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Li Zhu

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Note

Taking Off: Recent Changes to Venue Transfer of Patent Litigation in the Rocket Docket

*Li Zhu**

I. INTRODUCTION

In the high-stakes arena of patent litigation, lawsuits often begin “with a battle over where the war is to be fought.”¹ The reasons are manifold—venue determines litigation expenses, time to trial, the expertise and attitudes of the judges handling the case, the composition of the jury panel that will hear the case at trial, and community sentiment.² Parties spare no expense to prevail in patent litigation, where cases frequently involve complex technological issues and aggressive corporations seeking to shut down the competition.³ Because patent litigation is so costly, cases that survive the pre-trial phase often become prohibitively expensive.⁴ In a multi-million dollar patent lawsuit, even the smallest advantage plays a

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* J.D. Candidate 2011, University of Minnesota Law School; B.S. 2007, University of California, San Diego.

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

2. JERRY CUSTIS, LITIGATION MANAGEMENT HANDBOOK § 8:29 (2008). See also Michael C. Smith, *Fallout From In re TS Tech: Venue Disputes in Texas 2* (June 26, 2009) (unpublished article, prepared for the Annual Meeting of the State Bar of Texas, available at http://www.texasbar.com/flashdrive/materials/intellectual_property_law_section_cle/IP_Smith_Article.pdf) (stating that venue influences speed, judges, and jury composition).

3. See Merriann M. Panarella, *Stemming the Patent Litigation Tide*, MED. DEVICES & DIAGNOSTIC INDUSTRY, Mar. 2004, available at http://hale.admin.hubbardone.com/files/tbl_s47Details%5CFileUpload265%5C1945%5CMMDI_Panarella.pdf (explaining that “[w]hen a party resorts to litigation, chances are it will sue on multiple patents and on multiple claims within those patents.”).

4. See *id.* (discussing claim construction, discovery costs, and business strategies as contributing factors to the expense of patent litigation).

powerful role in shaping the final outcome.⁵

Many consider the Eastern District of Texas (“Eastern District”) to be a “rocket docket,” because it boasts one of the most active patent dockets in the country.⁶ As one commentator has noted, “speed kills . . . [i]f you’re a plaintiff, you can go fast and get a resolution faster here than you can a lot of other places.”⁷ Local lawyers often joke that the passage of tort reform encouraged many in their profession to make the trip from P.I. to I.P.—that is, they moved out of personal injury and into the realm of intellectual property.⁸ Such humor, however, reflects much of the truth. Patent plaintiffs prefer the Eastern District of Texas because of the forum’s knowledgeable judges experienced in patent cases, special patent rules that compel quick and inexpensive discovery, and plaintiff-friendly juries.⁹ In 2008, the three judges in the nation with the most new patent cases were all from the Eastern District.¹⁰ Furthermore, statistics suggest that the Eastern District houses one of the nation’s highest jury verdict damage averages.¹¹ All of these factors motivate patent plaintiffs to forum shop lawsuits against large national corporations in the Eastern District.

5. See *Custis*, *supra* note 2, § 8:29 (stating that venue choice “can make a big difference in the cost and success of the case.”).

6. Gregory A. Castanias et al., *Survey of the Federal Circuit’s Patent Law Decisions in 2006: A New Chapter in the Ongoing Dialogue with the Supreme Court*, 56 AM. U. L. REV. 793, 983 (2007).

7. Julie Creswell, *So Small a Town, So Many Patent Suits*, N.Y. TIMES, Sept. 24, 2006, at B8, available at http://www.nytimes.com/2006/09/24/business/24ward.html?pagewanted=1&_r=1.

8. *Id.*

9. Yan Leychkis, *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, 206 (2007).

10. Timothy C. Meece & V. Bryan Medlock, Jr., *Is TIS Tech the Death Knell for Patent Litigation in the Eastern District of Texas* 3 (2009), (unpublished article, available at http://www.bannerwitcoff.com/_docs/publications/articles/VBM%20Paper%20re_%20Patent%20Litigation%20in%20E%20D%20%20Tex%20.pdf). The top three judges in the nation with the most new patent cases were Judge Ward (Marshall, Texas), Judge Leonard Davis (Tyler, Texas), and Judge David Folsom (Texarkana, Texas). *Id.*

11. ROBERT A. MATTHEWS, JR., ANNOTATED PATENT DIGEST § 2:25 (2009). This higher average, however, may be attributed to large verdicts in a small number of cases involving large corporations.

