

# FORUM SHOPPING AND VENUE TRANSFER IN PATENT CASES: MARSHALL'S RESPONSE TO *TS TECH* AND *GENENTECH*

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Patents play an ever more integral role in today's economy,<sup>1</sup> resulting in an increase in patent infringement suits and declaratory judgment actions as patent holders fight to enforce their rights.<sup>2</sup> Nationally, over 2500 patent infringement lawsuits were filed per year in 2006, 2007, 2008, and 2009.<sup>3</sup>

Patents provide value to their holders in varying contexts. Start-ups and established corporations use patents for a variety of purposes, including securing venture capital funding, solidifying a position in the marketplace, and maintaining a monopoly on innovation.<sup>4</sup> Moreover, both practicing and non-practicing patent owners enforce their exclusive rights via licensing and litigation. As companies look to secure market share through their patent portfolios and non-practicing entities strive to maintain control over their patents for strategic purposes, the legal world has witnessed a corresponding increase in patent litigation.

The resulting law suits can have enormous economic consequences for alleged infringers. An expensive and time-intensive patent infringement suit can put a company out of business with legal fees, block its key products from the marketplace, or harm its national reputation.<sup>5</sup>

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1. See Stuart J.H. Graham et al., *High Technology Entrepreneurs and the Patent System: Results of the 2008 Berkeley Patent Survey*, 24 BERKELEY TECH L.J. 1255, 1277 tbl.1 (2010) (reporting that 82% of venture-backed companies hold patents).

2. See ROBERT P. MERGES & JOHN F. DUFFY, PATENT LAW AND POLICY: CASES AND MATERIALS 11 (4th ed. 2007) ("Since the creation of the Federal Circuit [in 1982], patents have been held valid more frequently . . . . It is also much easier to get an injunction against an infringer. And money damages have soared too . . . .").

3. LEX MACHINA, STATISTICS: PATENT INFRINGEMENT FILINGS 2006–2009, <http://lexmachina.com/cases/statistics>; see also *infra* Table 1.

4. Graham et al., *supra* note 1, at 1299 fig.2 (reporting startups' motivations for patenting).

5. See, e.g., Stephen B. Maebius & Leon Radomsky, *Nanotech Company Files for Bankruptcy After Being Sued for Patent Infringement: A Case for Strategic Use of Reexamination*, MONDAQ BUS. BRIEFING, July 21, 2009, available at <http://www.mondaq.com/unitedstates/article.asp?articleid=83424> (reporting that almost one million dollars in owed legal fees from defending a patent infringement suit drove Evident Technologies to file for bankruptcy).

Because of the high stakes on both sides, every element of a patent infringement suit (or declaratory judgment action) is critical to the outcome. This includes the choice of forum by plaintiffs, which has long been recognized as important in patent infringement actions.<sup>6</sup> As plaintiffs strive to choose the forum most favorable to their case, several federal district courts have become patent litigation “hotbeds.”<sup>7</sup> Some emerged because of their reputation as “rocket docket,”<sup>8</sup> and the most notable hotbed, due to a variety of factors, explained *infra*, is the Eastern District of Texas.<sup>9</sup>

Until recently, defendants in the Eastern District of Texas had a very hard time transferring out of the district, but three recent appellate decisions (one Fifth Circuit and two Federal Circuit) clarified the standard governing whether to transfer venue out of that district under 28 U.S.C. § 1404(a).<sup>10</sup> These appellate decisions granted writs of mandamus to overturn transfer denials out of the Eastern District of Texas, holding that venue transfer should be granted only if, upon balancing the forum non conveniens factors, the transferee venue is “clearly more convenient.”<sup>11</sup> The Eastern District of Texas has since transferred more cases, aligning its analysis with the circuit court decisions.<sup>12</sup> The Federal Circuit has granted additional writs of mandamus to overturn transfer denials, adding to the precedential weight of the Fifth Circuit and Federal Circuit courts’ decisions.<sup>13</sup>

This Note discusses the ramifications of the recent appellate decisions overturning denials of transfer out of the Eastern District of Texas. Part I sets forth the legal background for personal jurisdiction, venue, and transfer

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6. See Comment, “Convenient Forum” v. “Friendly Forum”: Transfer of Venue in Patent Litigation, 10 STAN. L. REV. 367, 368 (1958) (identifying plaintiffs’ motives to forum shop to be “harassment of the defendant” or “benefit to the plaintiff”).

7. See *infra* Table 1 (listing the ten most popular patent litigation districts).

8. See, e.g., Gina Carter, “Rocket Docket” Speeds Patent Infringement Suits, WIS. TECH. NETWORK NEWS, Mar. 14, 2007, <http://wistechnology.com/articles/3771/> (“In the world of IP litigation, lawsuits generally take years. Lawsuits launched from Madison’s rocket docket progress at light speed by comparison, often settling in a few months or going to trial within about a year.”).

9. See generally Yan Leychik, *Of Fire Ants and Claim Construction: An Empirical Study of the Meteoric Rise of the Eastern District of Texas as a Preeminent Forum for Patent Litigation*, 9 YALE J.L. & TECH. 193 (2007) (describing how and why the Eastern District of Texas emerged as a popular forum for patent litigation).

10. *In re Genentech*, 566 F.3d 1338 (Fed. Cir. 2009); *In re TS Tech USA, Corp.*, 551 F.3d 1315 (Fed. Cir. 2008); *In re Volkswagen of Am., Inc. (Volkswagen I)*, 545 F.3d 304 (5th Cir. 2008).

11. E.g., *Volkswagen I*, 545 F.3d at 315; see also *infra* Section II.A.

12. See *infra* Part III.

13. See, e.g., *In re Nintendo Co.*, 589 F.3d 1194 (Fed. Cir. 2009); *In re Hoffmann-La Roche, Inc.*, 587 F.3d 1333 (Fed. Cir. 2009); see also *infra* Section II.B.

requirements in federal courts, discusses the general concept of forum shopping, and explores the Eastern District of Texas' status as a patent litigation hotbed. Part II analyzes recent appeals from the Eastern District of Texas and the resulting transfer standard that the transferee venue be "clearly more convenient." Part III reviews the subsequent trends in venue decisions in the Eastern District of Texas, examines which factors have guided such decisions, and explores the tactics plaintiffs are developing to prevent transfer in light of the recent shift in case law. Finally, Part IV considers the venue provisions in pending patent reform proposals in light of the "clearly more convenient" transfer standard.

## I. THE LAW AND PRACTICE OF FORUM SELECTION

Jurisdiction over major patent infringement actions can normally be established in almost any federal district court.<sup>14</sup> A few jurisdictions have developed patent-specific "local rules," generally desired by plaintiffs, and some have made their courtrooms more amenable to patent infringement plaintiffs, resulting in an increase in "forum shopping" for infringement suits.<sup>15</sup> Until recently, it was very difficult for defendants to transfer cases out of these patentee friendly jurisdictions. But in 2008 the Federal Circuit issued a ruling, *In re TS Tech USA, Corp.*, granting a writ of mandamus for venue transfer out of the Eastern District of Texas.<sup>16</sup> This decision paved the way for defendants to transfer their cases to a more convenient forum. This Part summarizes the personal jurisdiction and venue requirements in federal courts, explains the venue transfer rules, introduces the concept of forum shopping between the federal district courts in patent cases, and focuses on Marshall, Texas within the Eastern District of Texas as the most prominent patent litigation venue.

### A. ESTABLISHING JURISDICTION IN PATENT CASES

Federal subject matter jurisdiction over patent cases dates back to the Judiciary Act of 1789,<sup>17</sup> and by statute lies exclusively in the federal courts.<sup>18</sup>

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14. *See infra* Section I.A.

15. *See infra* Section I.C.

16. *In re TS Tech USA, Corp.*, 551 F.3d 1315, 1318 (Fed. Cir. 2008).

17. Judiciary Act of 1789, ch. 20, § 11, 1 Stat. 73, 78. This was confirmed to apply to patent infringement suits by the Supreme Court in 1857, and the first patent-specific venue statute was enacted in 1897. William C. Rooklidge & Renee L. Stasio, *Venue in Patent Litigation: The Unintended Consequences of Reform*, 20 INTELL. PROP. & TECH. L. J. 1, 1 (2008) (discussing the history of venue in patent infringement actions).

18. *See* 28 U.S.C. § 1338(a) (2006) ("The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety

This subject matter jurisdictional rule allows patent infringement actions to be brought in any federal district court, provided that both venue and personal jurisdiction requirements are met. Plaintiffs thus have considerable leeway in choice of forum because personal jurisdiction is almost always possible anywhere in the United States.

To establish personal jurisdiction over a defendant, the forum must be one with which the defendant has “certain minimum contacts with it such that the maintenance of the suit does not offend ‘traditional notions of fair play and substantial justice.’”<sup>19</sup> This minimum contacts requirement can be met by “purposeful availment” by the defendant (such as selling products) in the forum jurisdiction.<sup>20</sup> To decide if personal jurisdiction requirements are met, “[a] court must consider the burden on the defendant, the interests of the forum State, and the plaintiff’s interest in obtaining relief,”<sup>21</sup> as well as overall judicial efficiency and “the shared interest of the several States in furthering fundamental substantive social policies.”<sup>22</sup> Thus, when a defendant engages in commercial activities aimed towards a particular forum’s residents, she can be pulled into litigation there if her due process requirements are met.<sup>23</sup> In most patent infringement actions, the jurisdictional requirement is easily met because any company trying to sell its products on the national stage will thus be subject to suit in most or all districts.

Once jurisdiction over the defendant is established, the venue statute for patent infringement actions, 28 U.S.C. § 1400(b), provides that: “Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>24</sup> The general venue statute, 28 U.S.C. § 1391(c) provides a more detailed definition of the term “reside,” defining a corporate defendant to “reside in any judicial

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protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.”)

19. *Int’l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945) (quoting *Milliken v. Meyer*, 311 U.S. 457, 463 (1940)).

20. *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475–76 (1985) (“Where the defendant ‘deliberately’ has engaged in significant activities within a State, or has created ‘continuing obligations’ between himself and residents of the forum, he manifestly has availed himself of the privilege of conducting business there, and because his activities are shielded by ‘the benefits and protections’ of the forum’s laws it is presumptively not unreasonable to require him to submit to the burdens of litigation in that forum as well.” (internal citations omitted)).

21. *Asahi Metal Indus. Co. v. Super. Ct.*, 480 U.S. 102, 113 (1987).

22. *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292 (1980).

23. U.S. CONST. amend. XIV, § 1; *Burger King*, 471 U.S. at 475–76.

24. 28 U.S.C. § 1400(b) (2006).

district in which it is subject to personal jurisdiction at the time the action is commenced.”<sup>25</sup> Though the patent venue statute was historically distinct from the more general venue provision,<sup>26</sup> the Federal Circuit held in *VE Holding Corp. v. Johnson Gas Appliance Co.* that the meaning of the term “resides” as defined in the patent statute should be interpreted in accordance with the general venue statute.<sup>27</sup> The Federal Circuit thus interprets the jurisdiction and venue requirements in intellectual property disputes to meet the required “minimum contacts” test when an accused infringing product is placed into the “stream of commerce.”<sup>28</sup> Thus, most large national corporations can be brought into patent infringement actions in almost any of the ninety-four different federal district courts, as defendant corporations are subject to patent infringement lawsuits anywhere that they are subject to personal jurisdiction.<sup>29</sup>

#### B. VENUE TRANSFER

The American legal system provides plaintiffs the luxury of forum selection.<sup>30</sup> This flexibility for plaintiffs, however, can pull defendants into jurisdictions that may be unfriendly or geographically inconvenient. The first-filed suit traditionally had preference in corresponding declaratory judgment actions (to render a patent invalid or not infringed) and patent infringement suits, because both fell under the venue transfer provision, explained, *infra*.<sup>31</sup> This changed in *Micron Technology, Inc. v. Mosaid Technologies, Inc.*, when a declaratory judgment action was filed in the Northern District of California

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25. 28 U.S.C. § 1391(c) (2006).

26. See 8 DONALD S. CHISUM, CHISUM ON PATENTS § 21.02 (2) (2009) (explaining that “[b]efore the 1988 Judicial Code amendments, the courts interpreted § 1400(b) as exclusive of all other statutory provisions on venue”).

27. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1578 (Fed. Cir. 1990) (holding that “[o]n its face, § 1391(c) clearly applies to § 1400(b), and thus redefines the meaning of the term ‘resides’ in that section”).

28. See, e.g., *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1566 (Fed. Cir. 1994) (“[D]efendants, acting in consort, placed the accused fan in the stream of commerce, they knew the likely destination of the products, and their conduct and connections with the forum state were such that they should reasonably have anticipated being brought into court there.”).

29. Corporations are subject to personal jurisdiction anywhere they sell products to residents of a particular forum as this is “purposeful availment” of using the forum’s resources, and therefore could be pulled into litigation in that jurisdiction. See *Asahi Metal Indus. Co. v. Super. Ct.*, 480 U.S. 102, 110 (1987).

30. Kevin M. Clermont & Theodore Eisenberg, *Exorcising the Evil of Forum Shopping*, 80 CORNELL L. REV. 1507, 1509 (1995) (“The American way is to provide plaintiffs with a wide choice of venues.”).

