesses and Compulsory Process**
  - ✦ Neutral (apparently not contested)
- ▶ **Availability and Location of Sources of Proof**
  - ✦ Documents and physical evidence located in S.D. Ohio and Canada
  - ✦ BUT, court found that majority of evidence is stored electronically, making this less significant, and concluding documents could be easily transported to Marshall, Texas
- ▶ **Local Interest: Weighs Against Transfer**
  - ✦ Accused products sold in Eastern District
  - ✦ Citizens of Eastern District have "substantial interest" in whether acts of patent infringement have occurred in this district and within state

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### ***In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008)**

- **Federal Circuit granted a writ of *mandamus* and ordered transfer from the E. D. Texas to S.D. Ohio**
  - ▶ Applied Fifth Circuit Analysis Required by *Volkswagen*
- **Ruled The District Court Made Four Significant Errors In Failing to Transfer**
  - ▶ Gave “inordinate” weight to Lear’s choice of venue
    - Plaintiff’s choice not a separate factor, but given deference by requiring moving party to show “significant” burden and that transfer must be “clearly more convenient”
  - ▶ Ignored Fifth Circuit precedent in assessing the cost of attendance for witnesses (100-mile Rule)
  - ▶ Ignored relative ease of access to sources of proof (remains factor, even if material produced electronically)
    - Note: Some evidence (allegedly infringing headrests) was physical
  - ▶ Exaggerated local interest – E.D. Texas had no more or no less interest in adjudicating dispute than any other district

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### **The Federal Circuit Revisits Venue in the E. D. Texas**

- ***In re Telular Corp.*, 2009 U.S. App. LEXIS 7192 (Fed. Cir. Misc. Dock. No. 899, April 3, 2009)**
  - ▶ Non-precedential Decision Denying *Mandamus*
  - ▶ Stressed “extraordinary burden” to grant *mandamus*
    - *Mandamus* inappropriate if “a rational legal argument exists in support of trial court’s ruling”
  - ▶ Noted that *mandamus* could be granted if facts overwhelmingly supported transfer

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## The Federal Circuit Revisits Venue in the E. D. Texas

### ➤ *In re Telular Corp.*, 2009 U.S. App. LEXIS 7192 (Fed. Cir. Misc. Dock. No. 899, April 3, 2009)

- ▶ Plaintiff alleged infringement of patent related to system for transmitting alarm data through cellular network
- ▶ Plaintiff resided in Dallas
- ▶ Defendant resided in Illinois, but had distributor in E. D. Texas that installed alarm systems capable of allegedly infringing transmissions through venue
- ▶ Defendant's witnesses in Illinois and Atlanta

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## The Federal Circuit Revisits Venue in the E. D. Texas

### ➤ *In re Telular Corp.*, 2009 U.S. App. LEXIS 7192 (Fed. Cir. Misc. Dock. No. 899, April 3, 2009)

- ▶ No "clear" abuse of discretion in Denying Transfer
  - ⊠ Court weighed competing facts
  - ⊠ Conclusion was reasonably supported
- ▶ "Starkly" contrasted with TS Tech, where facts "overwhelming" supported transfer

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## The Federal Circuit Revisits Venue in the E. D. Texas

### ➤ Difficulty in Obtaining *Mandamus* Review

#### ▶ Extraordinary relief

- ▣ Reserved for correcting “clear” abuse of discretion or usurpation of judicial authority
- ▣ Party must show
  - No other means of obtaining relief desired
  - That it has “clear and indisputable” right to issuance of writ
- ▣ Meeting “Abuse of discretion” standard that would lead to reversal on ordinary appeal is insufficient for grant of extraordinary writ

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## *In re Genentech and Biogen Idec, Inc.*, 566 F.3d 1338 (Fed. Cir. May 22, 2009)

- Granted *mandamus* ordering transfer to N.D. California
- Patent infringement suit brought by German Plaintiff Sanofi-Aventis Deutschland GmbH
- Defendants located in Northern and Southern Districts of California
- Defendants sought transfer to N.D. California
  - ▶ E. D. Texas has no relation to any evidence or witnesses
  - ▶ 10 of Defendants’ material witnesses in N.D. California
  - ▶ 4 of Defendants’ witnesses elsewhere in California
  - ▶ All of Defendants’ documents in N.D. California or S.D. California