Recent Federal Circuit decisions,¹² however, have some patent litigators questioning whether the “rocket docket” that has launched from the Eastern District is now cooling off.¹³

This Note discusses the developing law surrounding venue transfer in the Eastern District of Texas. Part II of this Note provides the statutory and historical basis behind venue transfer, and analyzes the effect of recent landmark cases, such as *In re TS Tech* (“*TS Tech*”),¹⁴ *In re Genentech* (“*Genentech*”),¹⁵ and *In re Volkswagen of America* (“*Volkswagen II*”),¹⁶ and how these cases continue to affect patent filings in the Eastern District. Part III examines how the case law continues to transform the way courts analyze factors influencing venue transfer, and the statistical impact of the Federal Circuit’s decisions on filings and adjudicative decisions in the Eastern District. Finally, this Note reveals that knowledgeable plaintiffs and defendants can manipulate the venue transfer factors to achieve a favorable result in a proper forum. This Note proposes that the developing “national character” test addresses harmful forum shopping and favors the adversarial system through the just, speedy and inexpensive resolution of litigation.

II. BACKGROUND

A. STATUTORY BASIS UNDERPINNING VENUE TRANSFER

When Congress passed the venue transfer statute¹⁷ in September 1948, it supplanted the common law doctrine of forum non conveniens for transfers between United States courts.¹⁸ The statute provides that a court may “transfer any civil action to any other district or division where it might have been brought” for the convenience of parties and witnesses and

12. The Federal Circuit is the appellate court for all patent cases in the United States.

13. See Meece & Medlock, *supra* note 10, at 1.

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

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

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

17. 28 U.S.C. § 1404(a) (2006).

18. See, e.g., *Capital Currency Exch. v. Nat’l Westminster Bank PLC*, 155 F.3d 603, 607 (2d Cir. 1998).

in the interest of justice.¹⁹ In enacting § 1404(a), Congress effectively required courts to actively determine whether a venue is equitable for both parties in a lawsuit.²⁰ The provision protects the time, energy, and financial resources of litigants, witnesses, and the public at large by establishing ground rules against unnecessary inconvenience and expense.²¹

In patent infringement suits, venue is proper “where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.”²² Because large corporate defendants conduct business all across the country, the patent venue statute has supplied plaintiffs with the freedom to select virtually any court in the United States to obtain the best chance of success.²³ The multi-million dollar question then becomes whether a more appropriate venue exists.

B. FACTORS INFLUENCING VENUE TRANSFER

The factors influencing venue transfer have essentially remained the same on paper since they were established in 1947. In *Gulf Oil Co. v. Gilbert*, the Supreme Court enumerated four public and four private factors (the *Gilbert* factors) for determining forum non conveniens dismissals.²⁴ The private interest factors include: (1) cost and convenience of attendance for parties and willing witnesses; (2) relative ease of access to sources of proof; (3) availability of compulsory processes to secure the attendance of witnesses; and (4) other practical problems that ensure easy, expeditious and inexpensive trials.²⁵ The public interest factors include: (1) administrative

19. 28 U.S.C. § 1404(a) (2006).

20. See *Ex parte* Collett, 337 U.S. 55, 58 (1949) (stating that the “new subsection requires the court to determine that the transfer is necessary for convenience of the parties and witnesses, and further, that it is in the interest of justice to do so” in a suit under the Federal Employers’ Liability Act (FELA) of 1908).

21. Knapper v. Safety Kleen Systems, Inc., No. 9:08-CV-84-TH, 2009 WL 909479, at *4 (E.D. Tex., Apr. 3, 2009) (“The purpose of § 1404(a) ‘is to prevent waste of time, energy, and money and to protect litigants, witnesses, and the public against unnecessary inconvenience and expense.’” (quoting *Van Dusen v. Barrack*, 376 U.S. 612, 616 (1964)).

22. 28 U.S.C. § 1400(b) (2006).

23. Leychkis, *supra* note 9, at 197 (2007).

24. *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508 (1947).

