

Morgan Lewis

seminar

How to Stay In and Get Out Of the Eastern District of Texas

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I'm Not from Texas, but I Got Here as Fast as I Could



The Texas Three Step

step 1:

Subject Matter Jurisdiction

step 2:

Personal Jurisdiction

step 3:

Venue

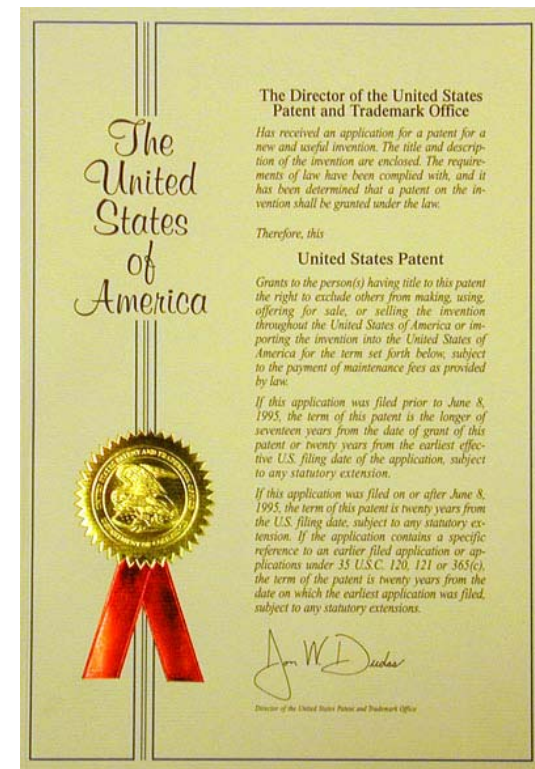
Step 1: The Court

- Subject Matter Jurisdiction
 - 28 U.S.C. § 1338
 - The federal district courts have original jurisdiction of any civil action arising under any act of Congress relating to patents.



Step 1: Infringement

- Subject Matter Jurisdiction
 - 35 U.S.C. § 271
 - Infringement of patent
 - “...whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”



Step 2: The Long Arm of the Law

- Step 2: Personal Jurisdiction

- Minimum Contacts

- Stream of Commerce

- Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558 (Fed. Cir. 1994)

- Sale to Customer in State, F.O.B. out of State

- North American Philips Corp. v. American Vending Sales, Inc., 35 F.3d 1576 (Fed. Cir. 1994).

- Interactive Websites

- Revell v. Lidov, 317 F.3d 467 (5th Cir. 2002); Zippo Mfg. v. Zippo Dot Com, Inc., 952 F.Supp. 1119 (W.D. Pa. 1997).

Stream of Commerce

“[Texas] does not exceed its powers under the Due Process Clause if it asserts personal jurisdiction over a corporation that delivers its products into the stream of commerce with the expectation that they will be purchased by consumers in [Texas]” World Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 297-98 (1980).

Step 3: Greetings from East Texas

- Step 3: Venue

- General Venue Statute Controls (28 U.S.C. § 1391)

- Venue is proper in any district where the defendant resides

- 28 U.S.C. § 1391(b)

- In a multidistrict state like Texas, a corporation is deemed to reside in any district in that state where its contacts with that district would be sufficient to subject it to personal jurisdiction if that district were a separate state.

- 28 U.S.C. § 1391(c)