31. *Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897, 904 (Fed. Cir. 2008) (citing *Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 937 (1993)).

one day prior to a corresponding patent infringement suit filing in the Eastern District of Texas.<sup>32</sup> The Federal Circuit held that the “first to file” rule does not necessarily apply to declaratory judgment actions filed in advance of a matching patent infringement suit, because the trial court must apply the full § 1404(a) transfer analysis and “consider the real underlying dispute.”<sup>33</sup> The Federal Circuit aimed to “reduce the incentives for a race to the courthouse because both parties will realize that the case will be heard or transferred to the most convenient or suitable forum.”<sup>34</sup>

The rules for transfer of venue are laid out in § 1404(a): “For the convenience of parties and witnesses, 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.” The Supreme Court gave the federal district courts broad discretion in § 1404(a) interpretation<sup>35</sup> to carry out an “individualized, case-by-case consideration of convenience and fairness.”<sup>36</sup> The burden of proof in demonstrating the need to transfer lies with the party bringing the motion to transfer venue,<sup>37</sup> but the standard of proof and factors considered vary by jurisdiction.<sup>38</sup>

In patent infringement actions, appellate review of transfer decisions is rare because transfer orders are considered to be interlocutory orders and thus not immediately appealable under 28 U.S.C. § 1291.<sup>39</sup> Transfer decisions can only be appealed after final judgment or, in the alternative, by certification under 28 U.S.C. § 1292(b) or by petition for a writ of mandamus.<sup>40</sup> Due to the high-stakes nature of patent cases, parties seeking

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32. *Id.* at 900.

33. *Id.* at 904. Recognizing the “new more lenient standard for declaratory judgment jurisdiction,” the court still held that “the first-filed suit rule, for instance, will not always yield the most convenient and suitable forum,” and must be considered in light of the § 1404(a) transfer determination. *Id.*

34. *Id.* at 905.

35. *Stewart Org., Inc. v. Ricoh Corp.*, 487 U.S. 22, 29 (1988).

36. *Van Dusen v. Barrack*, 376 U.S. 612, 622 (1964).

37. *In re Genentech*, 566 F.3d 1338, 1342 (Fed. Cir. 2009) (noting the defendant’s “burden of demonstrating the need to transfer”); *Chrysler Credit Corp. v. County Chrysler Inc.*, 928 F.2d 1509, 1515 (10th Cir. 1991) (“The party moving to transfer a case pursuant to § 1404(a) bears the burden of establishing that the existing forum is inconvenient.”).

38. See Stowell R.R. Kelner, “*Adrift on an Uncharted Sea*”: *A Survey of Section 1404(a) Transfer in the Federal System*, 67 N.Y.U. L. REV. 612, 618 (1992) (discussing the numerous factors in the § 1404(a) analysis that the district courts weigh differently and inconsistently, specifically in regards to “convenience of the parties, witness convenience, court or system convenience, and the interest of justice”).

39. 15 CHARLES A. WRIGHT, ARTHUR R. MILLER & EDWARD H. COOPER, FEDERAL PRACTICE AND PROCEDURE § 3855 (3d ed. 2008).

40. *Chrysler*, 928 F.2d at 1517 n.7.

review of a transfer decision under § 1404(a) often file for writs of mandamus. A writ of mandamus may be used to “correct a patently erroneous denial of transfer pursuant to § 1404(a),”<sup>41</sup> with the burden of proof lying on the party seeking the writ to demonstrate that it has a “clear and indisputable right” to issuance of the writ and that it has no other means of obtaining desired relief.<sup>42</sup> Four cases in 2009 at the Federal Circuit applied the relevant Fifth Circuit precedent<sup>43</sup> to grant writs of mandamus to transfer patent infringement actions out of the Eastern District of Texas.<sup>44</sup>

### C. FORUM SHOPPING IN PATENT CASES

Because patent infringement plaintiffs suing national corporations can bring suit in almost any district court,<sup>45</sup> plaintiffs can “forum shop” in an attempt to locate the friendliest forum their specific claims. This forum choice can have a major impact on litigation proceedings.<sup>46</sup> Choice of forum by one plaintiff often affects multiple defendants. In the past decade, there have been more than twice as many defendants as infringement suits, indicating that patentees are suing multiple defendants simultaneously.<sup>47</sup> Historically, factors such as convenience to the parties, the reputation of local judges, and parties’ relationship with those judges were significant criteria in forum selection.<sup>48</sup> A recent trend is moving away from the traditional factors to weigh heavily the following criteria: a court’s docket and speed to adjudication; the local judges’ and the overall jury pool’s familiarity with technology and patent cases; the local rules of the court; and the

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41. *In re Genentech*, 566 F.3d 1338, 1341 (Fed. Cir. 2009).

42. *Id.* (quoting *Allied Chem. Corp. v. Daiflon, Inc.*, 449 U.S. 33, 35 (1980)).

43. *See infra* Section II.A.1 (setting the Fifth Circuit standard for venue transfer in *Volkswagen I*).

44. *See infra* Part II (discussing the *TS Tech*, *Genentech*, *Hoffmann-De LaRoche*, and *Nintendo* decisions).

45. *See supra* Section II.A (explaining the jurisdictional requirements for patent cases).

46. *Stewart Org., Inc. v. Ricoh Corp.*, 487 U.S. 22, 39–40 (1988) (Scalia, J., dissenting) (“Venue is often a vitally important matter, as is shown by the frequency with which parties contractually provide for and litigate the issue. Suit might well not be pursued, or might not be as successful, in a significantly less convenient forum.”). Forum shopping in patent litigation is critiqued by many commentators, whose critiques can be grouped into three theories: “(1) the normative evil theory; (2) the economic efficiency theory; and, (3) the harm to innovation incentive theory.” *See, e.g.*, Kevin A. Meehan, *Shopping for Expedient, Inexpensive & Predictable Patent Litigation*, 2008 B.C. INTEL. PROP. & TECH. FORUM 102901, at \*4–5 (2009) (discussing these three theories).

47. LEX MACHINA, STATISTICS, <http://lexmachina.com/cases/statistics> (showing that in 2006, 2007, and 2008 there were 2.41, 3.18, and 2.63 more defendants than lawsuits filed).

48. Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889, 899–900 (2001).

specific judges' practice in relation to various patent-specific actions such as claim construction hearings and evidence allowed in construing claims.<sup>49</sup>

Though patent local rules originated in response to the complexity and uniqueness of patent litigation suits,<sup>50</sup> many of the jurisdictions with "patent local rules" are now targeted by patent infringement plaintiffs. The concept of patent local rules originated in the Northern District of California in the 1990s when patent infringement actions were proliferating as a result of the growth of technological innovation in Silicon Valley.<sup>51</sup> Facing recurring legal issues, the Northern District of California enacted local rules to regulate procedural aspects in patent cases ranging from complaint filing to claim construction hearings.<sup>52</sup> For example, jury instructions in patent cases are not dictated by the Federal Circuit but instead mandated individually by each district court in accordance with their local rules.<sup>53</sup> The amount of responsibility in fact-finding and legal analysis given to a jury as opposed to a judge can affect the outcome of a case as juries tend to express bias towards patentees.<sup>54</sup> In their analysis of the various district courts' differing patent local rules, James Ware, U.S. District Court Judge for the Northern District of California, and Brian Davy have summarized them to contain three elements:

(1) cooperation—parties are required to confer to develop a case schedule and to make joint submissions; (2) disclosure—parties are required to make timely disclosures of their legal contentions and provide supporting documentation; and (3) judicial management—the assigned judge becomes involved in the case early and may actively supervise the process leading up to the claim construction hearing.<sup>55</sup>

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49. *Id.* at 899–901.

50. The first patent local rules in the Northern District of California were implemented to "enhance[] judicial management of patent-related cases" in the context of revising its local rules to prevent excess cost and delay. James Ware & Brian Davy, *The History, Content, Application and Influence of the Northern District of California's Patent Local Rules*, 25 SANTA CLARA COMPUTER & HIGH TECH. L.J. 965, 979 (2009).

51. *Id.* at 966.

52. *Id.* at 967.

53. Tolga S. Gulmen, Note, *Model Jury Instructions on Nonobviousness in the Wake of KSR: The Northern District of California's Approach*, 24 BERKELEY TECH. L.J. 99, 106–07 (explaining how the Federal Circuit gives discretion to the trial court and its region to determine jury instructions or verdict forms).

54. *Id.* at 127 ("Patent owners will likely opt for jury verdicts in order to take advantage of the propatentee bias. Defendants, conversely, will likely opt for the judge to determine the ultimate conclusion of nonobviousness.").

55. Ware & Davy, *supra* note 50, at 967.



The Federal Circuit favorably evaluated the Northern District of California's Patent Local Rules in all four appeals in which they arose.<sup>56</sup> The Northern District of California's rules have also been used as a model by a number of other districts, including the Eastern District of Texas.<sup>57</sup> The rules within each district have minor procedural differences that can have varying consequences on litigation proceedings.<sup>58</sup> More district courts nationwide with an interest in attracting patent cases are passing their own local rules to increase patent case management efficiency.<sup>59</sup> This may lure potential patentee plaintiffs seeking timely adjudication to bring litigation in those districts.

The Eastern District of Texas has been the most widely publicized patent infringement forum due to its plaintiff-friendly juries, patent-experienced judges, and local patent rules compelling open discovery with tight deadlines.<sup>60</sup> Though the Eastern District of Virginia was viewed by commentators as "the rocket-docket patent litigation district" in the 1990s, its patent case numbers decreased drastically when the Eastern District of Texas became a patent litigation hotbed.<sup>61</sup> Table 1 illustrates the Eastern District of Texas' steep climb in filing rates in the past decade from thirty-one suits filed in 2002<sup>62</sup> to 368 suits filed in 2007. This leveled off in 2008 before a small dip in 2009.

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56. *Id.* at 1008–11 (describing in detail the four relevant Federal Circuit decisions).

57. *See* E.D. TEX. P.R. (2005). Twelve district courts currently have patent local rules. Justin E. Gray, *Summary of Local Patent Rules Affecting Claim Construction Practice*, GRAY ON CLAIMS, Oct. 8, 2009, <http://www.grayonclaims.com/home/2009/10/8/summary-of-local-patent-rules-affecting-claim-construction-p.html>.

58. *See generally* Ware & Davy, *supra* note 50, at 1019–31 (summarizing the differences between the various jurisdictions' local patent rules).

59. *See, e.g.*, Lynne Marek, *New Patent Rules in Chicago Federal Court will Speed Things Up*, NAT'L L.J., Oct. 6, 2009 (describing the new Chicago (Northern District of Illinois) patent local rules (effective October 1, 2009) as "designed to move patent cases along in a more predictable, consistent and speedy fashion").

60. Leychkis, *supra* note 9, at 206–07.

61. Xuan-Thao Nguyen, *Justice Scalia's "Renegade Jurisdiction": Lessons for Patent Law Reform*, 83 TUL. L. REV. 111, 132–34 (2008) (noting that practices specific to the Eastern District of Virginia discouraged plaintiffs from filing there); *see also* Roderick McKelvie, *Forum Selection in Patent Litigation: A Traffic Report*, 19 INTELL. PROP. & TECH. L.J. 1, 1 (2007) (summarizing patent case filing statistics over a six year period ending in 2006 to show "[t]he so-called rocket-docket in the Eastern District of Virginia continues to lag behind other districts in attracting patent cases").

62. In the two years prior (2000 and 2001), there were twenty-five and thirty-four patent litigation suits filed in the Eastern District of Texas, respectively. LEX MACHINA, COURTS (SHOWING PATENT CASES), <http://lexmachina.com/courts?filter=Patent>.

Table 1: Top Patent Litigation Districts for Patent Infringement Suits Filed 2000–2009<sup>63</sup>

	District	2002	2003	2004	2005	2006	2007	2008	2009	2000–2009
1	C.D. Cal.	247	412	289	239	262	321	194	273	2760
2	N.D. Cal.	194	168	179	182	148	134	166	196	1677
3	<b>E.D. Tex.</b>	<b>31</b>	<b>54</b>	<b>102</b>	<b>160</b>	<b>264</b>	<b>368</b>	<b>300</b>	<b>240</b>	<b>1584</b>
4	N.D. Ill.	183	148	169	138	126	141	147	137	1479
5	D. Del.	116	137	144	118	133	158	168	234	1465
6	D.N.J.	96	133	106	101	141	200	162	148	1268
7	S.D.N.Y.	98	128	146	130	108	101	113	116	1196
8	D. Mass	69	67	76	70	70	55	52	67	688
9	D. Minn.	80	74	82	74	63	52	48	49	670
10	S.D. Cal.	79	54	56	58	51	61	69	77	627
	<b>U.S. Total</b>	<b>2527</b>	<b>2744</b>	<b>2772</b>	<b>2523</b>	<b>2600</b>	<b>2776</b>	<b>2632</b>	<b>2690</b>	<b>25984</b>

This table also shows the competing patent districts. The Central and Northern Districts of California both had a consistent stream of patent litigation suits filed in the past decade. They are the only districts ranked ahead of the Eastern District of Texas in total suits filed from 2000 to 2009. Of the top ten patent districts, only the Eastern District of Texas experienced a drastic increase in patent filings, though the District of Delaware has made a modest climb in its numbers as well, from 118 in 2005 to 234 in 2009.

63. All data gathered from Lex Machina. LEX MACHINA, <http://lexmachina.com/>. The data from years 2000 and 2001 was omitted from the table due to space constraints.