25. *Id.*

court difficulties leading to court congestion; (2) local interest of having localized interests decided at home; (3) familiarity of the forum with the law governing the case; and (4) avoidance of unnecessary problems of conflict of laws in application of foreign law.²⁶

Courts, like the Eastern District of Texas, have since extended the *Gilbert* forum non conveniens factors to § 1404(a) venue analysis, effectively applying them to determine whether “good cause” exists in favor of a transfer.²⁷ Venue transfers via §1404(a), however, have a lower burden of proof than forum non conveniens dismissals.²⁸ To prevail on a motion to transfer venue, the defense must show that its choice of venue is “clearly more convenient” than the plaintiff’s venue selection.²⁹ Forum non conveniens dismissals, in contrast, require that a new forum be “substantially more convenient” than the original.³⁰

C. BLASTING OFF—THE EASTERN DISTRICT OF TEXAS AS THE VENUE OF CHOICE

In the past, the Federal Circuit consistently upheld decisions by the Eastern District of Texas by rejecting transfers of patent cases to other venues, and, consequently, transfers were rarely granted.³¹ The Eastern District commonly looked to the strong presumption in favor of the plaintiff’s choice of forum to deny defendants’ transfer motions.³² A defendant’s failure to specifically identify key witnesses and testimony is often fatal, and even a showing that a defendant maintains its principal place of business elsewhere is completely insufficient

26. *Id.* at 508–09.

27. *See In Re Volkswagen of Am., Inc. (Volkswagen I)*, 545 F.3d 304, 315 (5th Cir. 2008); *see also* *Humble Oil & Refining Co. v. Bell Marine Serv., Inc.*, 321 F.2d 53, 56 (5th Cir. 1963).

28. *See Volkswagen I*, 545 F.3d at 314.

29. *Id.* at 315; *see also* *TS Tech USA Corp.*, 551 F.3d 1315, 1319 (Fed. Cir. 2008).

30. *Volkswagen I*, 545 F.3d at 314.

31. *See* Alisha Kay Taylor, *What Does Forum Shopping in the Eastern District of Texas Mean for Patent Reform?*, 6 J. MARSHALL REV. INTELL. PROP. L. 570, 582 (2007) (stating that both the Eastern District of Texas and the Federal Circuit have previously approved of plaintiffs’ forum shopping in patent cases).

32. *See, e.g.,* *Mohamed v. Mazda Motor Corp.*, 90 F. Supp. 2d 757, 768 (E.D. Tex. 2000).

to support transfer.³³

A study of transfer motions filed in the Eastern District from January 1991 to November 2008 reveals that ninety-eight transfer motions were denied, compared to sixty-one motions granted.³⁴ While plaintiffs won on their transfer motions 75 percent of the time (six of eight), defendants won 32.1 percent of its motions (45 of 140).³⁵ The overall lack of connection between the Eastern District and the litigating parties is often the rule, rather than the exception in many cases.³⁶ In effect, patent plaintiffs were often able to remain in the Eastern District with only minimum contacts.³⁷ Little did they know, this trend would soon change.

D. “HOUSTON, WE HAVE A PROBLEM”—HOW *TS TECH* GROUNDED THE “ROCKET DOCKET”

On September 14, 2007, the Lear Corporation (“Lear”) filed a patent infringement suit against TS Tech USA Corporation, TS Tech North America, Inc., and TS Tech Canada, Inc. (collectively “TS Tech”) in the Eastern District of Texas.³⁸ In its complaint, Lear accused TS Tech of making and selling headrest assemblies that infringed Lear’s patents.³⁹ TS Tech responded by filing a §1404(a) motion to transfer venue to the Southern District of Ohio, a venue which housed most of the key witnesses and sources of evidence.⁴⁰ The Eastern District denied transfer, stating that Ohio’s convenience did not “clearly outweigh” the deference to plaintiff Lear’s choice of venue.⁴¹ TS Tech subsequently filed a petition for a writ of mandamus with the Federal Circuit.⁴²

In a decision that would have far-reaching consequences, the Federal Circuit granted TS Tech’s writ of mandamus and

33. *Id.* at 775–76.

34. LEGALMETRIC, LEGALMETRIC DISTRICT STUDY EXCERPT

35. *Id.* at 3.

36. *See* Meece & Medlock, *supra* note 10, at 11.