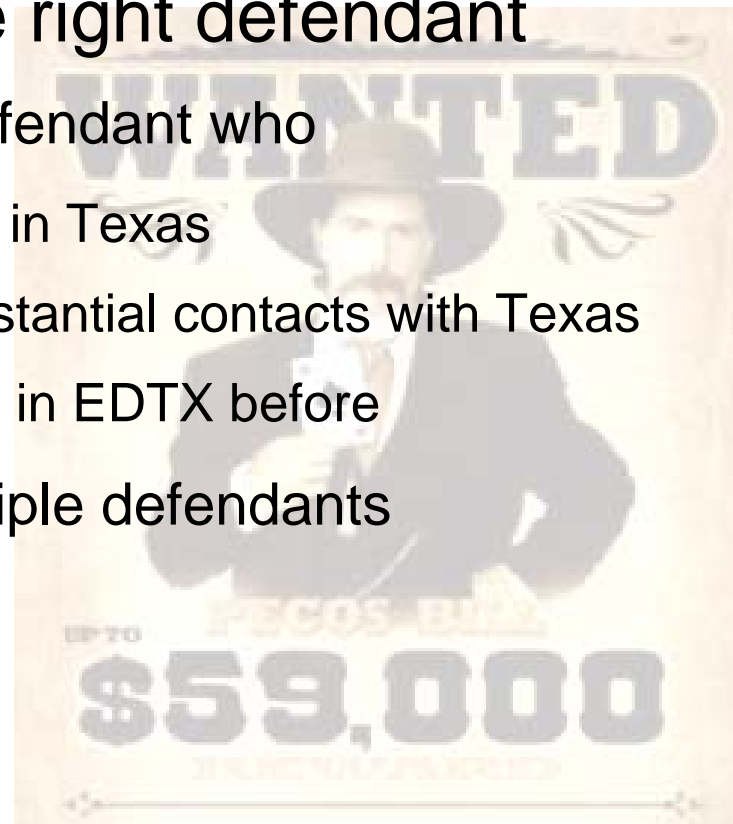
Staying in the Saddle

- Choose the Right Defendant
- Be Consistent
- Choose the Right Division



Staying in the Saddle

- Choose the right defendant
 - Name a defendant who
 - Is based in Texas
 - Has substantial contacts with Texas
 - Has filed in EDTX before
 - Name multiple defendants