## D. FOCUS ON MARSHALL, TEXAS

This sharp climb in patent suits in the Eastern District of Texas, perhaps most notably in its Marshall Division,<sup>64</sup> results in part from the plaintiff-friendly juries. Until 2006, eighteen years elapsed without a jury decision in favor of a defendant in the Eastern District of Texas. In that year there were two defendant victories.<sup>65</sup> In addition to this high rate of success at trial, there have been many patentee-friendly high damage awards, including the largest patent infringement damage award in U.S. history of 1.67 billion dollars, awarded by a jury in the Eastern District of Texas on June 29, 2009.<sup>66</sup>

Marshall, Texas used to be a hotbed for personal injury lawyers, but broad tort reform shifted the town's legal focus "from P.I. to I.P. — that is, they moved out of personal injury and into intellectual property."<sup>67</sup> Plaintiffs tend to hire local lawyers who are well connected within the region<sup>68</sup> and out-of-town counsel work with local counsel even if they are admitted to practice in the Eastern District of Texas.<sup>69</sup> These local lawyers possess personal knowledge of the judges and jury pool, making it more difficult for outside counsel to break into the tight-knit legal community.<sup>70</sup> Others have also noted that the Eastern District of Texas's District Clerk's office is "customer-oriented," welcoming to patent cases, and offers technology-friendly docket management.<sup>71</sup> Additionally, plaintiffs appreciate the docket's relatively low

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64. See, e.g., Julie Creswell, *So Small a Town, So Many Patent Suits*, N.Y. TIMES, Sept. 24, 2006, at 31 (describing Marshall's rise as a patent litigation "rocket docket").

65. See Lechkis, *supra* note 9, at 211 (listing all of the patent infringement jury verdicts from 1999–2006 and citing the two cases in 2006 where defendants won: *Sensormatic Elecs. Corp. v. WG Sec. Prods., Inc.*, No. 2:04-CV-167, 2006 WL 2325361 (E.D. Tex. June 30, 2006) and *Hyperion Solutions Corp. v. OutlookSoft Corp.*, No. 2:04-CV-436, 2006 WL 3079163 (E.D. Tex. Sept. 15, 2006)).

66. *Centocor Ortho Biotech, Inc. v. Abbott Labs.*, No. 2:07-CV-139, 2009 WL 5248493 (E.D. Tex., June 29, 2009) (\$1,168,466,000 for lost profits and \$504,128,000 for reasonable royalty).

67. Creswell, *supra* note 64; see also Alan Cohen, *FROM PI TO IP: Personal injury lawyers in Texas want to get into patent litigation, and The Roth Law Firm is leading the stampede*, IP L. & BUS., Nov. 2005, at 36 (describing the jump for lawyers in Marshall, Texas from high stakes personal injury suits to patent infringement actions).

68. Creswell, *supra* note 64, at 31.

69. Cohen, *supra* note 67, at 36 (quoting out-of-town litigators describing local counsel as "a courthouse rat," who "know[s] the judges views," and as useful to "track down information that is not readily available to 'outsiders'").

70. Creswell, *supra* note 64, at 31 ("Hiring local in Marshall means that you will get a lawyer who not only knows the jurors, but who also probably knows their friends and even personal details like how often they go to church, local lawyers say.").

71. Nguyen, *supra* note 61, at 141–42. For example, the court's website displays the mission statement, "[o]ur mission is to provide excellent service to our customers . . . ." U.S.

percentage of criminal cases because criminal cases take precedence over civil cases. Thus, the limited docket competition with criminal cases minimizes the chance of a delay in civil proceedings.<sup>72</sup>

There have been reports of the Eastern District of Texas's docket slowing down.<sup>73</sup> New jurisdictions such as the Western District of Wisconsin are starting to be viewed as "rocket dockets" in the eyes of the legal community and plaintiff-patentees.<sup>74</sup> As more jurisdictions strive to adjudicate patent lawsuits efficiently, the new, more objective transfer standard may give defendants more flexibility to balance the former plaintiff-friendly system.<sup>75</sup> Table 1, *supra*, indicates a potential decline from the Eastern District of Texas' 2007 peak of 368 patent litigation suits filed, down to 300 in 2008, and 240 in 2009. Though its docket may be slowing, the court has recently made some controversial decisions friendly to plaintiffs. For example, in the wake of the Supreme Court's decision in *eBay Inc. v. MercExchange, L.L.C.*, in which the Court raised the bar for injunctive relief in patent infringement suits,<sup>76</sup> the Eastern District of Texas in 2009

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District Court for the Eastern District of Texas, Mission Statement, <http://www.txed.uscourts.gov/AboutUs/MissionStatement.htm> (last visited Dec. 21, 2009).

72. See Michael C. Smith, *Rocket Docket: Marshall Court Leads Nation in Hearing Patent Cases*, 69 TEX. B.J. 1045, 1046 (2006) (noting that the Marshall court's criminal docket is only about ten percent compared to the "typical" federal judge's docket being half criminal and half civil).

73. Statistics indicate that estimated time-to-trial in the Eastern District of Texas as of December 2009 is over two years. LEX MACHINA, COURTS: U.S. DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, <http://lexmachina.com/courts/txed/Patent>; see also McKelvie, *supra* note 61, at 3 (noting that the judges were "beginning to fall behind" in the Eastern District of Texas with an increase of almost 100 patent cases pending from 2005 to 2006).

74. See Carter, *supra* note 8 (emphasizing the Wisconsin court's "combination of savvy jurists and a university community with a penchant for incubating biotech start ups" with "warp-speed justice" as elements aiding to "attract[] attention from innovative, IP-centric companies"); Sheri Qualters, *New Patent Rocket Docket Rises in Wisconsin*, NAT'L L.J., March 21, 2008, available at <http://www.axley.com/uploads/media/newpatentrocketdocket.pdf> (asserting that "[l]awyers say they're attracted by the district's educated jury pool, which reflects the work force and populace connected to the University of Wisconsin and the thriving local high technology sector"); Jack Zemlicka, "Rocket Docket" May Lose Some Thrust With New Judges, WIS. L.J., April 29, 2009, <http://www.wislawjournal.com/article.cfm/2009/05/04/Rocket-docket-may-loose-some-thrust-with-new-judges> (reporting that "the Western District [of Wisconsin] was the second fastest among the 94 district courts in 2008 in the timeline from filing to disposition of civil cases (4.6 months) and third from filing to trial (12.3 months)").

75. See *infra* Part III.

76. 547 U.S. 388, 394 (2006).

granted an injunction in *i4i Limited Partnership v. Microsoft Corp.*<sup>77</sup> This enjoined Microsoft from selling its Word software in the United States in addition to a 200 million dollar jury verdict that the court enhanced by 40 million dollars.<sup>78</sup>

## II. RECENT DEVELOPMENTS

Prior to late 2008, patent infringement defendants were continuously sued in plaintiff-friendly jurisdictions, and it was difficult to obtain transfer (when contested) to a more convenient district. The broad discretion afforded to the district courts in venue transfer determinations<sup>79</sup> was routinely applied to deny motions to transfer in patent infringement suits asserting convenience for the parties.<sup>80</sup> For example, in an almost eighteen year period, from January 1, 1991 until November 30, 2008, 318 transfer motions were filed but only sixty-one granted for patent infringement actions in the Eastern District of Texas.<sup>81</sup> The “contested win rate” of transfer motions (as opposed to those unopposed or supported by both parties),

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77. No. 6:07-CV-113, 2009 WL 2449024 (E.D. Tex. Aug. 11, 2009). After granting Microsoft an emergency stay of the injunction, the Federal Circuit affirmed the lower court’s findings to enforce the permanent injunction. *i4i Ltd. P’ship v. Microsoft Corp.*, 589 F.3d 1246 (Fed. Cir. 2009).

78. *i4i Ltd. P’ship v. Microsoft Corp.*, No. 6:07-CV-113, 2009 WL 2449024 (E.D. Tex. Aug. 11, 2009).

79. *See supra* Section I.B.

80. *See, e.g.*, *Monster Cable Prod., Inc. v. Trippe Mfg. Co.*, No. 9:07-CV-286, 2008 WL 2492060 (E.D. Tex. June 18, 2008) (denying transfer in a patent case where the parties were located in California and Illinois and without any significant connection to Texas except other lawsuits pertaining to different products); *VCode Holdings, Inc. v. Cognex Corp.*, No. 2:07-CV-138, 2007 WL 2238054 (E.D. Tex. Aug. 3, 2007) (refusing to grant transfer to Minnesota); *Aerielle, Inc. v. Monster Cable Prod.*, No. 2:06-CV-382, 2007 WL 951639 (E.D. Tex. Mar. 26, 2007) (denying transfer in a patent case with both parties incorporated and having primary place of business in California and lacking significant connection to Texas). *But see* *Orica Explosives Tech., Pty., Ltd. v. Austin Powder Co.*, No. 2:06-CV-450, 2007 WL 1115238 (E.D. Tex. Apr. 13, 2007) (granting transfer from the Eastern District of Texas to the Central District of California in a patent case where the product was designed and developed in California whereas the alleged infringing product was not sold, used, or manufactured in the transferor district); *02 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, No. 2:04-CV-359, 2006 WL 887391, at \*2 (E.D. Tex. Mar. 26, 2006) (transferring a patent case from the Eastern District of Texas to the Northern District of California which “was the court first vested with jurisdiction over the dispute between these parties concerning these related patents”).

81. LEGALMETRIC, LEGALMETRIC DISTRICT STUDY EXCERPT: EASTERN DISTRICT OF TEXAS - TRANSFER SECTION, PATENT CASES (2009), *available at* [http://www.legalmetric.com/studies/txed\\_pat\\_study\\_transfer\\_excerpt.pdf](http://www.legalmetric.com/studies/txed_pat_study_transfer_excerpt.pdf). Judge Ward carried the highest number of venue transfer motions over the eighteen year period (132). *Id.*

reported by LegalMetric, was 32.1% for defendants in 2008, but increased slightly in relation to the district's long-term average.<sup>82</sup>

The Federal Circuit has responded to these low transfer rates, and it seems that the district courts are taking notice, with recent decisions granting transfer in accordance with the *TS Tech* and *Genentech* decisions.<sup>83</sup> The development of the new transfer standard originates from the Fifth Circuit's grant of transfer out of the Eastern District of Texas<sup>84</sup> and develops with four subsequent transfer motions granted by the Federal Circuit.<sup>85</sup>

A. PRIMARY FEDERAL AND FIFTH CIRCUIT DECISIONS GRANT  
TRANSFER FROM THE EASTERN DISTRICT OF TEXAS

A Fifth Circuit decision and two recent Federal Circuit opinions invoked the writ of mandamus standard of clear abuse of discretion to overturn the Eastern District of Texas' denials of transfer, each time granting transfer out of the district.<sup>86</sup> In venue transfer motions, the federal district courts and the Federal Circuit apply the circuit-specific laws of the court where the initial cause of action is filed.<sup>87</sup> The Eastern District of Texas lies within the Fifth Circuit, and therefore Fifth Circuit standards apply to transfer motions filed there.<sup>88</sup>

When transfer is denied at the district court level, a writ of mandamus may be used to "correct a patently erroneous denial of transfer pursuant to § 1404(a)."<sup>89</sup> Writs have been approved in this manner by the Federal Circuit using the Fifth Circuit's regionally appropriate standards.<sup>90</sup> Fifth Circuit precedent holds that the transferee venue must be "clearly more convenient than the venue chosen by the plaintiff" for transfer to be granted.<sup>91</sup> In the transfer analysis, the Fifth Circuit applies both "public" and "private" interest

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82. LEGAL METRIC, *supra* note 81. "[C]ontested win rate" for motions excludes consent rulings; overall Judge Ward's court's (carrying the highest number of venue transfer motions) rose from 27.1% long-term to 37.5% in 2008. *Id.*

83. *See infra* Part III.

84. *See infra* Section II.A.1.

85. *See infra* Sections II.A.2, II.A.3, II.B.2.

86. *See In re Genentech*, 566 F.3d 1338 (Fed. Cir. 2009); *In re TS Tech USA, Corp.*, 551 F.3d 1315 (Fed. Cir. 2008); *In re Volkswagen of Am., Inc. (Volkswagen I)*, 545 F.3d 304 (5th Cir. 2008).

87. *Winner Int'l Royalty Corp. v. Ching-Rong Wang*, 202 F.3d 1340, 1352 (Fed. Cir. 2000).

88. *TS Tech*, 551 F.3d at 1319.

89. *Genentech*, 566 F.3d at 1341.

90. *See, e.g., TS Tech*, 551 F.3d at 1319 (granting a writ of mandamus to transfer the patent infringement action out of the Eastern District of Texas by applying "the laws of the regional circuit in which the district court sits").

91. *Volkswagen I*, 545 F.3d at 315.

factors to decide whether transfer is appropriate under § 1404(a).<sup>92</sup> These factors are termed the *Gilbert* factors because they were originally established by the Supreme Court in *Gulf Oil Corp. v. Gilbert* applying the common law doctrine of forum non conveniens,<sup>93</sup> just prior to the enactment of § 1404(a).<sup>94</sup> The public interest factors are: “(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; and (4) the avoidance of unnecessary problems of conflict of laws [or in] the application of foreign law.”<sup>95</sup> Conversely, the private interest factors include: “(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; and (4) all other practical problems that make trial of a case easy, expeditious, and expensive.”<sup>96</sup> These factors are “not necessarily exhaustive or exclusive”<sup>97</sup> when applied in transfer cases, and none alone “can be said to be of dispositive weight” when applied.<sup>98</sup>

Three appellate decisions applied the *Gilbert* factors to overturn transfer denials by the Eastern District of Texas, going through the eight-factor analysis to grant writs of mandamus. The Federal Circuit transferred two patent infringement actions, *In re TS Tech* and *In re Genentech*, out of the Eastern District of Texas to a “clearly more convenient” transferee venue, on a balance of the factors.<sup>99</sup> To better understand the Federal Circuit’s holdings, however, one must first examine *In re Volkswagen (Volkswagen I)*, the products liability case that set the Fifth Circuit precedent to grant transfer.