37. *See* Leychkis, *supra* note 9, at 197 (explaining that minimum contacts allowed plaintiffs to obtain venue in practically any of the ninety-four federal district courts).

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

39. *Id.*

40. *Id.*

41. *Id.*

42. *Id.*

transferred the case to Ohio, shocking patent plaintiffs around the nation.⁴³ In reaching its conclusion, the Federal Circuit held that the district court gave inordinate weight to Lear's choice of venue, and resolved the *Gilbert* factors in favor of transfer.⁴⁴ The Federal Circuit also applied the Fifth Circuit's "100-mile rule," which provides that the inconvenience to witnesses "increases in direct relationship to the additional distance to be traveled" when the distance between a witness and a proposed venue is greater than 100 miles.⁴⁵ The court of appeals found it especially persuasive that the Eastern District of Texas had no connections with witnesses, parties, or sources of evidence.⁴⁶ As a result, plaintiffs can no longer defeat venue transfer motions by pointing to minimum contacts.⁴⁷

TS Tech is particularly unique in light of its procedural posture—a writ of mandamus. The writ of mandamus is available only in "extraordinary situations" to correct clear abuses of discretion or usurpation of judicial power.⁴⁸ The Federal Circuit determined that the district court clearly abused its discretion because denying the defendant's venue transfer motion would produce a "patently erroneous result."⁴⁹ Specifically, the Eastern District committed extraordinary error by treating the presumption given to a plaintiffs' choice of venue as a separate *Gilbert* factor under 28 U.S.C. § 1404(a), especially when the plaintiff's venue had no meaningful ties to the litigation.⁵⁰

E. RECENT FEDERAL CIRCUIT DECISIONS—*GENENTECH* AND *VOLKSWAGEN*

Two recent Federal Circuit decisions reveal the scope of *TS Tech*'s expansion of the venue transfer doctrine in the Eastern

43. *Id.* at 1323.

44. *Id.* at 1320, 1323.

45. *Id.* at 1320 (citing *In re Volkswagen AG*, 371 F.3d 201, 205 (5th Cir. 2004)). In *In re Volkswagen AG*, an individual plaintiff filed a wrongful death suit against Volkswagen AG, a foreign car manufacturer, and Volkswagen of America, Inc., a New Jersey car distributor.

46. *TS Tech*, 551 F.3d at 1321.

47. *See id.* at 1320–21 (reasoning that *TS Tech*'s extensive contacts in the Southern District of Ohio, and the lack of any meaningful Texas connections by either party, argue in favor of transfer).

48. *Id.* at 1318.

49. *Id.* at 1319.

50. *Id.* at 1321–22.

District of Texas—*In re Genentech* (“*Genentech*”),⁵¹ and *In re Volkswagen of America, Inc.* (“*Volkswagen II*”).⁵² In each case, the Federal Circuit took on the question of venue transfer as a result of a mandamus petition, and analyzed the *Gilbert* factors through the lens of fairness⁵³ and efficiency.⁵⁴

In *Genentech*, Sanofi-Aventis Deutschland GmbH (“Sanofi”), a German company, filed a patent infringement suit against Genentech, Inc. and Biogen Idec, Inc. (collectively “Genentech”) in the Eastern District of Texas.⁵⁵ Genentech sought to transfer the litigation to the Northern District of California, a venue that contained many relevant witnesses and all relevant development and physical marketing documents.⁵⁶ Sanofi argued that Texas was centrally located between Sanofi in Germany, Genentech in California, European witnesses, and four patent prosecutors on the east coast of the United States.⁵⁷ The Eastern District denied transfer, stating that none of the California witnesses were “key witnesses” and that “[t]he notion that the physical location of some relevant documents should play a substantial role in the venue analysis is somewhat antiquated in the era of electronic storage and transmission.”⁵⁸ Genentech responded by filing a petition for a writ of mandamus with the Federal Circuit.⁵⁹

The Federal Circuit applied the *Gilbert* factors and granted the writ of mandamus in favor of transfer.⁶⁰ The court of appeals found that California’s proximity to both defendants and many material witnesses was compelling.⁶¹ In reaching its decision, the Federal Circuit clarified the “100-mile rule,” stating that the test should be given less weight where foreign

51. *In re Genentech, Inc.*, 566 F.3d 1338, 1340 (Fed. Cir. 2009).

