

Patent Law Update from the U.S. District Court for the Eastern District of Texas

December 3, 2009

The Eastern District of Texas issued numerous decisions in the past few months granting or denying motions to transfer venue under Section 1404(a) of the U.S. Rules of Civil Procedure. In general, it appears that the Eastern District of Texas is willing to transfer cases with no connection to the state of Texas but inclined to deny transfer of cases with a connection to the state, even where there is no connection to the Eastern District.

In *Balthasar Online, Inc. v. Network Solutions, LLC*, 2009 WL 2952230 (E.D. Tex. Sept. 15, 2009) (Folsom, J.), the court granted the California defendants' motion to transfer venue to the Northern District of California in part as to the California defendants and denied the motion in part as to the newly added Texas defendants. For the purpose of this analysis, the court evaluated the parties at the time the lawsuit was filed separately from the defendants later added for venue purposes after the issuance of *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008). Citing *In re Volkswagen of Am., Inc.*, 545 F.3d 304 (5th Cir. 2008 (en banc)); *In re TS Tech USA Corp.*, 551 F.3d 1315; *In re Genentech*, 566 F.3d 1338, 1345 (Fed. Cir. 2009); and *In re Volkswagen of Am., Inc.*, 566 F.3d 1349, 1351 (Fed. Cir. 2009) (*Volkswagen II*), for "expounding upon the standard this Court must follow in evaluating a motion to transfer under §1404(a)," the court found that the case should be transferred to the Northern District of California as the district where a majority of the original defendants' operations are centered, one defendant's headquarters are located, a substantial number of party and nonparty witnesses reside, and a substantial amount of sources of proof are located, whereas the original non-California defendants are located in neither the transferee nor transferor district and very few witnesses and sources of proof, if any, reside in the Eastern District of Texas.

In *Emanuel v. SPX Corp.*, 6:09-cv220 (E.D. Tex. Sept. 18, 2009) (Love, J.), the court denied SPX's motion to transfer venue to the District of Minnesota. The plaintiff, Cedric Emanuel, is an individual residing and conducting business in the Southern District of Texas, and defendant SPX Corporation is a Delaware corporation with its principal place of business in Charlotte, North Carolina. The accused product is manufactured in Minnesota, where defendant's research and manufacturing facilities are located, and is sold throughout the United States. Neither party has a connection to the Eastern District of Texas. The court distinguished this case from *Genentech*, *TS Tech*, and *Volkswagen II* on the basis that in *Genentech* the bulk of the sources of proof were located in the transferee forum with none in Texas, while in *TS Tech* and *Volkswagen II* all of the evidence was located in or near the transferee forum. Because the plaintiff's documents are located in Texas, the court held this factor only slightly favored transfer. The District of Minnesota had some subpoena power and the Eastern District of Texas had none, but the court held this factor weighed only slightly in favor of transfer because no one district had subpoena power over all the witnesses. Even with no witnesses located in the Eastern District of

Texas, the court held that because witnesses were decentralized among Minnesota, North Carolina, and Texas, the location-of-witnesses factor did not favor transfer. The court considered all of the remaining factors neutral, and found that the District of Minnesota was not clearly more convenient.

In *Immersion v. Mentice*, 2:08-cv161 (E.D. Tex. Sept. 29, 2009) (Everingham, J.), the court granted the defendants' motion to transfer the case to the Northern District of Ohio. The plaintiff is a Maryland corporation with its principal place of business in Maryland, and the defendants are, respectively, a Swedish company with its principal place of business in Sweden; a Delaware corporation with its principal place of business in Cleveland, Ohio; and an Israeli company with its principal place of business in Israel. No party had a connection to the Eastern District of Texas. The court drew numerous parallels to *In re TS Tech*, and found that the transferee forum was "clearly more convenient" where (1) most, though not all, of the sources of proof were located in Illinois or Ohio, significantly closer to the transferee forum; (2) the transferee district had subpoena power over some witnesses and the transferor district had none; (3) the transferee district was significantly more convenient for many witnesses and the transferor district was more convenient for none; (4) the transferee district had a greater interest in local adjudication because a defendant was located there whereas no party had offices in the transferor district; and (5) the remaining factors were neutral. The court gave no weight to the location of parties outside the United States because both forums would be inconvenient for those traveling from abroad.

In *Versata Software, Inc. v. Internet Brands, Inc.*, 2:08-cv313 (E.D. Tex. Sept. 30, 2009) (Everingham, J.), the court denied the defendants' motion to transfer venue to the Western District of Texas. Plaintiffs are Delaware corporations with their principal places of business in Austin, Texas, which is within the Western District of Texas, and the defendants were Delaware and Canadian corporations with places of business in Michigan and Ontario, respectively. No sources of proof or witnesses are located in the Eastern District of Texas, but the court considered both the Eastern District of Texas and the Western District of Texas as convenient venues when considering all sources of proof because "for the defendants' sources of proof, any improvement in ease of access after transfer would be negligible."

In *Mediostream, Inc. v. Microsoft Corp.*, 2:08-cv369 (E.D. Tex. Sept. 30, 2009) (Everingham, J.), the court denied the defendants' motion to transfer venue to the Northern District of California. Although many of the defendants are headquartered in the Northern District of California, one defendant, Dell, is headquartered in Round Rock, Texas. The court found that because many Dell systems are accused in the case, transfer would increase the cost of transporting documents to trial. The court refused to transfer the case because, although most factors were neutral and two weighed in favor of transfer, "[t]he presence of substantial infringement allegations against Dell, however, weighs against many of the factors that would otherwise strongly favor a transfer to the Northern District of California."

In *Prust v. Apple, Inc.*, 2:09-cv00092 (E.D. Tex. Oct. 7, 2009) (Ward, J.), the court granted a motion to transfer venue, noting that "[t]he plaintiff is in Minnesota, the defendant is in the Northern District of California, and the non-party witnesses are in Minnesota, California, Missouri, Illinois, New Mexico, Colorado, Montana, Georgia, and Florida. The plaintiff has failed to show greater convenience or a sufficient connection to this District that would warrant denying transfer."

In *Harvey v. Apple, Inc.*, 2:07-cv327 (E.D. Tex. Oct. 8, 2009) (Everingham, J.), the court granted a motion to transfer venue to the Northern District of California where the only connection to the Eastern District of Texas is one Apple retail store, the majority of Apple's employees and evidence are located in the transferee forum, the plaintiff lives in Michigan, and numerous potential witnesses reside in the Northern District of California while none reside in the Eastern District of Texas. The court further

noted that it had not yet construed any claims or made any substantive rulings; therefore, it was not persuaded by the plaintiff's argument that transfer would cause him hardship.

For more information on the issues discussed in this Update, please contact any of the following Morgan Lewis attorneys:

Washington, D.C.

Robert Gaybrick

202.739.5501

rgaybrick@morganlewis.com

Robert Busby

202.739.5970

rbusby@morganlewis.com

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