### 1. Volkswagen I

*Volkswagen I* set the stage for transfer out of the Eastern District of Texas. The Fifth Circuit granted a writ of mandamus to overturn denial of transfer.<sup>100</sup> The original action was filed in the Eastern District of Texas,

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92. *Id.*

93. 330 U.S. 501 (1947).

94. *Volkswagen I*, 545 F.3d at 313.

95. *Id.* (quoting *In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004)) (alteration in original).

96. *Id.*

97. *Id.* at 315.

98. *Id.* (quoting *Action Indus., Inc. v. U.S. Fid. & Guar. Corp.*, 358 F.3d 337, 340 (5th Cir. 2004)).

99. *In re Genentech*, 566 F.3d 1338, 1348 (Fed. Cir. 2009) (transferred to the Northern District of California); *In re TS Tech USA, Corp.*, 551 F.3d 1315, 1323 (Fed. Cir. 2008) (transferred to the Southern District of Ohio).

100. *Volkswagen I*, 545 F.3d at 308–09.

Marshall Division, which had no connection to either the suit or the parties.<sup>101</sup> Conversely, the Dallas Division of the Northern District of Texas was extensively connected to the plaintiff, witnesses, and facts involved in the case.<sup>102</sup> The Fifth Circuit granted transfer of the case to the Northern District of Texas pursuant to the defendant's writ of mandamus, holding that the district court "gave undue weight to the plaintiff's choice of venue, ignored our precedents, misapplied the law, and misapprehended the relevant facts."<sup>103</sup>

a) Relevant Facts and Procedural History

The products liability action arose from a car accident that occurred in Dallas, Texas (Northern District of Texas) involving a car bought in that city and without any known witnesses in the Eastern District of Texas.<sup>104</sup> The original plaintiffs were residents of Collin County, Texas and the third party defendant was a resident of Dallas County, Texas.<sup>105</sup> Both of these locations are in the Northern District of Texas, and each is approximately 150 miles from Marshall, Texas (in the Eastern District of Texas) where the suit was filed.<sup>106</sup> The writ petitioners were the New Jersey subsidiary Volkswagen of America, Inc. and the German Corporation Volkswagen A.G., neither substantially connected to either Texas district.<sup>107</sup>

The district court looked to the plaintiffs' forum choice, stating that it "will not be disturbed unless it is clearly outweighed by other factors."<sup>108</sup> The court relied on the national scope of the defendant's business (including Texas) for personal jurisdiction purposes to justify proper venue.<sup>109</sup> The district court held that because both the plaintiffs and the third party defendant lived approximately 150 miles from the Eastern District of Texas, this distance was not significant enough to weigh the convenience factor to the parties in favor of transfer (the other defendants would be significantly inconvenienced regardless of transfer since they were located out of state).<sup>110</sup> The court also analyzed convenience to the non-party witnesses (which is

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101. *Id.* at 307–08.

102. *Id.*

103. *Id.* at 309.

104. *Id.* at 307–08.

105. Singleton v. Volkswagen of Am., Inc., No. 2-06-CV-222, 2006 WL 2634768, at \*2 (E.D. Tex., Sept. 12, 2006).

106. *Id.*

107. *Id.* at \*1.

108. *Id.* at \*2 (citing Shoemake v. Union Pac. R.R. Co., 233 F. Supp. 2d 828, 830 (E.D. Tex. 2002)).

109. *Id.*

110. *Id.*



more heavily weighed than convenience to party witnesses),<sup>111</sup> stating that even though defendants had identified various witnesses living within the Northern District of Texas in the Dallas area, the 155 mile distance between the districts was not far enough to warrant transfer to that district.<sup>112</sup> Additionally, the defendants briefed the issue of the witnesses being outside the one hundred mile radius of the Eastern District courthouse's subpoena power,<sup>113</sup> but the court stated that all of the defendant's listed witnesses could be compelled by the Eastern District because they were Texas residents.<sup>114</sup> Though the district court recognized that the accident occurred in the Northern District of Texas—the location of the documents and physical evidence relating to the accident—it failed to give significant weight to these considerations.<sup>115</sup> Instead, the court focused on a “local interest” shared by citizens of both districts (the accused product was sold in both locations), holding that it would not burden the citizens in the Eastern District of Texas to adjudicate the issue there.<sup>116</sup>

The Eastern District of Texas exercised its discretion to deny the venue transfer motion.<sup>117</sup> But after a series of motions and petitions,<sup>118</sup> the Fifth Circuit granted transfer to the Northern District of Texas via a writ of mandamus and affirmed en banc, holding that “the district court reached a

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111. *Id.* at \*3 (emphasizing that though the analysis of witnesses was necessary, there was a lack of information about the identified witnesses and stating that “the Court cannot determine that they are indeed key fact witnesses whose convenience should be addresses in this analysis”).

112. *Id.*

113. Rule 45(b)(2) stipulates that a subpoena may be served: “(A) within the district of the issuing court,” or “(B) outside that district but within 100 miles of the place specified for the deposition, hearing, trial, production, or inspection.” Fed. R. Civ. P. 45(b)(2).

114. *Singleton*, 2006 WL 2634768, at \*3 (“A court may compel any witness residing in the state in which the court sits to attend trial, subject to reasonable compensation if the witness incurs substantial expense.” (citing Fed. R. Civ. P. 45(c)(3))).

115. *Id.* at \*3–4.

116. *Id.* at \*4.

117. *Id.* at \*5.

118. Volkswagen next filed a motion of reconsideration that was denied for the same reasons as the initial transfer motion, and their first petition to the Fifth Circuit for a writ of mandamus was denied by a divided panel. *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 308 (5th Cir. 2008) (quoting Judge Garza's dissent in denying the writ petition: “[t]he only connection between this case and the Eastern District of Texas is plaintiffs' choice to file there; all other factors relevant to transfer of venue weigh overwhelmingly in favor of the Northern District of Texas.” *In re Volkswagen of Am., Inc.*, 223 Fed. App'x 305, 307 (5th Cir. 2007) (Garza, J., dissenting) (emphasis in original)). Subsequently, Volkswagen petitioned for rehearing en banc, which was granted, and the full court issued the writ to transfer the case to the Dallas Division. *Volkswagen I*, 545 F.3d at 308. The original plaintiffs, the Singletons, then filed for another rehearing en banc which was granted and affirmed the Fifth Circuit's transfer decision. *Id.* at 309.

patently erroneous result and clearly abused its discretion in denying the transfer.”<sup>119</sup>

b) The Fifth Circuit’s Analysis

The Fifth Circuit reviewed the Eastern District court’s decision to deny transfer and determined that the district court “misconstrue[ed] the weight of the plaintiffs’ choice of venue, . . . misappl[ie]d the *Gilbert* factors, [and] disregard[ed] the specific precedents of this Court,” amounting to “extraordinary errors” requiring reversal and transfer under the writ of mandamus standard.<sup>120</sup> The court applied the mandamus standard as “appropriate to correct a *clear* abuse of discretion,” finding mandamus relief appropriate for venue transfer decisions.<sup>121</sup> After noting that the case fulfilled the requirement that the plaintiffs could have brought the suit in the Northern District of Texas, pursuant to § 1391, the court turned to the district court’s decision, and its “err[or] [in] giving inordinate weight to the plaintiffs’ choice of venue.”<sup>122</sup>

The Fifth Circuit criticized the district court for applying the dismissal standard of *forum non conveniens* in its analysis, instead of the correct standard under § 1404(a) in which the party seeking transfer “must show good cause” with less weight given to the plaintiff’s choice of venue.<sup>123</sup> Next considering the *Gilbert* “private” and “public” interest factors, the Fifth Circuit criticized the district court’s failure to properly weigh the ease of access to the documents and physical evidence located in the Northern District of Texas<sup>124</sup> as well as its flawed analysis of how subpoena power of the court would affect the proceedings.<sup>125</sup>

The Fifth Circuit also noted that its own precedent concerning the 100-mile threshold for witness travel as inconvenient was disregarded in the district court’s analysis because it should have weighed in favor of transfer.<sup>126</sup>

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119. *Volkswagen I*, 545 F.3d at 309.

120. *Id.* at 318.

121. *Id.* at 309–10 (emphasis added).

122. *Id.* at 312.

123. *Id.* at 315 (quoting *Humble Oil & Ref. Co. v. Bell Marine Serv., Inc.*, 321 F.2d 53, 56 (5th Cir. 1963)).

124. *Id.* at 316.

125. *Id.* at 316–17 (noting that “trial subpoenas for these witnesses to travel more than 100 miles would be subject to motions to quash under Fed. R. Civ. P. 45(c)(3)” and that because the Dallas court would have “absolute subpoena power for both depositions and trial,” the district court erred in its analysis and it should have weighed this factor towards transfer (internal citations omitted)).

126. *Id.* (“When the distance between an existing venue for trial of a matter and a proposed venue under § 1404(a) is more than 100 miles, the factor of inconvenience to

The witnesses identified by the defendants would have to travel approximately 150 miles to the court (along with the two of the plaintiffs, the third resided in Kansas and would have to travel to Texas regardless) causing inconvenience in terms of “not only . . . monetary costs, but also the personal costs associated with being away from work, family, and community.”<sup>127</sup> Additionally, the claimed public interest of Marshall residents was criticized in the opinion because “[t]he district court’s provided rationale could apply virtually to any judicial district or division in the United States.”<sup>128</sup> The court held that simply having an interest in a defective product does not equate with having an actual stake in resolving the case.<sup>129</sup>

The Fifth Circuit accordingly ruled that the district court’s errors rose to the level of a “patently erroneous result,” holding that it “gloss[ed] over the fact that not a single relevant factor favors the [plaintiffs’] chosen venue.”<sup>130</sup> With transfer as the only adequate means of relief, the additional requirements to grant a writ of mandamus were also met.<sup>131</sup> Thus, it was appropriate to grant Volkswagen’s writ and transfer the case to the Dallas Division of the Northern District of Texas.<sup>132</sup>

## 2. In re TS Tech

The Federal Circuit followed *Volkswagen I* in *TS Tech*, setting the transfer standard for patent infringement actions in the Fifth Circuit.<sup>133</sup> Plaintiff Lear Corporation<sup>134</sup> brought suit for patent infringement against two Ohio corporations and one Canadian company, TS Tech USA, North America, and Canada, respectively, in the Eastern District of Texas.<sup>135</sup> Defendants’ request for transfer to the Southern District of Ohio was denied by the district court.<sup>136</sup> The Federal Circuit granted defendants’ mandamus petition to allow

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witnesses increases in direct relationship to the additional distance to be traveled.” (quoting *In re Volkswagen AG*, 371 F.3d 201, 204–05 (5th Cir. 2004)).

127. *Id.*

128. *Id.* at 318.

129. *Id.*

130. *Id.*

131. *Id.* at 319.

132. *Id.* Though there was an accompanying dissent by Judge King to this opinion, the Supreme Court denied certiorari on February 23, 2009. *Singleton v. Volkswagen of Am., Inc.*, 129 S.Ct. 1336 (2009).

133. *In re TS Tech USA, Corp.*, 551 F.3d 1315, 1322 (Fed. Cir. 2008) (confirming *Volkswagen P*s application of Fifth Circuit law to review a district court’s transfer denial via a writ of mandamus).

134. Delaware corporation with principal place of business in Michigan.

135. *Lear v. TS Tech USA, Corp.*, No. 2:07-CV-406, 2008 WL 6515201, at \*1 (E.D. Tex. Sept. 20, 2008).

136. *Id.* at \*4.

transfer, following *Volkswagen I*, stating that “TS Tech has met its difficult burden of establishing that the district court clearly abused its discretion in denying transfer.”<sup>137</sup>

a) Relevant Facts and Procedural History

The district court recognized that both parties were located outside of Texas, key party witnesses resided in Ohio, Canada, and Michigan, and that it would be more convenient for the Ohio residents to transfer.<sup>138</sup> Nonetheless, the court held that the plaintiff’s choice of forum indicated their convenience (and convenience for their Michigan witnesses as well), and that the defendants failed to specify sufficient information as to the witnesses’ testimony and travel inconvenience to justify transfer.<sup>139</sup> The district court similarly held that though much evidence was located in Ohio and Canada, it did not weigh for or against transfer due to the inherent mobility of the relevant electronic documents.<sup>140</sup> Additionally, the court found that the sale of the infringing products within the Eastern District of Texas was “significant and relevant to the action” and that the district’s citizens would have a “substantial interest” in the outcome of the case, thus weighing against transfer.<sup>141</sup>

Judge Ward denied the transfer motion.<sup>142</sup> TS Tech petitioned the Federal Circuit for a writ of mandamus for transfer, and the appellate court granted the writ on December 29, 2008 because of “several key errors” in the district court’s § 1404(a) analysis.<sup>143</sup>

b) The Federal Circuit’s Analysis

The Federal Circuit granted TS Tech’s writ of mandamus, focusing on the district court’s errors. The district court gave “inordinate weight” to plaintiffs’ venue choice, ignored precedent on convenience to non-parties (including the 100-mile rule) and the public interest in localized matters, and improperly analyzed the factor of access to sources of proof.<sup>144</sup> Though the Federal Circuit held that the district court correctly analyzed some of the

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137. *TS Tech*, 551 F.3d at 1322–23.