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

53. For example, the convenience of the chosen venue with respect to each party.

54. For example, the judicial economy and court resources.

55. *Genentech*, 566 F.3d at 1340–41.

56. *Id.*

57. *Id.* at 1341.

58. *Id.* at 1341, 1346 (quoting *Sanofi-Aventis Deutschland GmbH v. Genentech, Inc.*, 607 F. Supp. 2d 769, 777 (E.D. Tex. 2009)).

59. *Id.* at 1341.

60. *Id.* at 1349.

61. *Id.* at 1345–46.

witnesses must travel a much greater distance than 100 miles to either the plaintiff's forum, or to the proposed transferee forum.⁶²

The Federal Circuit further elucidated its position on venue transfer in *Volkswagen II* by denying a writ of mandamus for venue transfer from the Eastern District of Texas to the Eastern District of Michigan.⁶³ The Federal Circuit based its decision on judicial economy, holding that venue transfer is inappropriate where multiple lawsuits in the same forum involve the same patents.⁶⁴

Ultimately, the Federal Circuit's decisions in *TS Tech*, *Genentech*, and *Volkswagen II* will have far-reaching consequences for cases filed in the Eastern District. The Federal Circuit did not confine itself to a formulaic analysis of convenience (such as the 100-mile rule) in either *Genentech* or *Volkswagen II*, but instead looked to the totality of the circumstances to determine whether venue transfer was proper for all parties and witnesses.⁶⁵ In essence, the court of appeals rejected the "minimum contacts" justification that allowed plaintiffs to forum shop in the Eastern District for so long.⁶⁶ Given the high stakes involved in patent litigation (a temporary "monopoly" over a financially bountiful market, escalating discovery costs, and large damage verdicts), it is crucial for both plaintiffs and defendants to closely analyze the developing law following these decisions, and find ways to tailor their own litigation strategy in order to zealously represent client interests.

III. ANALYSIS

In light of the Federal Circuit's recent decisions in *TS Tech*, *Genentech*, and *Volkswagen II*, this Note proposes that a

62. *Id.* at 1348.

63. *In Re Volkswagen of Am., Inc. (Volkswagen II)*, 566 F.3d 1349, 1350 (Fed Cir. 2009).

64. *Id.* at 1351.

65. *See Genentech*, 566 F.3d at 1344 (incorporating the convenience of several foreign witnesses into the 100-mile analysis).

66. *Compare* Leychkis, *supra* note 9, at 197 (explaining that minimum contacts previously allowed plaintiffs to obtain venue in any district), *with Genentech*, 566 F.3d at 1341 (granting transfer under mandamus petition and upholding the "basic principles governing transfer of venue under the law of the Fifth Circuit . . . the convenience of parties and witnesses, in the interest of justice").

proper analysis of venue transfer necessarily starts with observing the statistical impact of *TS Tech* and its offspring on patent filings and transfer motions in the Eastern District. This Note then investigates the reasons behind these statistical differences, identifies changes in judicial ideology, and charts common trends in later court decisions to explain where the law is headed. Such an analysis enables practitioners to employ Eastern District decisions after *TS Tech* to influence the *Gilbert* factors in patent litigation. Finally, this Note scrutinizes proposed solutions to forum-shopping in the Eastern District, and explains that *TS Tech*, along with recent Eastern District rulings upholding a “national character” test, both rejects venue justifications under “minimum contacts,” and addresses forum-shopping concerns to promote the just, speedy and inexpensive resolution of patent litigation.

A. *TS TECH*'S STATISTICAL IMPACT ON PATENT LITIGATION

In the wake of *TS Tech*, patent litigators have predicted that the Eastern District would drastically change how it adjudicates venue transfer motions.⁶⁷ Because the Federal Circuit now looks to the totality of the circumstances to determine convenience, many attorneys recognize the advantage that defendants have in the battle to transfer litigation out of a plaintiff-friendly forum, and *TS Tech* has been widely hailed as changing the equation for venue transfer in favor of such defendants.⁶⁸ Others have taken *TS Tech* further to prophesize the end of efficient patent justice in America, half-joking that the case number for the Federal Circuit's decision should have read “666” instead of “888.”⁶⁹

While statistics provide correlations, rather than conclusions, drastic changes in patent filings and venue transfer success after *TS Tech* may support the arguments

67. See Smith, *supra* note 2 (characterizing the potential widespread implications of *TS Tech* as “fallout”); see also Meece & Medlock, *supra* note 10, at 1 (asking whether *TS Tech* is a “death knell” for patent litigation in the Eastern District).

