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Eastern District Applies *Bilski* in the Software Context

Versata Software, Inc. v. Sun Microsystems, Inc., 2-06-cv-00358 (E.D. Tex. Mar. 31, 2009)

In *In re Bilski*, the Federal Circuit considered what is patent-eligible subject matter under 35 U.S.C. § 101, and concluded that for subject matter to be patentable, the invention must (1) be tied to a particular machine or apparatus or (2) transform a particular article into a different state or thing.

The Eastern District of Texas recently applied *Bilski* to a case involving a software patent. *See Versata Software, Inc. v. Sun Microsystems, Inc.*, 2-06-cv-00358 (E.D. Tex. Mar. 31, 2009). In the case, the defendant, Sun Microsystems, Inc., filed a motion for judgment on the pleadings, arguing that the patents did not satisfy the “machine or transformation” test articulated in *Bilski*. *Id.* at 2. Specifically, Sun argued that the claimed methods could be performed in the human mind or with a pencil and paper, and thus were not tied to any machine. Sun also argued that the claims “do not transform any article into a different state or thing.” *See id.* The court disagreed with Sun’s interpretation of *Bilski*, citing the Federal Circuit’s refusal to “adopt a broad exclusion over software or any other such category of subject matter beyond the exclusion of claims drawn to fundamental principles.” *Id.* Relying on this language, and without directly addressing *Bilski*’s machine-or-transformation test, the court denied Sun’s motion because Sun had not established that there were only legal issues to be resolved in the case. The court appeared to find that *Bilski* did not *per se* alter the patentability of software claims. *Id.* (noting *Bilski*’s statement that the facts presented in *Bilski* “would be largely unhelpful in illuminating the distinctions between those software claims that are patent eligible and those that are not”).

Whether the Eastern District of Texas’s approach will be adopted by other courts remains to be seen.

If a rational legal argument exists to support a trial court’s refusal to transfer venue, the Federal Circuit will not grant mandamus relief.

In re Telular Corp., Misc. No. 899 (Fed. Cir. Apr. 3, 2009) (nonprecedential)

In the latest in the flurry of section 1404(a) venue transfer cases, the Federal Circuit denied Telular Corporation’s petition for a writ of mandamus to direct the U.S. District Court for the Eastern District of Texas to vacate its order denying Telular’s motion to transfer the case to the U.S. District Court for the Northern District of Illinois. *In re Telular*, No. 09-M899, slip op. (Fed. Cir. Apr. 3, 2009). *In re Telular* has an interesting procedural history in that Judge Ward’s order denying Telular’s motion to transfer venue was issued on the same day that he denied a motion to transfer venue in *Lear Corp. v. TS Tech*, No. 2:07-CV-406, slip op. at 6 (E.D. Tex. Sept. 10, 2008). Yet the Federal Circuit granted mandamus in *In re TS Tech USA Corp.*, 551 F.3d 1315, 1319 (Fed. Cir. 2008).

Three points bear mentioning. First, Telular, unlike TS Tech, waited five months after the district court's ruling to file its petition, which the court noted "weighs against the need for issuance of an extraordinary writ." *In re Telular* at 3. Second, Telular argued that the only relationship between this case and the Eastern District of Texas "other than [plaintiff's] choice of venue is that a distributor installs Telular's cellular alarm security systems in homes in the venue." *Id.* at 4. The court noted that "[t]his alone, however, does not mean that Telular's alternative choice of venue . . . is clearly more convenient." *Id.* at 5. Third, Telular "mention[ed]" that a number of its witnesses residing in Chicago would be inconvenienced in the Eastern District of Texas. *Id.* However, the Federal Circuit noted that "at least two of Telular's own witnesses reside in Atlanta, and any documents in the Atlanta Office would need to be transported to court in Illinois if the case was transferred. . . . Based on these circumstances, Telular has not shown that the district court clearly abused its discretion in denying transfer." *Id.* Comparing the present case to recent precedent, the Federal Circuit noted that the circumstances *In re Telular* are "in stark contrast to the circumstances leading to the grant of mandamus in *TS Tech* and in *Volkswagen*, in which the facts overwhelmingly support transfer." *In re Telular* at 5. The Federal Circuit concluded: "[C]ourts may be required to grant mandamus to correct an order that clearly exceeds the bound of judicial discretion. Here, however, a rational legal argument exists in support of the trial court's ruling, and mandamus is inappropriate." *Id.* at 5–6 (citations omitted).

A copy of the order can be found at <http://www.cafc.uscourts.gov/opinions/09-M899no.pdf>.

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