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***In re Genentech and Biogen Idec, Inc.*, 566 F.3d  
1338 (Fed. Cir. May 22, 2009)**

➤ **Convenience of Witnesses and Parties**

- ▶ District Court erred in finding convenience only “slightly” favored transfer
- ▶ District Court erred in focusing inquiry on “key” witnesses
  - ✦ A higher standard than appropriate
  - ✦ Party need only identify witnesses with relevant and material information
- ▶ District Court erred in “rigid” application of 100 mile rule
  - ✦ Plaintiff’s witnesses will be significantly inconvenienced by travel to U.S.
  - ✦ Only slightly less convenient to travel to California than Texas
  - ✦ Compare to greater inconvenience to other, non-party witnesses
- ▶ District Court erred in reliance on its “centralized” location
  - ✦ Witnesses not widely scattered
    - Witnesses concentrated in/around N.D. California
    - No witnesses in E.D. Texas venue
- ▶ District Court erred in requiring Defendants to show convenience of witnesses supported transfer only if more convenient for all of witnesses

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***In re Genentech and Biogen Idec, Inc.*, 2009 U.S. App.  
LEXIS 10882 (Fed. Cir. May 22, 2009)**

➤ **Availability of Compulsory Process**

- ▶ **Favored Transfer**
  - ✦ Substantial number of witnesses in N.D. California
  - ✦ No witnesses in E. D. Texas

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***In re Genentech and Biogen Idec, Inc.*, 566 F.3d 1338 (Fed. Cir. May 22, 2009)**

- **Access to Evidence: Favored transfer**
  - ▶ Defendants' documents in N.D. California, S.D. California
  - ▶ Plaintiffs' documents in Germany
  - ▶ No evidence in E.D. Texas
  - ▶ Significant burden to produce evidence in E.D. Texas
    - ⌘ Reiterated it was error to ignore burden when documents to be produced electronically

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***In re Genentech and Biogen Idec, Inc.*, 566 F.3d 1338 (Fed. Cir. May 22, 2009)**

- **Court erred in relying on Genentech's prior suit in E.D. Texas**
- **Conclusion:**
  - ▶ Defendants showed venue "clearly" more convenient in N.D. Cal.

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***In re Volkswagen of America, Inc.*, 566 F.3d 1349 (Fed. Cir. May 22, 2009)**

➤ **Plaintiff MHL, Texas company operated out of offices in Auburn Hills, Michigan**

▶ **3 lawsuits**

- ✎ Infringement suit against >20 international car companies and American subsidiaries (E. D. Texas)
- ✎ Infringement suit against 8 international car companies (E. D. Texas, same patents)
- ✎ VW's declaratory judgment action in E. D. Michigan
  - Previously transferred to E. D. Texas

▶ **Motion to transfer arose from first suit, to which VW was defendant**

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***In re Volkswagen of America, Inc.*, 566 F.3d 1349 (Fed. Cir. May 22, 2009)**

➤ ***Mandamus* denied**

- ▶ Existence of multiple lawsuits with same issues of “paramount” consideration
- ▶ Would be wasteful of judicial resources to order transfer
- ▶ District court’s decision based on “rational argument” based on judicial economy

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## **CHALLENGING VENUE AFTER TS TECH**

### ➤ **Post-*TS Tech* Motions to Transfer From E. D. Texas In Published Patent Cases**

- ▶ Judges are undertaking detailed analyses of each of the *Volkswagen* factors
- ▶ Between *TS Tech* decision and *In re Genentech*:  
5 motions granted; 7 motions denied (41% granted)
- ▶ After *Genentech*: 5 motions granted; 14 motions denied  
(26% granted)

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## **CHALLENGING VENUE AFTER TS TECH**