68. William C. Rooklidge & Alyson G. Barker, Reform of a Fast-Moving Target: The Development of Patent Law Since the 2004 National Academies Report 40 (2009) (unpublished article, available at <http://www.patentlyo.com/rooklidgereform.pdf>).

69. Gary Odom, *Get Out of Town*, PAT. PROSECUTOR (Dec. 29, 2008, 11:51 AM), http://www.patenthawk.com/blog/2008/12/get_out_of_town.html.

made by practicing attorneys. *TS Tech's* impact on patent litigation in the Eastern District of Texas can be examined in three ways— (1) the number of patent filings, (2) the number of patent dockets initiated in the Eastern District compared to other “rocket dockets,” and (3) the number and percentage of successful venue transfer motions.

Statistics support the argument that the Eastern District has become a less attractive venue for patent litigation following *TS Tech*. Since the Federal Circuit's decision, the number of patent filings in the Eastern District has dropped 36 percent compared to the same period of time in 2008.⁷⁰ Furthermore, patent dockets initiated in the Eastern District also fell.⁷¹ A year before *TS Tech*, 313 patent dockets were opened in the Eastern District of Texas, compared to 165 in the Northern District of California, another well-known “rocket docket.”⁷² This provides a ratio of 1.9 patent dockets in Eastern Texas for every one docket in the Northern District of California.⁷³ In the nine months following *TS Tech*, 165 patent dockets have been initiated in the Eastern District, compared to 116 in the Northern District of California (1.57 ratio).⁷⁴ Thus, the statistics show that fewer cases have been filed in the Eastern District, compared to other venues.

In contrast, the number of transfer motions filed in patent cases venued in the Eastern District has skyrocketed by 270 percent.⁷⁵ The success rate of motions to transfer venue for convenience in the Eastern District also increased after *TS Tech*.⁷⁶ In fact, in the nine months preceding *TS Tech* (from April 1, 2008 to December 28, 2008), the district court denied all twenty-one transfer motions before it.⁷⁷ In the following nine months (December 29, 2008 through September 14, 2009), the district court approved seventeen out of the thirty-eight

70. LegalMetric, *Transfer Motions Jump and Patent Case Filings Fall in the Eastern District of Texas* (Feb. 17, 2009).

71. James W. Morando & Deepak Gupta, *Hot Topics: A Summary of the Summer's Sizzling Patent Happenings* 9 (Sept. 16, 2009) (unpublished article, available at http://www.fbm.com/docs/speaking_engagement/2f194f19-f496-4bcf-a0f0-614e6b696081_document.doc).

72. *Id.*

73. *Id.*

74. *Id.* at 9–10.

75. See Meece & Medlock, *supra* note 10, at 12.

76. Morando & Gupta, *supra* note 71, at 9.

77. *Id.*

transfer motions that were filed, amounting to a 45% success rate for venue transfer.⁷⁸ This represents a sharp increase compared to the zero percent success rate prior to the Federal Circuit's decision in *TS Tech*.⁷⁹

These staggering statistics reveal that plaintiffs are more successful in transferring litigation out of the Eastern District since *TS Tech*, as the Eastern District rarely granted motions to transfer venue in the past. This reality has not been lost on litigators—the Federal Circuit has since received a “gaggle of Mandamus petitions” for transfer of venue.⁸⁰

B. THE PRACTITIONER'S TOOLBOX—RECENT LEGAL TRENDS INVOLVING VENUE TRANSFER IN THE EASTERN DISTRICT

The determination of judicial trends in recent venue transfer cases requires a rigorous analysis of the Eastern District's treatment of the public and private interest *Gilbert* factors. While no single *Gilbert* factor is given dispositive weight in a court's transfer analysis, the Eastern District has looked disproportionately to private interest factors to determine whether transfer is proper.⁸¹ This Note analyzes changes, after *TS Tech*, to the Eastern District's treatment of the two most important private interest *Gilbert* factors—(1) the cost and convenience of attendance for parties and willing witnesses, and (2) the relative ease of access to sources of proof in the litigation.⁸²

1. The Cost and Convenience of Attendance for Parties and Willing Witnesses

Empirically, courts have considered the “cost and convenience of attendance for parties and willing witnesses” to be the most important *Gilbert* factor in determining whether

78. *Id.*

79. *Id.*

80. Dennis Crouch, *Genentech & Volkswagen: Federal Circuit Splits on Venue Transfer Cases*, PATENTLY-O (May 26, 2009, 10:19 AM), <http://www.patentlyo.com/patent/2009/05/genentech-volkswagen-federal-circuit-splits-on-venue-transfer-cases.html>.