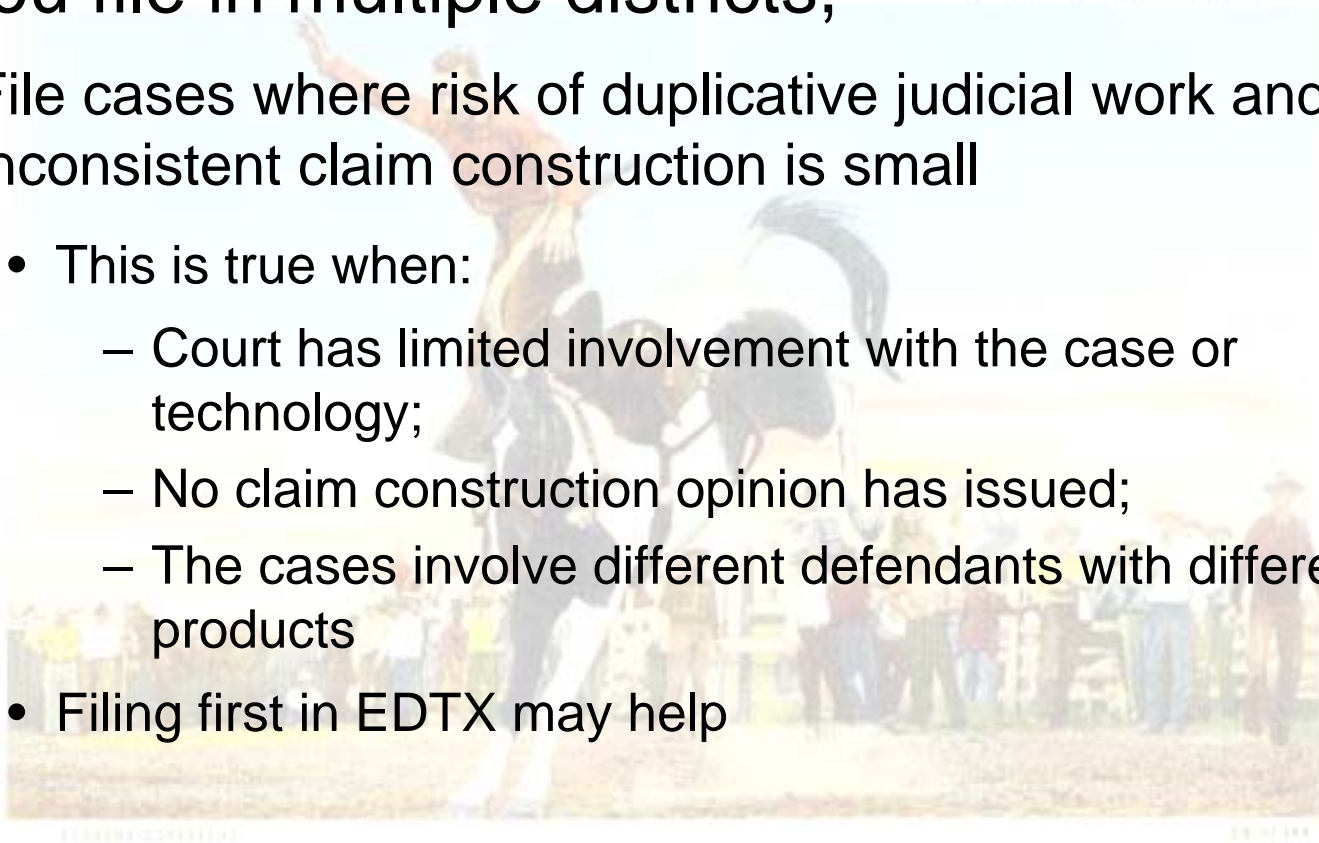


Staying in the Saddle

- Avoid filing actions over the same patents in different districts
 - Judicial economy may be determinative and favor transfer to a court already familiar with the technology and issues involved
 - Transfer is most appropriate when
 - One court, in a district other than Texas, is extensively familiar with the technology or legal issues involved;
 - This non-Texas court has issued a claim construction (“Markman”) opinion; and
 - The cases involve the same or similar defendants with the same or similar products

Not Your First Rodeo?

- If you file in multiple districts,
 - File cases where risk of duplicative judicial work and inconsistent claim construction is small
 - This is true when:
 - Court has limited involvement with the case or technology;
 - No claim construction opinion has issued;
 - The cases involve different defendants with different products
 - Filing first in EDTX may help



Choose Wisely

- Select division with fastest time to trial
 - Lufkin
 - Sherman
 - Beaumont
- Minimizes “court congestion” argument by defendant



Marshall

File

Status Conference

Markman

Trial

Today

Summer 2009

Fall 2011

2012

- Digital-Vending Servs. v. The Univ. of Phoenix, et. al.
- E. Tex. Tech. Partners v. Toshiba Am., et al.
- Generation II Ortho v. D.J. Orthopedics
- Int'l Printer Corp. v. Brother Int'l Corp., et al.
- Morris, et al. v. Acer Am. Corp., et al.
- Cooper Techs. Inc. v. Thomas & Betts Corp.
- Weatherford Int'l, Inc., et al. v. Tesco Corp.
- Thomas & Betts Corp., et al. v. Cooper Power Systems
- Wi-Lan, Inc. v. Acer, Inc, et al.
- Am. Video Graphics, L.P. v. Hewlett-Packard Co., et al.
- Stambler v. UBS Financial Services, et al.
- Stambler v. Am. Express Co. et al.
- Compression Labs, Inc. v. Acer Am. Corp., et al.



Tyler



- Am. Video Graphics, L.P. v. Hewlett-Packard Co., et al.
- Hewlett-Packard Co. et al. v. Commonwealth Sci. & Indus. Research Org.
- Saxon Innovations, LLC v. Apple, Inc., et al.
- Saxon Innovations, LLC v. LG Elecs., Inc., et al.
- Whetstone Elecs., LLC v. Epson Am., Inc., et al.
- Zaidan Corp. v. Acer Am., Inc. et al.



Texarkana



- AtratechJapan Corp. v. Chie Mei Optoelectronics USA, Inc. et al.



Sherman



- Microtune v. Broadcom Corp.
- Synchrome, Inc. v. Hewlett-Packard Co. et al.