138. *Lear*, 2008 WL 6515201, at \*2–3.

139. *Id.*

140. *Id.* at \*3.

141. *Id.*

142. *Id.* at \*4.

143. *In re TS Tech USA, Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008).

144. *Id.* at 1320–21.

*Gilbert* factors,<sup>145</sup> it held that the district court's classification of plaintiffs' choice of venue as an additional "factor" against transfer occupied too much weight in the decision.<sup>146</sup>

The Federal Circuit went into detail analyzing the *Gilbert* factors, first noting that "[t]he district court's order . . . completely disregarded the 100-mile rule" and ignored the 900 mile travel distance differential between the Texas and Ohio courts in "clear error."<sup>147</sup> The court also emphasized the location of documentary evidence in Ohio, Michigan, and Canada.<sup>148</sup> It held that the district court's justification that many sources could be transferred electronically "presents a lesser inconvenience now than it might have absent recent developments [but it] does not render this factor superfluous."<sup>149</sup>

The Federal Circuit also rejected as illogical the district court's claims that the citizens of the Eastern District of Texas had "substantial interest" in the case because the patented invention at suit was sold in the district.<sup>150</sup> The accused infringing product was sold throughout the United States, giving the same "substantial interest" to citizens of any of the ninety-four district courts.<sup>151</sup> The court held that this erroneous application of the *Gilbert* factors paralleled *Volkswagen I*, and the Eastern District of Texas "clearly abused its discretion in denying transfer from a venue with no meaningful ties to the case."<sup>152</sup> The Federal Circuit concluded that the district court "glossed over the fact that not a single relevant factor favored the plaintiffs' choice of venue" and that TS Tech "demonstrated a clear and indisputable right to a writ."<sup>153</sup>

### 3. In re Genentech

In accordance with its decision in *TS Tech*, the Federal Circuit overturned the Eastern District of Texas's denial of transfer as "clearly abus[ing] its discretion in denying transfer of venue" where the German company Sanofi filed suit against two California companies: Genentech and Biogen.<sup>154</sup> In

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145. *Id.* at 1319–20 (noting that the district court was correct "in giving no weight to the availability of compulsory process factor" and in showing that "the possibility of delay and prejudice in granting transfer" was neutral as were court congestion related difficulties).

146. *Id.* at 1320.

147. *Id.*

148. *Id.* at 1321.

149. *Id.* (quoting *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 316 (5th Cir. 2008)).

150. *Id.*

151. *Id.*

152. *Id.*

153. *Id.* at 1322.

154. *In re Genentech, Inc.*, 566 F.3d 1338, 1348 (Fed. Cir. 2009).

reaching its conclusion, the Federal Circuit relied on geographic considerations in applying the *Gilbert* private and public interest factors.<sup>155</sup>

a) Relevant Facts and Procedural History

Sanofi filed a patent infringement action against Genentech and Biogen in the Eastern District of Texas on the same day that those defendants filed a corresponding declaratory judgment action in the Northern District of California seeking a declaration of noninfringement and invalidity of Sanofi's patents.<sup>156</sup> In the Northern District of California, Genentech requested that the two cases be consolidated by filing a Notice of Pendency of Other Action in the Proceeding.<sup>157</sup> In response, Sanofi moved to dismiss in California on personal jurisdictional grounds and asked that the California court allow the Texas court to decide the forum.<sup>158</sup> Then, in the Eastern District of Texas, Genentech filed a motion to transfer the infringement suit to the Northern District of California pursuant to § 1404(a).<sup>159</sup>

None of the parties of the suit identified any witnesses who resided in the Eastern District of Texas.<sup>160</sup> The petitioners for the writ, Genentech and Biogen, identified at least ten witnesses located within the Northern District of California.<sup>161</sup> Two of those witnesses were patent prosecutors who had written some of the relevant patents and at least three were non-parties who possessed relevant material fact information.<sup>162</sup> Sanofi, who opposed the transfer, identified six inventors who resided in Europe, four other patent prosecutors who resided on the East Coast (of the United States), and a potential prior art author witness who resided in Iowa.<sup>163</sup>

None of the parties had any relevant documents located within the Eastern District of Texas.<sup>164</sup> The majority of Genentech's relevant corporate documents were housed in the Northern District of California, all of Biogen's pertinent materials were housed in San Diego, California, Sanofi's relevant patent prosecution documents were kept in Washington D.C., and other related documents were located in Europe.<sup>165</sup>

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155. *Id.*

156. *Sanofi-Aventis Deutschland GmbH v. Genentech, Inc.*, 607 F. Supp. 2d 769, 773 (E.D. Tex. 2009).

157. *Id.*

158. *Id.*

159. *Id.*

160. *Genentech*, 566 F.3d at 1340–41.

161. *Id.* at 1343.

162. *Id.*

163. *Id.* at 1341.

164. *Id.* at 1345.

165. *Id.*

The courts also considered several additional facts, including evidence that Genentech had filed a past patent suit in the Eastern District of Texas.<sup>166</sup> Moreover, various studies indicated that the Eastern District of Texas had a faster time to trial than the Northern District of California.<sup>167</sup>

The Texas district court's analysis of the public and private interest factors focused on Genentech's previous filing in that forum, potential lack of personal jurisdiction over Sanofi in the Northern District of California, the supposed shorter time to trial in Texas, and the interest of Texas residents "because the allegedly infringing products are pharmaceuticals sold here."<sup>168</sup> The court denied the motion to transfer, stating that "Genentech simply has not carried . . . a 'significant burden' to show that the Northern District of California is a 'clearly more convenient' venue."<sup>169</sup>

b) The Federal Circuit's Analysis

The Federal Circuit granted Genentech and Biogen's writ of mandamus, reversing the Eastern District of Texas' denial of venue transfer as a clear abuse of discretion.<sup>170</sup> The Federal Circuit focused heavily on the geographical convenience of the forum in terms of witnesses, availability of compulsory process, and access to evidence, as well as practical problems and court congestion.<sup>171</sup>

The court re-analyzed the Fifth Circuit's "100-mile" rule,<sup>172</sup> but, in contrast to *Volkswagen I*,<sup>173</sup> determined that it "should not be rigidly applied" in this circumstance because "[t]he witnesses from Europe will be required to travel a significant distance no matter where they testify."<sup>174</sup> The court instead focused on the petitioner's California witnesses to support transfer.<sup>175</sup> It noted that a defendant should not be required at that stage in the litigation to show anything more than that the potential witnesses hold information that

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166. *Id.* at 1346.

167. *Id.* at 1347 (citing *Sanofi-Aventis Deutschland GmbH v. Genentech, Inc.*, 607 F. Supp. 2d 769, 780 (E.D. Tex. 2009)).

168. *Sanofi-Aventis*, 607 F. Supp. 2d at 781.

169. *Id.* (quoting *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 314 n.10 (5th Cir. 2008)).

170. *Genentech*, 566 F.3d at 1348.

171. *See generally id.* (analyzing the appropriate factors to determine that forum transfer should be granted).

172. The "100-mile" rule requires that "[w]hen the distance between an existing venue for trial of the matter and a proposed venue under § 1404(a) is more than 100 miles, the factor of inconvenience to witnesses increases in direct relationship to the additional distance to be traveled." *Id.* at 1343 (quoting *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 317 (5th Cir. 2008)).

173. *Supra* Section II.A.1.b.

174. *Genentech*, 566 F.3d at 1344.

175. *Id.* at 1343-44.

is relevant and material.<sup>176</sup> Regarding the potential witnesses residing in Iowa and on the East Coast, the court noted that Texas was not necessarily a “centralized location” as the district court had argued; due to the absence of any witnesses from Texas, and the “substantial number of material witnesses resid[ing] within the transferee venue and the state of California . . . the district court clearly erred in not determining this factor to weigh in favor of transfer.”<sup>177</sup> The court extended this analysis to the convenience to the parties, noting that it also favored transfer as both Genentech and Biogen had a significant California presence,<sup>178</sup> but Sanofi would “be only slightly more inconvenienced by the case being tried in California than in Texas.”<sup>179</sup>

The California court’s subpoena power via Rule 45(b)(2) of the Federal Rules of Civil Procedure also weighed in favor of transfer<sup>180</sup> because not a single witness could be compelled to appear before the Texas court.<sup>181</sup> Additionally, the Federal Circuit noted that “[i]n patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer,” and therefore the location of the defendant’s documents “weighs in favor of transfer to that location.”<sup>182</sup> A large majority of Genentech’s relevant documents were housed in the Northern District of California and all of Biogen’s documents were housed in its San Diego facility.<sup>183</sup> The location of these documents, without transfer, would result in “a significant and unnecessary burden on the petitioners.”<sup>184</sup>

In regards to Genentech’s previous filing within the Eastern District of Texas, the Federal Circuit pointed out the Supreme Court’s standard that “§ 1404(a) requires ‘individualized, case-by-case consideration of convenience and fairness.’”<sup>185</sup> Because the case concerned a completely different set of parties, witnesses, evidence, and facts, this judicial economy issue did not weigh against transfer.<sup>186</sup>

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176. *Id.* at 1343.

177. *Id.* at 1344–45.

178. Genentech’s headquarters were within the Northern District and Biogen’s facilities for research and development were in San Diego. *Id.* at 1345.

179. *Id.*

180. *See supra* note 113.

181. *Genentech*, 566 F.3d at 1345.

182. *Id.* (quoting *Neil Bros Ltd. v. World Wide Lines, Inc.*, 425 F. Supp. 2d 325, 330 (E.D.N.Y. 2006)).

183. *Id.* at 1346.

184. *Id.*

185. *Id.* (quoting *Van Dusen v. Barrack*, 376 U.S. 612 (1964)).

186. *Id.*



The Federal Circuit also addressed Sanofi's concern that the Northern District of California lacked personal jurisdiction over Sanofi.<sup>187</sup> The court recited the standard for personal jurisdiction by stating that "there is only a requirement that the transferee court have jurisdiction over the defendants in the transferred complaint."<sup>188</sup> Therefore, the concern was not relevant.

Finally, the court examined the "most speculative" factor in the analysis of court congestion, in terms of the timeframe for the case to be tried and decided.<sup>189</sup> Though the Federal Circuit conceded that the statistics relied upon by the district court did indicate that the Eastern District of Texas would potentially be a faster venue to try the case, it held that speed of the transferee court cannot be dispositive in a circumstance when many other relevant factors are either neutral or weigh in favor of transfer.<sup>190</sup> This follows *Volkswagen Ps* focus on convenience to the parties and witnesses as the deciding factors.

B. FEDERAL CIRCUIT TRANSFER DECISIONS APPLYING *TS TECH* AND *GENENTECH*

The Federal Circuit made venue transfer more accessible for patent infringement defendants with its decisions in *TS Tech* and *Genentech*. The court solidified its stance and drew a firm line to guide future venue transfer decisions by denying two writs of mandamus to transfer and granting two others in 2009.

1. *Two Denials of Transfer post-Genentech*

In late 2009, the Federal Circuit denied two petitions for writs of mandamus in *In re Telular Corp.*<sup>191</sup> and *In re Volkswagen of America, Inc. (Volkswagen II)*.<sup>192</sup>

In *Telular*, the Federal Circuit upheld the Eastern District of Texas' denial of transfer, finding inconvenience to the plaintiffs if the case were to transfer even though the patentee had no unique connection to the original trial district.<sup>193</sup> The defendant, Telular Corporation, moved to transfer the patent infringement action from the Eastern District of Texas to the Northern

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187. *Id.*

188. *Id.* (citing *Hoffman v. Blaski*, 363 U.S. 335, 343–44 (1960)).

189. *Id.* at 1347.

190. *Id.*

191. 319 Fed. App'x 909, 912 (Fed. Cir. 2009).

192. 566 F.3d 1349, 1352 (Fed. Cir. 2009).

193. *Telular*, 319 Fed. App'x at 912.

District of Illinois, its primary place of business.<sup>194</sup> The patentee, Tobi Gellman, was a Dallas, Texas resident.<sup>195</sup> Evidence was located in both Texas and Illinois and defense witnesses resided in Illinois and Georgia.<sup>196</sup> The Eastern District of Texas denied the motion, finding that “the competing factors do not justify a transfer.”<sup>197</sup> Telular filed a writ for mandamus relief at the Federal Circuit five months later following the *TS Tech* decision.<sup>198</sup>

The Federal Circuit upheld the trial court’s decision because the defendant failed to demonstrate that the proposed transferee venue was “clearly more convenient.”<sup>199</sup> The Federal Circuit noted that the circumstances stood “in stark contrast to the circumstances leading to the grants of mandamus in *TS Tech* and *Volkswagen [I]*, in which the facts overwhelmingly supported transfer.”<sup>200</sup> In particular, the court found that transfer was not justified merely because the Eastern District of Texas had no significant connection to and corresponding “interest” in the case.<sup>201</sup> Additionally, the court noted that the five-month delay “weigh[ed] against the need for issuance of an extraordinary writ.”<sup>202</sup>

In *Volkswagen II* the Federal Circuit upheld the trial court’s denial of transfer because the plaintiff had multiple cases pending in the trial district.<sup>203</sup> The plaintiff, a Texas company, had previously litigated cases in the Eastern District of Texas and had several pending and related cases before the trial court there.<sup>204</sup> The Federal Circuit’s analysis in *Volkswagen II* turned on these multiple pending lawsuits which, if separated, would “lead[] to the wastefulness of time, energy and money that § 1404(a) was designed to prevent.”<sup>205</sup> The judicial economy issue precluded a more thorough analysis of the remaining *Gilbert* factors because it was in the interest of the court to “hav[e] the same district court try the cases involving the same patents.”<sup>206</sup>

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194. Gellman v. ADT Sec. Servs., Inc., No. 2:07-CV-0282, 2008 WL 4280351, at \*1 (E.D. Tex. Sept. 10, 2008).