### ➤ **Successful Motions to Transfer Between *TS Tech* and *Genentech***

- ▶ *Jackson v. Intel Corp.*, 2009 U.S. Dist. LEXIS 22117 (E.D. Tex. March 19, 2009) (Ward, J.) (transfer to N.D. Illinois)
- ▶ *Fifth Generation Computer Corp. v. IBM Corp.*, 2009 U.S. Dist. LEXIS 12502 (E.D. Tex. Feb. 13, 2009) (Clark, J.) (transfer to S.D.N.Y.)
- ▶ *Invitrogen v. G.E. Co.*, 2009 U.S. Dist. LEXIS 9127 (E.D. Tex. Feb. 9, 2009) (Love, Magistrate Judge) (transfer to D. Maryland)
- ▶ *Partsriver, Inc. v. Shopzilla, Inc.*, 2009 U.S. Dist. LEXIS 12482 (E.D. Tex. Jan. 30, 2009) (Folsom, J.) (transfer to N.D. Cal.)
- ▶ *Odom v. Microsoft Corp.*, 596 F. Supp. 2d 995 (E.D. Tex. 2009) (Love, Magistrate Judge) (transfer to D. Oregon)

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## CHALLENGING VENUE AFTER TS TECH

### ➤ Unsuccessful Motions to Transfer Between *TS Tech* and *Genentech*

- ▶ *AT&T Intellectual Property I, L.P. v. Airbiguity Inc.*, 2009 U.S. Dist. LEXIS 25100 (N.D. Tex. March 24, 2009) (Lynn, Magistrate Judge)
- ▶ *Konami Digital Entertainment Co. v. Harmonix Music Systems, Inc.*, 2009 U.S. Dist. LEXIS 24748 (E.D. Tex. March 23, 2009) (Love, Magistrate Judge)
- ▶ *Sanofi-Aventis Deutschland GMBH v. Genentech, Inc.*, 2009 U.S. Dist. LEXIS 22108 (E.D. Tex. March 19, 2009) (Clark, J).
- ▶ *MHL TEK LLC v. Nissan Motor Co.*, 2009 U.S. Dist. LEXIS 13676 (E.D. Tex. Feb. 23, 2009) (Ward, J.)
- ▶ *J2 Global Comm'n, Inc. v. Protus IP Solutions, Inc.*, 2009 U.S. Dist. LEXIS 13210 (E.D. Tex. February 19, 2009) (Love, Magistrate Judge).
- ▶ *Invitrogen v. G.E. Co.*, 2009 U.S. Dist. LEXIS 9113 (E.D. Tex. Feb. 9, 2009) (Love, Magistrate Judge)
- ▶ *Novartis Vaccines and Diagnostics Inc. v. Hoffman-La Roche Inc.*, 597 F. Supp. 2d 706 (E.D. Tex. 2009)

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## CHALLENGING VENUE AFTER TS TECH

### ➤ Successful Motions to Transfer After *Genentech*

- ▶ *Orinda Int'l. Properties USA Holding Group, Inc. v. Sony Corp.*, 2009 U.S. Dist. LEXIS 98881 (E.D. Tex., Sept. 29, 2009) (Everingham, Magistrate Judge) (transfer to N.D. Cal.)
- ▶ *Digital-Vending Services, Int'l. LLC v. Univ. of Phoenix*, 2009 U.S. Dist. LEXIS 90908 (E. D. Tex., Sept. 30, 2009) (Everingham, Magistrate Judge) (transfer to E. D. Virginia, plaintiff's alternative motion))
- ▶ *Balthasar Online, Inc. v. Network Solutions, LLC*, 2009 U.S. Dist. LEXIS 89409 (E. D. Tex., Sept. 15, 2009) (Folsom, J.) (granted in part, denied in part)
- ▶ *Abtrax, Inc. v. Sun Microsystems, Inc.*, 2009 U.S. Dist. LEXIS 77393 (E. D. Tex., Aug. 28, 2009) (Everingham, Magistrate Judge)
- ▶ *Fujitsu Ltd. V. Tellabs Operations, Inc.*, 2009 U.S. Dist. LEXIS 58288 (E. D. Tex. July 7, 2009) (Davis, J.) (transfer to N.D. Ill.)