Beaumont



- Watts v. XL Systems



Lufkin

File

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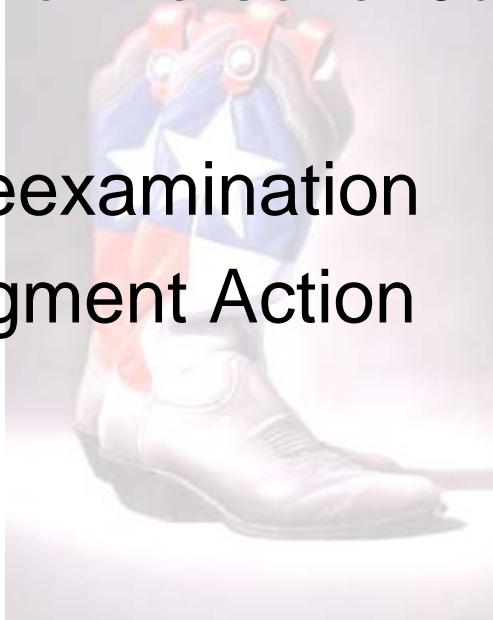


These Boots Are Made for Walking



These Boots Are Made for Walking

- Dismiss for Lack of Personal Jurisdiction
- Change Venue
- Stay Pending Reexamination
- Declaratory Judgment Action



I've Never Been To Texas

- Motion to Dismiss for Lack of Personal Jurisdiction
 - Too Remote
 - Foreign Component Mfg. Sells to Foreign Mfg. Sells To U.S. Mfg.
 - Commissariat A L'Energie Atomique v. Chi Mei Optoelectronics Corp., 395 F.3d 1315 (Fed. Cir. 2005)
 - Parent Corporation
 - Phonometrics, Inc. v. Northern Telecom, Inc., 133 F.3d 1459 (Fed. Cir. 1998)
 - Forum Selection Clause
 - Monsanto Co. V. McFarling, 302 F.3d 1291 (Fed. Cir. 2002)
 - Passive Website
 - 3D Systems, Inc. v. Aarotech Labs. Inc., 160 F.3d 1373 (Fed. Cir. 1998)

Run for the Border

- Motion to Transfer Venue
 - In Re Volkswagen, 545 F.3d 304 (5th Cir. 2008)
 - Recent 5th Circuit Case granting a § 1404(a) venue transfer
 - Plaintiff's choice of venue given less weight
 - Defendant must show "good cause" for transfer
 - Court balances of private interest and public interest factors
 - If Defendant shows that transferee venue is clearly more convenient, it has shown good cause

Run for the Border

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. 28 U.S.C. § 1404(a)

Run for the Border

- Application of Volkswagen
 - In re TS Tech USA Corp., Misc. Dkt. No. 888 (Fed. Cir. December 29, 2008)
 - Federal Circuit granted mandamus to transfer case out of Marshall to Ohio
 - Location of evidence and witnesses, cost of attendance, and local interest in the suit favored transfer
 - J2 Global Commc'ns., Inc. v. Protus IP Solutions, et al. 2008 WL 5378010 (E.D. Tex. 2008)
 - Denied transfer
 - No demonstrated need for compulsory process, no examples of documents located in transferee district, inventor closer to EDTX
 - Public factors, especially judicial economy, were not sufficient