195. *Id.*

196. *Id.* at \*3–4.

197. *Id.* at \*5.

198. *In re Telular Corp.*, 319 Fed. App’x 909, 911 (Fed. Cir. 2009) (citing other cases with similar delayed writ petitions that denied mandamus relief).

199. *Id.* at 912.

200. *Id.*

201. *Id.*

202. *Id.* at 911.

203. *In re Volkswagen of Am., Inc. (Volkswagen II)*, 566 F.3d 1349, 1351–52 (Fed. Cir. 2009).

204. *Id.* at 1350–51.

205. *Id.* at 1351 (quoting *Continental Grain Co. v. FBL-585*, 364 U.S. 19, 26 (1960)).

206. *Id.*; see also *infra* Section III.A.2.

This decision upholding the denial of transfer issued the same day as the grant of Genentech's writ of mandamus to transfer.<sup>207</sup> The Federal Circuit thus cited the *Genentech* ruling for examples of how the *Gilbert* factors should be applied.<sup>208</sup>

Though both these transfer denials involved parties from different locations and had witnesses located closer to the proposed transferee venues than to the Eastern District of Texas, the specific issues of time delay before filing for mandamus relief and the judicial economy factors particular to the cases precluded the full *Gilbert* factor analysis. In these cases, the Federal Circuit refined its *TS Tech* and *Genentech* precedent, holding that a full review of the factors is unnecessary if a unique circumstance heavily outweighs other considerations.

## 2. Two Transfer Motions Granted Post-Genentech

The Federal Circuit reinforced its *Gilbert* factor analysis in *TS Tech* and *Genentech* when it granted two subsequent writs of mandamus to transfer in late 2009.<sup>209</sup> In both *In re Hoffmann-La Roche Inc.* and *In re Nintendo Co., Ltd.*, the Federal Circuit transferred the actions out of the Eastern District of Texas because the cases “feature[d] a stark contrast in relevance, convenience, and fairness between the two venues.”<sup>210</sup>

In *Hoffmann-La Roche*, the Federal Circuit granted transfer to the Eastern District of North Carolina, where there was a strong local interest in adjudication.<sup>211</sup> The plaintiff's headquarters were in California, but the defendant's drug was developed and tested in the Eastern District of North Carolina.<sup>212</sup> There was no connection to the Eastern District of Texas except that the plaintiff asserted that some of the documents were located in Texas, but they were transferred there electronically “but for” the pending litigation.<sup>213</sup> The Federal Circuit recognized 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>214</sup>

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207. *Volkswagen II*, 566 F.3d at 1351.

208. *Id.*

209. *In re Nintendo Co.*, 589 F.3d 1194 (Fed. Cir. 2009); *In re Hoffmann-La Roche, Inc.*, 587 F.3d 1333 (Fed. Cir. 2009).

210. *Nintendo*, 589 F.3d at 1198; *Hoffmann-La Roche*, 587 F.3d at 1336.

211. *Hoffmann-La Roche*, 587 F.3d at 1338.

212. *Id.* at 1336.

213. *Id.* 1337.

214. *Id.*

The parties identified one Texas witness in their initial disclosures and motion papers,<sup>215</sup> but the Federal Circuit held that the Eastern District of Texas did not have “absolute subpoena power” over him.<sup>216</sup> Conversely, the Eastern District of North Carolina had this power over at least four other non-party witnesses.<sup>217</sup> The court also found a strong local interest in North Carolina because “the cause of action calls into question the work and reputation of several individuals . . . who presumably conduct business in that community.”<sup>218</sup> The Federal Circuit commented that the district court “ignored this significant contrast” of local interest in venue and “rendered this factor meaningless.”<sup>219</sup> The court emphasized the local connection to the lawsuit as a highly relevant factor, granting transfer out of the Eastern District of Texas after balancing the *Gilbert* factors.<sup>220</sup>

The Federal Circuit also overturned the Eastern District of Texas’ denial of transfer in *Nintendo*, granting the petitioner’s writ and transferring the case to the Western District of Washington.<sup>221</sup> Like *Hoffmann-La Roche*, the *Nintendo* suit lacked “any material connection” to the Texas district, and the transferee venue possessed a high local interest in the matter.<sup>222</sup> The plaintiff-patentee was incorporated in Ohio, with its principle place of business located there as well.<sup>223</sup> The defendants were from Japan and Washington, where much of the evidence was located.<sup>224</sup> Witnesses were identified in Washington, Japan, Ohio, and New York.<sup>225</sup> The Federal Circuit recognized that the suit’s connection to the Washington district favored transfer since it was the defendant’s place of incorporation and primary place of business.<sup>226</sup>

In its analysis of the *Gilbert* factors, the Federal Circuit next turned to witness convenience and cost of attendance.<sup>227</sup> The court disagreed with the district court’s determination that the factor only weighed slightly in favor of transfer.<sup>228</sup> Several witnesses resided in the Western District of Washington

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215. *Id.* at 1335.

216. *Id.* at 1338 (“[The court] does not have the subpoena power to require that Dr. Chang attend both a trial and a deposition.”).

217. *Id.*

218. *Id.* at 1336.

219. *Id.* at 1338.

220. *Id.*

221. *In re Nintendo Co.*, 589 F.3d 1194, 1201 (Fed. Cir. 2009).

222. *Id.* at 1198.

223. *Id.* at 1196–97.

224. *Id.*

225. *Id.* at 1197.

226. *Id.* at 1198.

227. *Id.* at 1199.

228. *Id.*

but none resided in Texas.<sup>229</sup> Furthermore, the Federal Circuit calculated that the Texas venue would require an additional 700 miles of travel for the witnesses residing in other states, and an extra 1,756 miles and seven hours of travel for the four Japanese witnesses.<sup>230</sup> Therefore, in accordance with *TS Tech*, this factor “clearly favor[ed] transfer.”<sup>231</sup>

Though location and ease of access to sources of proof is often neutral in transfer cases,<sup>232</sup> the court noted that “the place where the defendant’s documents are kept weighs in favor of transfer to that location.”<sup>233</sup> In reference to this factor, the district court reasoned that Texas served as a “centralized location” because the majority of the evidence was housed in Washington or Japan, but the Federal Circuit disagreed.<sup>234</sup> Following *Genentech*, which disregarded this “centralized location” theory in analyzing convenience to witnesses, the Federal Circuit extended this analysis to sources of proof, weighing this factor towards transfer.<sup>235</sup> On balance of the factors, the court granted the writ because “the district court clearly abused its discretion in denying transfer from a venue with no meaningful ties to the case.”<sup>236</sup>

### III. VENUE TRANSFER FROM THE EASTERN DISTRICT OF TEXAS FOLLOWING *TS TECH* AND *GENENTECH*.

In the wake of the *TS Tech* and *Genentech* decisions, it will be harder to keep patent infringement actions within the Eastern District of Texas.<sup>237</sup> This is likely to prompt creative lawyering by plaintiffs trying to prevent transfer.<sup>238</sup> The bulk of the transfer decisions post-*TS Tech* have hinged on the location

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229. *Id.*

230. *Id.*

231. *Id.*

232. *See infra* Section III.A.3.

233. *Nintendo*, 589 F.3d at 1199 (quoting *In re Genentech, Inc.*, 566 F.3d 1338, 1345 (Fed. Cir. 2009)).

234. *Id.* at 1199–1200.

235. *Id.*

236. *Id.* at 1200. The court also noted that though Nintendo’s motion for reconsideration was still pending at the district court, Nintendo “is not required to wait for the district court’s decision on the motion for reconsideration because the district court clearly abused its discretion when deciding the original motion.” *Id.*

237. *See* Jeff Bounds, *Court Rulings Could Drop Allure of “Rocket Docket”: Defendants Allowed to Move Cases From Eastern District*, DALLAS BUS. J., Feb. 6, 2009, available at <http://washington.bizjournals.com/dallas/stories/2009/02/09/story7.html>.

238. *See, e.g.*, Zusha Elinson, *IP Forum Shoppers: Any Excuse for Texas*, THE RECORDER, July 23, 2009, <http://www.law.com/jsp/PubArticle.jsp?id=1202432513211> (describing the “backdoor jurisdiction strategy” of joining local defendants in pending cases in the Eastern District of Texas that do not have any connections to the district).

of parties and witnesses as well as judicial economy factors. The other factors in the *Gilbert* analysis are routinely found to be neutral or only slightly weighed for or against transfer.<sup>239</sup> Plaintiff's choice of forum is not treated as an independent factor in the analysis, but is "accorded deference" as the moving party bears the burden of establishing that the transferee venue is "clearly more convenient" via the *Gilbert* factor analysis.<sup>240</sup>

#### A. GILBERT FACTORS THAT DRIVE THE TRANSFER DETERMINATION

Courts' analyses of the *Gilbert* factors in 2009 Eastern District of Texas transfer decisions hinged on convenience for parties and witnesses and judicial economy. The remaining *Gilbert* factors, explained *infra* Section III.A.3, tend to be either non-determinative or neutral in the legal analysis.

##### 1. Regional vs. National

Following *TS Tech*, many patent transfer decisions have turned on the private interest factors, including "the cost of attendance for willing witnesses"<sup>241</sup> and "all other practical problems that make trial of a case easy, expeditious, and expensive"—generally speaking, the convenience to parties and witnesses both party and non-party.<sup>242</sup> Regional cases concentrated away from the Eastern District of Texas now have a greater chance of transfer compared to those cases that are national in scope in terms of witnesses and parties, which have generally been kept in the Eastern District of Texas.

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239. See *infra* Section III.A.3.

240. *In re TS Tech USA, Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008) (citing *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 314 n.10 (5th Cir. 2008)).

241. See, e.g., *Volkswagen I*, 545 F.3d at 315. Cost of attendance for witnesses is computed considering that "[a]dditional distance [from home] means additional travel time; additional travel time increases the probability for meal and lodging expenses; and additional travel time with overnight stays increases the time which these fact witnesses must be away from their regular employment." *TS Tech*, 551 F.3d at 1320 (citing *In re Volkswagen AG*, 371 F.3d 201, 205 (5th Cir. 2004)); see also *Sanofi-Aventis Deutschland GmbH v. Novo Nordisk, Inc.*, 614 F. Supp. 2d 772, 779 (E.D. Tex. 2009) (considering increased "actual costs" associated with witness travel to New York City as opposed to Lufkin, Texas, but decreased "travel costs" from witnesses' residences taking precedent to weigh the factor towards transfer).

242. See, e.g., *Volkswagen I*, 545 F.3d at 315. Actual travel time (including connection time for flights) in addition to literal travel distance has been considered in recent Eastern District of Texas cases. *Novartis Vaccines & Diagnostics, Inc. v. Bayer Healthcare, L.L.C.*, No. 2:08-CV-068, 2009 WL 3157455, at \*2–3 (E.D. Tex. Sept. 28, 2009) (examining both travel distance and time in determining that the difference between flying from Europe to the Texas and California courthouses would be "insignifican[t]"); *Acceleron, L.L.C. v. Egenera, Inc.*, 634 F. Supp. 2d 758, 767 (E.D. Tex. 2009) (considering flying and driving time in determining that "Texas' central location makes it a more convenient venue for all the witnesses in the case than the District of Delaware").

In *Partsviver, Inc. v. Shopzilla, Inc.*, the trial court granted transfer where the case had a regional nature.<sup>243</sup> The plaintiff, six out of seven defendants, and the original patent owner were all located in California.<sup>244</sup> The seventh defendant resided in Washington.<sup>245</sup> In a brief opinion, Judge Folsom of the Eastern District of Texas went directly to the relevant factor, stating that “the overall nature of this case . . . is regional and therefore would be more conveniently handled by the Northern District of California,” and thus granted transfer.<sup>246</sup>

In contrast, many cases deemed to be “national” by the Eastern District of Texas have managed to overcome defendants’ transfer motions, with and without sufficient connections to the district. Judge Love found this factor to be neutral in *Konami Digital Entertainment Co. v. Harmonix Music Systems, Inc.*, where the defendants requested transfer to the District of Massachusetts and witnesses were located on both the east and west coasts.<sup>247</sup> Examining the well-established 100-mile rule, Judge Love noted that “there are a significant number of witnesses by either side who will be inconvenienced to a significant degree.”<sup>248</sup> This national scattering of witnesses, parties, and sources of proof led to denial of transfer.<sup>249</sup>

Similarly, the court emphasized Texas’ “centralized location” in the joint transfer motion denial in *J2 Global Communications, Inc. v. Protus IP Solutions*,

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243. No. 2:07-CV-240, 2009 WL 279110, at \*2 (E.D. Tex. Jan. 30, 2009).

244. *Id.*

245. *Id.*

246. *Id.*; see also *Chrimar Sys., Inc. v. Garrettcom, Inc.*, No. 2:09-CV-85-TJW (E.D. Tex. Aug. 27, 2009) (ruling in a one page order that the non-Texan plaintiff “failed to show a sufficient connection to this District that would warrant denying transfer” in a case with two California defendants); *Fifth Generation Computer Corp. v. Int’l Bus. Machs. Corp.*, No. 9:08-CV-205, 2009 WL 398783, at \*6 (E.D. Tex. Feb. 17, 2009) (finding “[k]ey to the court’s decision” the lack of connection to Texas, barring one potential witness, and the cluster of witnesses and parties in or near the Southern District of New York to “weigh fairly heavily in favor of transfer”); *Odom v. Microsoft Corp.*, 596 F. Supp. 2d 995, 1004 (E.D. Tex. 2009) (holding that the case was “significantly localized in the Northwest,” with both parties and all but one witness located regionally which weighed in favor of transfer to show that transfer from Texas to Oregon would be “clearly more convenient”).