81. *Action Indus., Inc. v. U.S. Fid. & Guar. Corp.*, 358 F.3d 337, 340 (5th Cir. 2004); *see also In re Genentech, Inc.*, 566 F.3d 1338, 1343 (Fed. Cir. 2009).

82. This Note does not address the other private interest *Gilbert* factors in detail because they were not the focal point of the court's analysis in *TS Tech* and they have largely remained the same.

the transfer of a lawsuit to another venue is proper.⁸³ The Eastern District looks to whether “substantial inconvenience will be visited upon key fact witnesses should the court deny transfer.”⁸⁴ Furthermore, the district court has adopted the 100-mile rule from *Volkswagen I*: when the distance between a witness and a proposed venue is greater than 100 miles, inconvenience “increases in direct relationship to the additional distance to be traveled.”⁸⁵

The Federal Circuit’s decision in *Genentech*, however, rejected a rigid application of the 100-mile rule, and instead adopted a more flexible approach.⁸⁶ The *Genentech* court considered two key factors to determine whether the proposed venue was more convenient for witnesses: (1) whether witnesses in the litigation must already travel a significant distance regardless of whether venue lies in the plaintiff’s chosen forum or the defendant’s proposed forum,⁸⁷ and (2) whether witnesses have personal knowledge of relevant prior art, as such witnesses are of “immense importance.”⁸⁸

Since *Genentech*, the Eastern District of Texas has adopted a third factor for determining the cost and convenience of attendance for witnesses—whether the location of witnesses gives rise to litigation of a “national character.”⁸⁹ This “national character” test analyzes whether witnesses and sources of proof

83. See *Genentech*, 566 F.3d at 1343 (quoting *Neil Bros. Ltd. v. World Wide Lines, Inc.*, 425 F. Supp. 2d 325, 329 (E.D.N.Y. 2006) (“The convenience of the witnesses is probably the single most important factor in transfer analysis.”)).

84. See, e.g., *Shoemake v. Union Pacific Railroad Co.*, 233 F. Supp. 2d 828, 832 (E.D. Tex. 2002).

85. *In Re Volkswagen of Am., Inc. (Volkswagen I)*, 545 F.3d 304, 315 (5th Cir. 2008) (citing *In re Volkswagen AG*, 371 F.3d 201, 204–05 (5th Cir. 2004) (pointing to additional travel time, meal and lodging expenses, time away from work, and likelihood of overnight stays)).

86. See *Genentech*, 566 F.3d at 1344.

87. See *id.* (citing *Neil Bros.*, 425 F. Supp. 2d at 330 (stating that it is “comparatively only slightly less convenient to travel from the United Kingdom to New York than the United Kingdom to Tennessee”)).

88. *Network-1 Sec. Solutions, Inc. v. D-Link Corp.*, 433 F. Supp. 2d 795, 802–03 (E.D. Tex. 2006). The convenience of non-party witnesses is also “accorded greater weight than that of party witnesses.” *Shoemake*, 233 F. Supp. 2d at 832.

89. See *Intell. Cap. Holdings, Ltd. v. Net Corp. of Am. (ICHL)*, Nos. 5:08CV65, 5:08CV175, 5:08CV177, 2009 WL 1748573, at *11 (E.D. Tex. June 19, 2009) (citing *Novartis Vaccines & Diagnostics, Inc. v. Hoffmann-La Roche, Inc.*, 597 F. Supp. 2d 706, 713 (E.D. Tex. 2009)).