Run for the Border

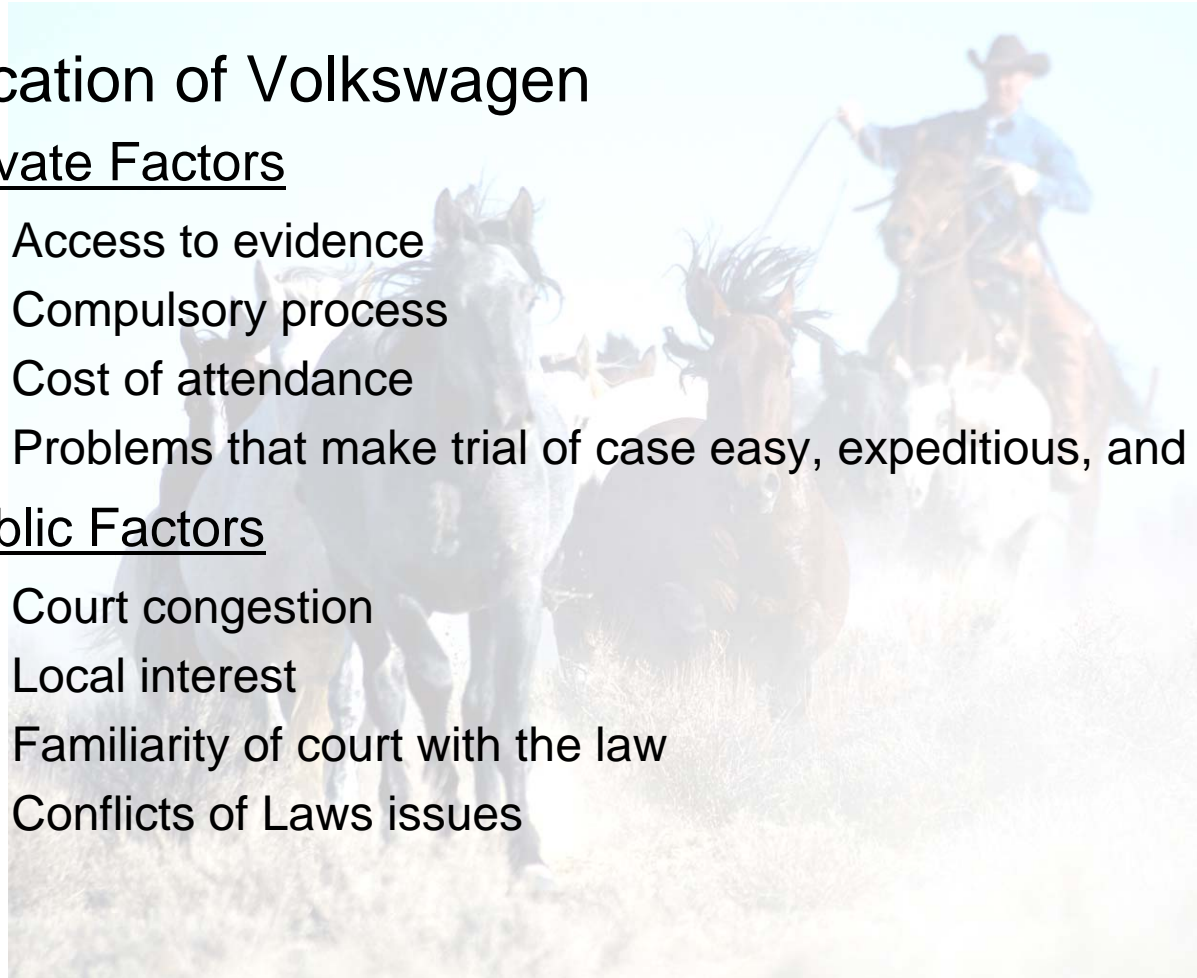
- Application of Volkswagen

- Private Factors

- Access to evidence
 - Compulsory process
 - Cost of attendance
 - Problems that make trial of case easy, expeditious, and inexpensive