247. *Konami Digital Entm’t Co. v. Harmonix Music Sys., Inc.*, No. 6:08-CV-286, 2009 WL 781134, at \*5–6 (E.D. Tex. Mar. 23, 2009); see also *Convolve, Inc. v. Dell Inc.*, No. 2:08-CV-244, at \*5–6 (E.D. Tex. Sept. 30, 2009) (finding this factor to weigh against transfer to the Southern District of New York when witnesses were located in Texas, California, Minnesota, and Japan); *Novartis Vaccines & Diagnostics, Inc. v. Hoffman-La Roche, Inc.*, 597 F. Supp. 2d 706, 714 (E.D. Tex. 2009) (“Because this case is nationwide in scope, each factor is either neutral or does not weigh in favor of transfer.”).

248. *Konami*, 2009 WL 781134, at \*6.

249. *Id.* at \*9.

*Inc.*<sup>250</sup> The parties' headquarters (and evidence) were located in California, Ontario, Georgia, and Washington.<sup>251</sup> The defendants identified witnesses located in numerous states and abroad on multiple continents.<sup>252</sup> Because the parties and witnesses were spread across the United States and the world, the court found that the proposed transferee venue of the Central District of California would be "no more convenient" than the Eastern District of Texas and denied the transfer motion.<sup>253</sup> Texas' central location is less significant when there is sufficient connection to the transferee district which can sway the court to grant transfer.<sup>254</sup> Similarly, connection to the transferor court will weigh heavily against transfer.<sup>255</sup>

## 2. *Judicial Economy*

In addition to geographic considerations, various judicial economy factors have weighed heavily in recent cases, including additional state law claims, prior or concurrent litigation involving the same or a similar patent, and the litigation timeline. In patent infringement suits that involve additional claims governed under state law, this aspect of the lawsuit must be considered when deciding whether or not to transfer.<sup>256</sup> For example, in *Odom v. Microsoft, Corp.*, there were potential Oregon state law contractual issues to be addressed, contributing to the regional nature of the case and thus its transfer from the Eastern District of Texas to the District of Oregon.<sup>257</sup>

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250. No. 6:08-CV-211, 2009 WL 440525, at \*5 (E.D. Tex. Feb. 20, 2009).

251. *Id.*

252. *Id.*

253. *Id.* Subsequently, both parties requested transfer because stays were lifted on related cases pending in California. See Joint Motion for Order Transferring Case to the Central District of California and to Stay Proceedings Pending Transfer, *J2 Global Commc'ns, Inc. v. Protus IP Solutions, Inc.*, No. 6:08-CV-211, 2009 WL 2335567, at \*2 (E.D. Tex. May 18, 2009). Judge Love granted the joint motion. *J2 Global Commc'ns, Inc. v. Protus IP Solutions, Inc.*, No. 6:08-CV-211 (E.D. Tex. May 19, 2009).

254. See *Prust v. Apple Inc.*, No. 2:09-CV-92(IJW) (E.D. Tex. Oct. 7, 2009) (granting transfer to the defendant's residence in the Northern District of California where the plaintiff was in Minnesota and witnesses were scattered across the United States).

255. See *Acceleron, L.L.C. v. Egenera, Inc.*, 634 F. Supp. 2d 758, 766-67 (E.D. Tex. 2009) (focusing on the plaintiff's principal place of business being in Texas and the court's "central location" to weigh this factor against transfer).

256. *Odom v. Microsoft Corp.*, 596 F. Supp. 2d 995, 1004 (E.D. Tex. 2009) (stating that "where a case involves interpretation of a particular state's laws, this factor may weigh in favor of transfer").

257. *Id.*



Prior or concurrent litigation in the same court involving the same patent(s) also weighs heavily in the transfer determination.<sup>258</sup> For instance, Judge Ward denied transfer in *Novartis Vaccines & Diagnostics, Inc. v. Bayer Healthcare, L.L.C.* because there was a related lawsuit pending simultaneously in the same court involving the same patent.<sup>259</sup> After considering “the interests of justice” emphasized in § 1404(a), Judge Ward recognized that the “two cases involve[d] the same claim construction issues” and that transferring one “will only consume unnecessarily additional judicial resources.”<sup>260</sup>

The litigation timeline can also greatly affect the transfer determination. This is evidenced by the transfer grant in *Abstrax, Inc. v. Sun Microsystems, Inc.*<sup>261</sup> Sun’s case had been consolidated with another suit regarding the same patent in the Eastern District of Texas for both discovery and claim construction.<sup>262</sup> The court granted transfer to the regionally appropriate Northern District of California on the condition that Sun would adhere to the claim construction opinion already issued by the Eastern District of Texas.<sup>263</sup> This single party transfer would not have been possible had the claims not yet been construed.

This factor can also weigh in favor of transfer when there is simultaneous or past litigation involving the contested patent in the transferee district. For example, the defendant in *Jackson v. Intel Corp.* applying for transfer out of Texas had previously litigated the patent at issue with over seventy-five parties in the Northern District of Illinois (his “home district”).<sup>264</sup> Even though there were no pending actions involving the contested patent, Judge Ward granted the transfer motion because “the accumulated knowledge and familiarity of the judges in that court with both the plaintiff and his patent would indeed facilitate efficient use of judicial resources.”<sup>265</sup>

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258. *See In re Volkswagen of Am., Inc.*, 566 F.3d 1349, 1351 (Fed. Cir. 2009) (“[T]he existence of multiple lawsuits involving the same issues is a paramount consideration when determining whether a transfer is in the interest of justice.”).

259. No. 2:08-CV-068, 2009 WL 3157455, at \*5 (E.D. Tex. Sept. 28, 2009).

260. *Id.*

261. No. 2:07-CV-333, 2009 WL 2824581, at \*2 (E.D. Tex. Aug. 28, 2009).

262. *Id.* at \*1.

263. *Id.* at \*2 n.3.

264. No. 2:08-CV-154, 2009 WL 749305, at \*4 (E.D. Tex. Mar. 19, 2009) (noting that the defendant’s previous infringement and declaratory judgment actions in the Illinois court “provid[ed] some of the judges there with significant familiarity with the patent-in-suit”).

265. *Id.* (“Where the interests of judicial economy [are] so strongly in favor of transferring a case, the Federal Circuit has held that other factors may be ‘afforded little or

In a pair of cases involving the same parties but different patents, the weighing of this factor dictated opposite transfer outcomes where the court found insufficient similarities between the cases.<sup>266</sup> The trial court granted transfer in a case involving six patents all stemming from one original patent application, three of which had previously been litigated in the District of Maryland.<sup>267</sup> However, the court denied transfer in the suit involving a patent without a similar litigation history.<sup>268</sup> Considering the case with past connections to Maryland, the court looked to the “significant overlap” between the current and previous factors in its transfer grant to “preserve judicial economy.”<sup>269</sup> Though the plaintiffs in the other case argued that the two cases involved related technologies and the same parties, the court found “few similarities” between the patents.<sup>270</sup> The court ruled that their strained relation was “not sufficient to weigh in favor of transfer.”<sup>271</sup>

### 3. Remaining Non-Determinative Factors

The remaining *Gilbert* factors are less central to courts’ transfer decisions than the convenience and judicial economy factors. Among these subordinate private interest factors is the availability and ease of access to sources of proof. As *Volkswagen I* set forth, “access to some sources of proof presents a lesser inconvenience now than it might have absent recent developments.”<sup>272</sup> Even so, both *Genentech* and *Nintendo* found this factor weighed towards transfer where a significant number of defendant’s documents were in or near the proposed transferee district.<sup>273</sup> Given the extent to which technological advances aid electronic discovery, this factor usually is neutral,<sup>274</sup> but it cannot be completely disregarded. Though many cases do call for

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no weight.” (quoting *Regents of the Univ. of Cal. v. Eli Lilly & Co.*, 119 F.3d 1559, 1565 (Fed. Cir. 1997))).

266. *Invitrogen Corp. v. General Elec. Co. (Invitrogen I)*, No. 6:08-CV-112, 2009 WL 331891 (E.D. Tex. Feb. 9, 2009); *Invitrogen Corp. v. General Elec. Co. (Invitrogen II)*, No. 6:08-CV-113, 2009 WL 331889 (E.D. Tex. Feb. 9, 2009).

267. *Invitrogen I*, 2009 WL 331891, at \*1 (noting that the previous eleven year litigation resulted in many rulings including claim construction).

268. *Invitrogen II*, 2009 WL 331889, at \*5 (holding that the Eastern District of Texas is “more convenient” than Maryland for the California witnesses).

269. *Invitrogen I*, 2009 WL 331891, at \*5.

270. *Invitrogen II*, 2009 WL 331889, at \*4.

271. *Id.*

272. *In re Volkswagen of Am., Inc. (Volkswagen I)*, 545 F.3d 304, 316 (5th Cir. 2008).

273. *In re Nintendo Co.*, 589 F.3d 1194, 1199–1200 (Fed. Cir. 2009); *In re Genentech*, 566 F.3d 1338, 1346 (Fed. Cir. 2009).

274. *See, e.g., Konami Digital Entm’t Co. v. Harmonix Music Sys., Inc.*, No. 6:08-CV-286, 2009 WL 781134, at \*5 (E.D. Tex. 2009) (holding that “with respect to sources of proof that are purely electronic information . . . it does not follow that transfer . . . would be more convenient for anyone”).

physical evidence from varying locations, this factor seldom weighs for or against transfer.<sup>275</sup>

Similarly, the availability of compulsory process to secure witnesses' testimony often receives neutral weight. This factor is only relevant in favor of transfer regarding third party witnesses residing in the transferee venue, and is only weighed heavily when "absolute subpoena power"<sup>276</sup> is held by the transferee venue.<sup>277</sup>

Another less important public interest factor revolves around "the administrative difficulties flowing from court congestion."<sup>278</sup> Various sources of statistics have been used by different parties to show docket speed, and judges have yet to let this factor weigh heavily for or against transfer.<sup>279</sup> Courts may also consider "the local interest in having localized interests decided at home."<sup>280</sup> Most patent infringement suits involve products sold nationally. This gives the citizens of each federal district equal interest in the outcome and renders this factor neutral in regards to nationally marketed and sold products.<sup>281</sup>

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275. *See, e.g.,* *Novartis Vaccines & Diagnostics, Inc. v. Hoffman-La Roche, Inc.*, 597 F. Supp. 2d 706, 711 (E.D. Tex. 2009) (finding that where documents were "spread across the nation," there is no arguable increase of access to proof from transfer).

276. "Absolute subpoena power" is simply the concept that all relevant and material third party witnesses reside within the subpoena power of a particular venue." *Accelaron, L.L.C. v. Egenera, Inc.*, 634 F. Supp. 2d 758, 765 (E.D. Tex. 2009) (internal citations omitted).

277. *See Volkswagen I*, 545 F.3d at 316 (weighing this factor in favor of and to eventually grant transfer when all of the third party witnesses resided within the transferee venue).

278. *Id.* at 315.

279. *See, e.g., In re TS Tech, USA, Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008) (affirming the lower court's determination that "administrative difficulties due to court congestion was a neutral factor in deciding whether to transfer"); *Novartis Vaccines & Diagnostics v. Bayer Healthcare, L.L.C.*, No. 2:08-CV-068, 2009 WL 3157455, at \*4 (E.D. Tex. Sept. 28, 2009) (holding the factor neutral because statistics from 2007 comparing patent cases per judge in the Eastern District of Texas and the Northern District of California "fail[] to show that [they] translate into more administrative difficulties or a slower disposition of cases in the Eastern District"); *Hoffman-La Roche*, 597 F. Supp. 2d at 714 (finding a "negligible" difference between the tenth and fourteenth fastest civil dockets in the nation with a 1.5 month difference in average time to trial). *But see Accelaron*, 634 F. Supp. 2d at 767 (weighing the factor against transfer where the median time to trial difference was 19.5 months greater in the proposed transferee venue).

280. *Volkswagen I*, 545 F.3d at 315.

281. *See, e.g., TS Tech*, 551 F.3d at 1321 ("[T]he vehicles containing TS Tech's allegedly infringing headrest assemblies were sold throughout the United States, and thus the citizens of the Eastern District of Texas have no more or less of a meaningful connection to this case than any other venue.").

One must also consider “the familiarity of the forum with the law that will govern the case.” Patent litigation involves federal law,<sup>282</sup> and therefore, this factor is neutral unless additional state law claims are involved in the suit.<sup>283</sup> The last factor, “the avoidance of unnecessary problems of conflict of laws [or in] the application of foreign law,” was found by the Eastern District of Texas in patent litigation disputes to be “inapplicable in th[e] transfer analysis.”<sup>284</sup>

#### B. PLAINTIFFS’ TACTICS TO DEFEAT TRANSFER

In light of the new transfer standard’s application in the Eastern District of Texas, plaintiffs have developed creative tactics to try to keep their cases in the district.<sup>285</sup> The plaintiffs in *Balthasar Online, Inc. v. Network Solutions, L.L.C.* tried to add local Texas defendants in an amended complaint following the *TS Tech* decision.<sup>286</sup> But Judge Folsom severed the case, transferring the original California defendants to the Northern District of California while denying transfer as “extremely inconvenient for and unfair to” the added local Texas defendants.<sup>287</sup> The decision has been viewed by practitioners to “provide a lot of guidance going forward” on future venue disputes.<sup>288</sup> It potentially could protect local Texas companies from being dragged into law suits by plaintiffs in an effort to retain venue choice.

