

An Update on Motions to Transfer in the Eastern District of Texas

December 3, 2009

On December 2, the U.S. Court of Appeals for the Federal Circuit issued a writ of mandamus (an order) in the case titled *In re Hoffmann-La Roche, Inc.*, reversing the denial of a motion to transfer a case out of the Eastern District of Texas and ordering the district court to transfer the case. This is the third time in the last 12 months that the Federal Circuit has issued a writ of mandamus ordering a district court to transfer a patent case out of the U.S. District Court for the Eastern District of Texas—this time to the Eastern District of North Carolina.

Novartis Vaccines and Diagnostics, Inc., a company located in California, brought the suit in the Eastern District of Texas against Hoffmann-La Roche Inc. and other entities involved in the manufacture of Fuzeon®, a commercial HIV inhibitor drug. The defendants sought to move the case from Texas to the Eastern District of North Carolina, arguing that the bulk of the key documentary evidence and the key witnesses are present in North Carolina. Plaintiff Novartis opposed the motion to transfer, arguing that witnesses and evidence were spread throughout the country. Novartis also argued that 75,000 pages of documents relating to the patent were located in Texas.

The Texas District Court (Judge Folsom) denied the defendants' transfer motion, finding among other things that it is a "decentralized" case given the various locations of potential witnesses throughout the country.

The Federal Circuit, led by Judge Gajarsa (also before Judges Lourie and Friedman), disagreed and found that the district court had "clearly abused its discretion in denying [Roche et al.'s] motion to transfer venue pursuant to 28 U.S.C. § 1404(a)." The Federal Circuit ordered the district court to "promptly transfer the case to the Eastern District of North Carolina." Judge Gajarsa found there to be no connection between the case and the Eastern District of Texas except that in anticipation of litigation, Novartis had transferred 75,000 pages of documents to its litigation counsel in Texas. Judge Gajarsa stated that considering the 75,000 pages to be "Texas" documents was a "fiction." He stated in the opinion that a plaintiff's attempts to manipulate venue in anticipation of litigation or a motion to transfer falls squarely within the prohibited activities under prior Supreme Court case law.

Based on the Federal Circuit's logic in this case, one possible upcoming hot-button issue in this area may be whether the district court can—or should—ignore the domicile of a plaintiff who has set up a "mail-drop" address within the Eastern District of Texas solely for the purpose of defeating a motion to transfer.

A copy of the opinion is available at <http://www.cafc.uscourts.gov/opinions/09-M911.pdf>.

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