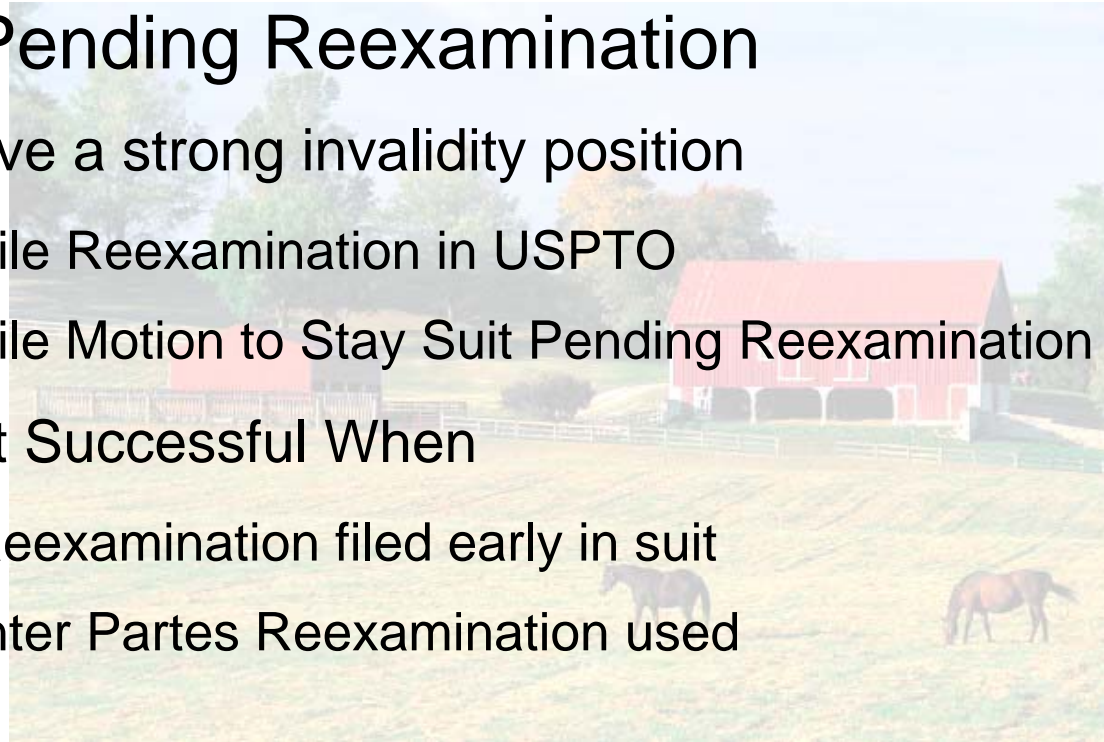
- Public Factors

- Court congestion
 - Local interest
 - Familiarity of court with the law
 - Conflicts of Laws issues



Hold on there, Pardner

- Stay Pending Reexamination
 - If have a strong invalidity position
 - File Reexamination in USPTO
 - File Motion to Stay Suit Pending Reexamination with Court
 - Most Successful When
 - Reexamination filed early in suit
 - Inter Partes Reexamination used



Hold on there, Pardner



Stays Pending Patent Reexamination in the Eastern District of Texas

June 17, 2008

One of the primary factors in deciding whether to request reexamination of a patent is whether the litigation will be stayed until the reexamination process is complete. In several recent decisions from the Eastern District of Texas, defendants have been successful in meeting the test for obtaining stays pending reexamination. In the past three months, Eastern District judges have issued four opinions regarding such motions, granting three of them: *Premier Int'l Associates LLC v. Hewlett-Packard Co.*, 2008 WL 2138158; *Constellation IP, LLC v. Allstate Corp.*, No. 5:07-CV-132, Mem. Op.; *Spa Syspatronic, AG v. VeriFone, Inc.*, 2008 WL 1886020; and *Cooper Techs. Co. v. Thomas & Betts Corp.*, 2008 WL 906315.¹

The *Sovereign* Test

In each of the four cases, the court applied a three-factor test developed in *Sovereign Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 600, 662 (E.D. Tex. 2005), in deciding whether to grant the stay:

Available at: http://www.morganlewis.com/pubs/IP_PatentReexamination_LF_17jun08.pdf

Shoot First

- File Declaratory Judgment Action
 - License Context
 - No longer has to breach license for jurisdiction
 - Licensee's threat to enforce if in breach is sufficient
 - MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118 (2007)
 - Prior to License
 - Patentee must take some affirmative act that places plaintiff in position “of either pursuing arguably illegal behavior or abandoning that which he claims a right to do.”
 - SanDisk Corp. v. STMicroelectronics, Inc., 480 F.3d 1372 (Fed. Cir. 2007)

Learn from Others

“There are two ways to lose a patent case in my court: One is on the merits, and the other is on discovery.” – **Judge T. John Ward**

Learn from Others

- ClearValue v. Pearl River Polymers, Inc., NO. 6:06 CV 197, 2007 WL 1847640 (E.D.Tex. Jun 28, 2007)
 - Plaintiff withheld information
 - Struck pleadings; entered judgment for defendants
- Kamatani v. BenQ Corp., No. 2:03-CV-437, 2005 WL 2455825 (E.D. Tex. Oct. 4, 2005)
 - Defendant withheld information
 - Struck defenses related to license; awarded attorney's fees; \$500,000 in sanctions; cut trial time by one-third
- Laserdynamics, Inc. v. Asus Computer Int'l, No. 2:06-CV-348, 2009 WL 153161 (E.D. Tex. Jan 21, 2009)
 - Defendant failed to produce relevant documents/improper objections/failure to meet and confer
 - Reduced time for opening/closing/voir dire by one-half and eliminated one of its preemptory challenges
 - Plaintiff did not get fees and costs because it failed to meet and confer in good faith