Additionally, defendants in declaratory judgment actions (who would be plaintiffs in patent infringement suits) have started to use the new venue transfer case law to their advantage to bring patent cases into the Eastern District of Texas. In November 2009, the District of Delaware transferred a pair of declaratory judgment actions against QuinStreet, Inc. to the Eastern District of Texas.<sup>289</sup> The Delaware judge granted transfer for judicial

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282. 35 U.S.C. § 271 (2006) (defining “infringement of patent” under the federal patent statute); *e.g.*, *Emanuel v. SPX Corporation/OTC Tools Division*, No. 6:09-CV-220, 2009 WL 3063322, at \*9 (E.D. Tex. Sept. 21, 2009) (finding the factor neutral because “although this Court has presided over numerous patent cases and has considerable experience with patent law, it is in no better position than another federal district court in deciding a patent case” (citing *TS Tech*, 551 F.3d at 1320)).

283. *See supra* Section III.A.2.

284. *Bayer*, 2009 WL 3157455, at \*5.

285. *See* Elinson, *supra* note 238.

286. 654 F. Supp. 2d 546, 548 (E.D. Tex. 2009).

287. *Id.* at 552.

288. *See, e.g.*, Sheri Qualters, *Eastern District of Texas Partially Transfers Patent Case*, NAT’L L.J., Sept. 24, 2009, [http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202434071173&Eastern\\_District\\_of\\_Texas\\_partially\\_transfers\\_patent\\_case](http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202434071173&Eastern_District_of_Texas_partially_transfers_patent_case) (quoting Steve Bauer, Proskauer Rose, Patent Law Group co-head).

289. *QuinStreet, Inc. v. Parallel Networks, L.L.C.*, No. 06-495-SLR, at 1 (D. Del. Nov. 3, 2009).

economy reasons, because Judge Folsom in the Eastern District of Texas had previously construed the claims of the contested patents and had a related case pending.<sup>290</sup> In granting the motion, the Delaware judge noted that she “continue[s] to be amazed by the energy and resources expended on motions to transfer.”<sup>291</sup> In such instances, the developments in transfer case-law, widely considered to be defendant-friendly, are being manipulated to get some infringement plaintiffs into their desired jurisdiction, when first being defendants in a declaratory judgment suit.

#### IV. PATENT REFORM

Three patent reform proposals are pending in Congress in 2009: House Bill 1260 and Senate Bills 515 and 610.<sup>292</sup> Though Congress has not recently passed any major patent reform, the current legislation proposes major changes to the venue provisions in a rewrite of § 1400. The legislation proposes to overturn the holding in *VE Holding Corp. v. Johnson Gas Appliance Co.*, which interpreted the meaning of “resides” in the patent statute to match the general venue statute,<sup>293</sup> and aims to narrow venue in patent cases.<sup>294</sup> The current patent reform proposals in the 111th Congress have differing venue proposals to achieve this directive. House Bill 1260 proposes a change to the venue statute itself to avoid forum shopping in patent cases,<sup>295</sup> lays out specific guidelines tailored to patent cases to determine venue, and adds a provision to guide venue transfer decisions.<sup>296</sup> Senate Bill

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290. *Id.* at 2 n.2.

291. *Id.* at 1.

292. Only S. 515 is discussed due to lack of movement on S. 610.

293. *See supra* Section I.A.

294. *See* Michael C. Smith, *Fallout from In re TS Tech: Venue Disputes in Texas, Intellectual Property Law Section Program*, Dallas State Bar of Texas Annual Meeting 2009, June 26, 2009, 3–5, available at [http://www.texasbar.com/flashdrive/materials/intellectual\\_property\\_law\\_section\\_cle/IP\\_Smith\\_Article.pdf](http://www.texasbar.com/flashdrive/materials/intellectual_property_law_section_cle/IP_Smith_Article.pdf) (summarizing the recent venue decisions and the previous venue-related proposals in the Patent Reform Act of 2007, various amendments made to the legislation, and its subsequent death in the 110th Congress).

295. Patent Reform Act of 2009, H.R. 1260, 111th Cong. § 10 (2009) (proposing a change of the text of 28 U.S.C. §1400(b) to read: “Notwithstanding section 1391 of this title, in any civil action arising under any Act of Congress relating to patents, a party shall not manufacture venue by assignment, incorporation, or otherwise to invoke the venue of a specific district court”).

296. *Id.* The new provision, 28 U.S.C. §1400(d), would read,

(d) If a plaintiff brings a civil action for patent infringement or declaratory judgment relief under subsection (c), then the defendant may request the district court to transfer that action to another district or division where, in the court’s determination—(1) any of the parties has substantial evidence or witnesses that otherwise would present considerable

515 originally proposed almost identical guidelines to House Bill 1260,<sup>297</sup> but was amended in April of 2009, striking out the detailed venue guidelines and limiting its venue proposal to modifying § 1400(c), codifying the “clearly more convenient” standard set in the Fifth Circuit’s *Volkswagen I* opinion (followed by *TS Tech* and *Genentech* at the Federal Circuit, *supra* Section II.A).<sup>298</sup> The Senate Report on the Patent Reform Act of 2009 (Senate Bill 515) pointed to the Federal Circuit’s *TS Tech* decision as evidence that the standard should be adopted to apply to the patent venue statute specifically,<sup>299</sup> and this venue proposal has most recently garnered support from Gary Locke, Secretary of Commerce.<sup>300</sup>

To avoid forum shopping, the House Bill’s proposed change to § 1400(b) to prevent parties from “manufactur[ing] venue” invites much of the previous criticism of the almost identical venue provisions in the 2007 bills.<sup>301</sup> It calls for an evaluation of “intent” in the proposed statute which could result in increased discovery to resolve this subjective factor.<sup>302</sup> The House Bill also limits the choice of venue in both patent infringement and declaratory judgment actions so that cases can only be brought in the district of the defendant’s principal place of business; its place of incorporation; its primary U.S. subsidiary location (for foreign corporation defendants); the location of alleged “substantial acts of infringement” (if there is a defendant-controlled physical facility there); and plaintiff-based locations only for nonprofits, individual inventors being a sole plaintiff, and higher education institutions.<sup>303</sup> While currently national corporations can be sued in

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evidentiary burdens to the defendant if such transfer were not granted; (2) such transfer would not cause undue hardship to the plaintiff; and (3) venue would be otherwise appropriate under section 1391 of this title.

*Id.*

297. Patent Reform Act of 2009, S. 515, 111th Cong. § 8 (2009) (introduced in Senate).

298. Patent Reform Act of 2009, S. 515, 111th Cong. § 8 (2009) (reported in Senate) (“For the convenience of parties and witnesses, in the interest of justice, a district court shall transfer any civil action . . . 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. S. REP. NO. 111-18, at 19 (2009).

300. Letter from Gary Locke, Secretary of Commerce to Senator Patrick J. Leahy, Chairman of the Judiciary Committee, and Jefferson B. Sessions, Ranking Member of the Judiciary Committee, (Oct. 5, 2009), *available at* <http://www.ogc.doc.gov/ogc/legreg/letters/111/S515Oct0509.pdf> (“[W]e support . . . codifying recent judicial decisions improving the handling of venue challenges.”).

301. *See, e.g.*, Rooklidge & Stasio, *supra* note 17, at 3–4.

302. *Id.* (criticizing this “subjective intent standard” with the assertion that it would cause “increased cost and complexity in patent infringement litigation from the very beginning”).

303. Patent Reform Act of 2009, H.R. 1260, 111th Cong. § 10 (2009).

almost any district,<sup>304</sup> this reform attempts to limit venue in to only “convenient” districts.

There are potential problems associated with the House Bill’s venue proposals. Although a company’s principal place of business and place of incorporation or formation can easily be determined, the House Bill’s clause pertaining to foreign corporations can be confusing as it requires ascertaining the “primary” U.S. subsidiary. Some have argued that it “invites disputes about what the ‘primary’ subsidiary is,” and has a gap when U.S. and foreign defendants are joined, potentially creating “an unmanageable and unpredictable mess.”<sup>305</sup> Similarly, the House Bill’s clause allowing venue based on the location of infringing acts invites new disputes over the meaning of the word “substantial,” in the context of both “*substantial* acts of infringement” and the definition of the defendant’s “regular and established physical facility that the defendant controls and that constitutes a *substantial* portion of the operations of the defendant.”<sup>306</sup> This proposal mirrors patent venue statutes prior to the 1988 revisions that required a determination of “where the defendant has committed acts of infringement and has a regular and established place of business.”<sup>307</sup> The former statute was criticized as increasing litigation burdens and “prolong[ing] patent litigation.”<sup>308</sup> The past concerns over determining a “regular and established place of business” also remain, as prior cases under this standard have turned on various “small shards of evidence,”<sup>309</sup> and the complexity would only increased with current technological advances and the growth of online companies. Critics have commented more recently that these types of multi-part provisions “[are]

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304. See *supra* Section I.A.

305. Sidney A. Rosenzweig, *Patent Venue Reform: Congress Takes Two Steps Back*, 16 PROGRESS ON POINT 1, 10–11 (Feb. 2009) (The Progress and Freedom Foundation), available at <http://www.pff.org/issues-pubs/pops/2009/pop16.4patentvenue.pdf>.

306. H.R. 1260 (emphasis added). This “substantiality” standard has been criticized in relation to the previous patent reform bill to “increase cost and complexity in patent infringement litigation from the very beginning and require considerably more involvement by the district court at a time before the court usually even gets involved.” Rooklidge & Stasio, *supra* note 17, at 4–5.

307. 28 U.S.C. § 1400(b) (1970). Plaintiffs also could bring suit in the place of defendant’s residence. *Id.*

308. See Richard C. Wydick, *Venue in Actions for Patent Infringement*, 25 STAN. L. REV. 551, 584 (1973).

309. See *id.* at 573–74 (citing various cases that turned on facts such as “who pays the rent on defendant’s office, whether the defendant’s name appears in the telephone book, whether the defendant’s name appears on an office door or the lobby board of a building, and what legend appears on the business cards carried by the defendant’s salesmen”).

ripe for complex factual disputes and do[] nothing to create certainty in venue selection, a goal of the . . . patent venue reform provisions.”<sup>310</sup>

The House Bill goes on to only allow transfer where “any of the parties has substantial evidence or witnesses that otherwise would present considerable evidentiary burdens to the defendant if such transfer were not granted,” but only if “such transfer would not cause undue hardship to the plaintiff.”<sup>311</sup> Historically, Congress has struggled to codify the general venue and transfer statutes, and here the patent statute presents similar issues.<sup>312</sup> The simplification to the Senate Bill to follow the case law’s “clearly more convenient” standard,<sup>313</sup> demonstrates that proper transfer guidelines can potentially solve the venue conflict, but this will rely heavily on how the courts interpret them.<sup>314</sup>

## V. CONCLUSION

The three circuit court venue transfer decisions most favorable to defendants, *Volkswagen I*, *TS Tech*, and *Genentech*, bolstered by *Hoffmann-La Roche* and *Nintendo*, set a solid standard for district court venue transfer determinations. The Eastern District of Texas (among other districts) has responded, transferring cases when geography or judicial economy factors dictate transfer. Although it might now be more difficult to keep a case in the Eastern District of Texas, it is still a highly desired jurisdiction for plaintiffs.<sup>315</sup> Plaintiffs are already developing new filing tactics in an effort to obtain their desired venues, and defendants are responding by filing pre-emptive declaratory judgment actions in less plaintiff-friendly courts. Both lawyers and patent holders will continue to use creativity to obtain their choice of forum, and, unless Congress dictates otherwise, courts will use the *Gilbert* factors as the guiding framework. While the *Gilbert* factors give defendants some leeway to obtain transfer to a more favorable or neutral jurisdiction, the balancing of the eight factors allows for much judicial discretion. The Federal Circuit specified that the plaintiff’s choice of venue should not be weighed as an additional factor, but the court has yet to define

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310. Rooklidge & Stasio, *supra* note 17, at 4.

311. H.R. 1260.

312. *See* WRIGHT, MILLER & COOPER, *supra* note 39, § 3848.

313. *See supra* Section II.A.

314. *See supra* Part III (discussing recent venue transfer decisions in the Eastern District of Texas following the “clearly more convenient” standard on the balance of the *Gilbert* factors).

315. *Supra* Section I.D.



just how much deference the plaintiff's choice should receive.<sup>316</sup> Despite the development of standards in recent decisions, such uncertainties persist in the venue transfer analysis for patent infringement actions. While courts continue to struggle to define clear standards, Congress is in a position to provide greater clarity by enacting legislation which specifies how courts should resolve questions of venue in patent litigation. Both of the proposed Congressional bills have benefits and drawbacks,<sup>317</sup> but either would directly address the problem with the patent-specific venue provisions by codifying a clear framework of analysis for the courts.

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316. *See In re Volkswagen of Am., Inc.*, 545 F.3d 304, 314 n.10 (5th Cir. 2008) (“Although a plaintiff's choice of venue is not a distinct factor in the venue transfer analysis, it is nonetheless taken into account as it places a significant burden on the movant to show good cause for the transfer.”).

317. *See supra* Part IV.