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## CHALLENGING VENUE AFTER TS TECH

### ➤ Unsuccessful Motions to Transfer After *Genentech*

- ▶ *Mondis Tech. Ltd. v. Top Victory Electronics (Taiwan) Co.*, 2009 U.S. Dist. LEXIS 103394 (E.D. Tex., Oct. 23, 2009) (Ward, J.)
- ▶ *Versata Software, Inc. v. Internet Brands, Inc.*, 2009 U.S. Dist. LEXIS 90935 (E. D. Tex., Sept. 30, 2009) (Everingham, Magistrate Judge)
- ▶ *Mediostream, Inc. v. Microsoft Corp.*, 2009 U.S. Dist. LEXIS 90952 (E. D. Tex., Sept. 30, 2009) (Everingham, Magistrate Judge)
- ▶ *Novartis Vaccines and Diagnostics, Inc., v. Bayer Healthcare LLC*, 2009 U.S. Dist. LEXIS 89117 (E. D. Tex., Sept. 28, 2009) (Ward, J.)
- ▶ *Adrain v. Gentec Inc.*, 2009 U.S. Dist. LEXIS 86855 (E. D. Tex., Sept. 22, 2009) (Everingham, Magistrate Judge)
- ▶ *Emanuel v. SPX Corp.*, 2009 U.S. Dist. LEXIS 86094 (E. D. Tex., Sept. 21, 2009) (Love, Magistrate Judge)
- ▶ *Document Generation Corp. v. Allscripts, LLC*, 2009 U.S. Dist. LEXIS 77424 (E. D. Tex., Aug. 27, 2009) (Davis, J.)

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## CHALLENGING VENUE AFTER TS TECH

### ➤ Unsuccessful Motions to Transfer After *Genentech* (con't)

- ▶ *Centre One v. Vonage Holdings Corp.*, 2009 U.S. Dist. LEXIS 69683 (E. D. Tex., Aug. 10, 2009) (Davis, J.) (motion to sever and transfer denied)
- ▶ *LML Patent Corp. v. JP Morgan Chase & Co.*, 2009 U.S. Dist. LEXIS 93615 (E. D. Tex., Aug. 3, 2009) (Folsom, J.)
- ▶ *Motiva LLC v. Nintendo Co. Ltd.*, 2009 U.S. Dist. LEXIS 55406 (E. D. Tex. June 30, 2009) (Davis, J.)
- ▶ *Aten Int'l. Co. v. Emine Tech. Co.*, 2009 U.S. Dist. LEXIS 53764 (E.D. Tex. June 25, 2009) ((Davis, J.)
- ▶ *Chirife v. St. Jude Medical, Inc.*, 2009 U.S. Dist. LEXIS 50482 (E.D. Tex. June 16, 2009) ((Davis, J.)
- ▶ *Aloft Media, LLC v. Yahoo!, Inc.*, 2009 U.S. Dist. LEXIS 48716 (E. D. Tex. June 10, 2009) (Love, Magistrate Judge)
- ▶ *Acceleron, LLC v. Egenera, Inc*, 2009 U.S. Dist. LEXIS 48162 (E. D. Tex. June 9, 2009) (Davis, J.)

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## **VENUE AFTER TS TECH**

### **➤ Factors Weighing Heavily in Post-*TS Tech* Orders Granting Transfer From E. D. Texas**

#### **▶ Judicial economy**

- ✦ Significant prior litigation regarding patents-in-suit in transferee court
  - Invitrogen I – three of six patents previously litigation in D. Maryland (compare Invitrogen II, issued same day)
  - Jackson – plaintiff previously sued 75 parties in multiple lawsuits on same patent in N.D. Ill.
  - Judicial Economy may be weighed very heavily (J2 Global)

- ✦ Judicial economy may be determinative

#### **▶ Motion to Sever?**

- ✦ Usually denied due to multiplicity of cases (*Adrain, Centre One*)
- ✦ *But see Balthasar* (motion granted as to original defendant, denied as to additional Texas defendants added after TS Tech)

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## **VENUE AFTER TS TECH**

### **➤ Factors Weighing Heavily in Post-*TS Tech* Orders Granting Transfer From E. D. Texas**

#### **▶ The dispute is focused on some localized region away from the Eastern District of Texas:**

- ✦ Most or all parties and witnesses located in or near transferee court (e.g., *Partsriver* – plaintiff and six of seven defendants located in transferee court)