our team



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- Mr. Carter is a partner in Morgan Lewis' Litigation Practice. Mr. Carter focuses his practice on patent litigation matters and has more than 25 years of experience trying complex commercial cases in federal and state courts and before arbitration panels. Mr. Carter has tried more than 80 cases to verdict.
- Mr. Carter has represented a wide variety of corporations and individuals in the aviation, energy, health, and telecommunications industries. He has handled cases involving patent infringement, trade secrets, shareholder disputes, air carrier disasters, products liability, and general commercial disputes. He also has handled patent litigation involving computer software and hardware, telecommunications, wireless technology, medical device and life sciences, and energy-related technology.

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- Mr. Krieger is a partner in Morgan Lewis' Litigation and Intellectual Property Practices. Mr. Krieger has more than 35 years of intellectual property law prosecution, licensing, counseling, and litigation experience. He has been lead counsel in more than 50 patent, trademark, trade secret, and copyright lawsuits in courts throughout the United States, and is a frequent lecturer and author on intellectual property topics to groups of attorneys and business executives in the United States, Europe, and Asia.
- Mr. Krieger is a casenote editor for Jones McClure's *O'Connor's Federal Intellectual Property Codes* and has completed mediation training for litigated cases at the Straus Institute for Dispute Resolution at Pepperdine University School of Law and the mediation training course at Harvard University. He is also an adjunct professor at the University of Houston Law Center, where he has taught courses on trademark and trade secret law for more than 20 years. He also lectures and conducts training seminars regarding intellectual property issues, most recently in Texas, Switzerland, China, Taiwan, South Korea, and India

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- Mr. Elliot is a partner in Morgan Lewis' Litigation and Intellectual Property Practices. Mr. Elliot focuses his practice in the areas of patent litigation and complex commercial litigation, representing U.S. and Asian clients as both plaintiffs and defendants. He regularly litigates intellectual property, commercial, and complex tort matters in federal and state courts and before arbitration panels. Mr. Elliot has represented a wide variety of corporate and individual clients in the telecommunications, computer hardware and software, eCommerce, technology development and consulting, real estate, and insurance industries.
- Previously, Mr. Elliot practiced primarily in the area of complex tort litigation, defending commercial property owners in complex premises liability litigation involving criminal acts of third parties, and defending law firms and attorneys in professional malpractice litigation. He also has handled several matters involving bankruptcy and real estate litigation.

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- Mr. Levy is a partner in Morgan Lewis' Litigation and Intellectual Property Practices. Mr. Levy focuses his practice on complex commercial and intellectual property disputes. He has also represented clients in securities, class action, trade secrets, ERISA, probate, product liability, oil and gas, real estate, and employment litigation matters; and he has provided crisis management advice to clients in a variety of industries.
- Mr. Levy's litigation and dispute resolution background includes trying cases in federal and state courts, as well as before ad hoc, NASD, NYSE, AAA, and ICC arbitration tribunals. Many of these cases have involved foreign parties, incidents, or transactions. Mr. Levy has tried more than a dozen cases (often as first chair) and has argued a number of appeals.

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- Mr. Rambo has litigated intellectual property, commercial, and complex tort matters in federal and state courts and before arbitration panels. In addition to high-technology matters, he also has represented clients with matters pertaining to maritime law, the energy and offshore drilling industry, and contracts, personal injury, commercial torts, products liability, Defense Base Act, and Longshore and Harbor Worker's Compensation Act claims..

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- Mr. Hawes has been listed as a "Rising Star" in Intellectual Property Litigation by *Texas Monthly* magazine (2006 & 2007) and is listed in *Who's Who in America* and *Who's Who in American Law*. He is a member of the American Bar Association's Litigation Section and Intellectual Property Law Section; the American Intellectual Property Law Association; the Federal Circuit Bar Association; the Houston Intellectual Property Law Association; and the Houston Bar Association. Mr. Hawes also has authored a number of publications on and lectured about patent litigation issues.



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