- ✦ Reduces cost to non-party witnesses – 100 mile rule
  - Witnesses are concentrated in or around transferee district

- ✦ Sources of proof are concentrated in or around transferee district

#### **▶ It appears that an out-of-state plaintiff has filed a suit in an arbitrary forum to which it and the dispute have no connection**

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## CHALLENGING VENUE AFTER TS TECH

### ➤ Factors Weighing Heavily in Post-*TS Tech* Orders Granting Transfer From E. D. Texas (cont.)

- ▶ Local Interest favoring transferee court
  - ✦ Relevant contracts executed in transferee district
    - Odom, development contract
    - Invotrogen I – settlement agreement
  - ✦ Facts and occurrences underlying equitable defenses taking place in transferee district
    - invotrogen I – contract underlying patent exhaustion defense executed in D. Maryland
  - ✦ Interpretation of another state’s laws (Odom)
- ▶ Lack of any “relevant connection” to E.D. Texas
  - ✦ No operative facts, witnesses or parties in Eastern District of Texas
  - ✦ Case where any district has equal interest in trying dispute (*Odom, Fifth Generation*)
- ▶ Majority of witnesses within subpoena power of transferee court and not in subpoena power of E. D. Texas
- ▶ Truly Local or Regional Dispute involving transferee district
  - ✦ All or virtually all parties located in transferee district (*Partsriver, Orinda Intellectual Property, Digital Vending Services*)
  - ✦ All parties located in transferee court AND no infringing acts in E.D. Texas (*Fifth Generation Computer* – accused IBM supercomputers located in S.D.N.Y., were not sold in E.D. Texas)

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## CHALLENGING VENUE AFTER TS TECH

### ➤ Factors Weighing Heavily in Post-*TS Tech* Orders Denying Transfer From E. D. Texas

- ▶ Judicial Economy
  - ✦ Related cases pending in transferor court (*Mondis*)
  - ✦ Past experience with subject patents in transferor court
- ▶ Plaintiff located in E.D. Texas (*Acceleron, Aloft Media, LLC*)
- ▶ Lack of showing that transfer is significantly more convenient
  - ✦ Specifically tally witnesses and costs to each one to attend trial in E.D. Texas (AT&T)
- ▶ Defendants, witnesses and evidence widely distributed around country or globe (*Versata Software, Novartis Vaccines*)
  - Note: 100-mile rule not rigidly applied to foreign parties and witnesses
- ▶ Production of evidence not more burdensome in E. D. Texas
  - ✦ Widely distributed evidence; evidence not concentrated in transferee district
- ▶ Markedly slower transferee court coupled with evidence that speed to trial is important to plaintiff and that plaintiff has prosecuted suit speedily
  - ✦ Rarely a factor (e.g., Guantanamo cases in District of Columbia in *Digital Vending Services*)
- ▶ Application of Texas laws
  - ✦ Odom, dicta – interpretation of Texas law would weigh against transfer

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## Future of E. D. Texas as Venue for Patent Cases

- ***TS Tech* and *In re Genentech* narrow availability of E. D. Texas as venue in some cases**
  - ▶ Regional disputes
  - ▶ Cases where plaintiff has no connection to E.D. Texas, and venue is *clearly* more convenient in proposed venue
- **E. D. Texas will continue to be important venue in many cases**
  - ▶ Widely distributed parties, witnesses, and evidence
  - ▶ Plaintiff with ties to E. D. Texas
  - ▶ Application of Texas law
  - ▶ Related cases in E. D. Texas, past litigation on same patents
- **Plaintiffs should evaluate factors to establish venue before filing**
- **Defendants should evaluate factors to determine transferability**

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Robert A. McFarlane is a partner in Townsend and Townsend and Crew LLP's litigation group. He is a registered patent attorney who specializes in patent infringement and other intellectual property disputes and counseling, as well as trade secret, software performance and complex commercial matters involving high-tech companies. He has represented clients in courts throughout the United States, and has litigated infringement matters involving a wide range of technologies including semiconductor fabrication and power devices, microprocessor and computer hardware design, optics and optoelectronics, textile chemistry, optical character recognition, and consumer products.

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