are spread across the United States, or whether sources are localized in a specific geographical region.⁹⁰ In *Intellectual Capital Holdings, Ltd. v. Net Corp. of America* (“*ICHL*”), the Eastern District denied the defendants’ motions to transfer venue exactly because such sources of proof were found across the country.⁹¹ The district court held that, in cases where both the defendant and the plaintiff have some minimal connection to the Eastern District of Texas, and witnesses are spread across the nation, transfer to a venue proposed by the defendant would “merely reallocate inconvenience rather than lessen it.”⁹² The connection that both the plaintiff and one defendant had to the Eastern District played a central role in the court’s decision in *ICHL*.⁹³

Litigators have questioned whether the Federal Circuit would accept the district court’s “national character” factor if no parties or witnesses are specifically connected to the plaintiff’s choice of venue.⁹⁴ *Genentech* and *Volkswagen II* give plaintiffs reason to believe that the Federal Circuit would again look to the totality of the circumstances to determine whether such a transfer would promote the convenience of the parties and witnesses.⁹⁵ For example, transfer would likely be proper where extensive contacts exist in another forum and only minimum contacts reside with the Eastern District.⁹⁶ Furthermore, the

90. *ICHL*, 2009 WL 1748573, at *11.

91. *Id.*

92. *Id.*

93. *Id.* See also *Personal Audio, LLC v. Apple, Inc.*, No. 9:09-CV-111, 2010 WL 582540, at *6 (E.D. Tex. Feb. 11, 2010) (describing a non-exhaustive list of factors that may color its “national character” convenience analysis: weather and traffic conditions, air traffic at departure, destination, or connecting airport, security checkpoints, public transit rates, hotel and meal prices).

94. See *ICHL*, 2009 WL 1748573, at *11 (where the Eastern District ambiguously states that “[m]ore importantly, even if Plaintiff had no connection to the Eastern District of Texas, Defendants have still not failed to demonstrate that there is a localized focus of people, events, and evidence in the Central District of California as to make that venue clearly more convenient for all involved. To the contrary, this case has a national reach, such that no one particular forum can be said to be clearly more convenient than any other.”).

95. See *In Re Genentech, Inc.*, 566 F.3d 1338, 1344 (Fed. Cir. 2009) (looking to the convenience of all parties involved, and rejecting a rigid application of the 100-mile rule); *In Re Volkswagen of Am., Inc. (Volkswagen II)*, 566 F.3d 1349, 1351 (Fed. Cir. 2009) (looking at judicial resources when multiple cases are at issue).

96. *In Re TS Tech USA Corp.*, 551 F.3d 1315, 1320–21 (Fed. Cir. 2008).

Federal Circuit's decision in *In re Nintendo Co.* sheds light on whether transfer is appropriate in a "national" lawsuit with no connections to the Eastern District.⁹⁷ In *In re Nintendo*, the Federal Circuit granted defendant Nintendo's writ of mandamus and transferred the litigation from the Eastern District of Texas to the Western District of Washington.⁹⁸ The court of appeals held that, because most of Nintendo's relevant documents were equally spread between Japan and Washington, and no documents were located in the Eastern District of Texas, the *Gilbert* factor of "access to evidence" weighed heavily in favor of transfer.⁹⁹

While the Federal Circuit in *In re Nintendo* was concerned with the "relative ease of access to sources of proof" *Gilbert* factor rather than "the cost and convenience of attendance for parties and willing witnesses" factor, the court's holding reveals its reluctance to house cases in the Eastern District of Texas that have absolutely no connection with the venue.¹⁰⁰ Thus, knowledgeable plaintiffs' lawyers seeking to keep their cases in the Eastern District could take advantage of the "national character" factor by identifying expert witnesses spread across the United States. Zealous plaintiffs' lawyers could even call upon their clients or inventors related to the patent at issue to relocate to the Eastern District.

2. Relative Ease of Access to Sources of Proof

The relative ease of access to sources of proof is a factor that looks to the geographic location of evidence. In *Genentech*, the Federal Circuit explicitly addressed the significance of physical documents in its venue transfer analysis.¹⁰¹ The court of appeals analyzed the location of documents in relation to

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

98. *Id.*

99. *Id.* at 1199–1200.

100. *See id.* at 1200 (holding that such a determination would be "patently erroneous").

101. *See In re Genentech, Inc.*, 566 F.3d 1338, 1345–46 (Fed. Cir. 2009) ("In patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer. Consequently, the place where the defendant's documents are kept weighs in favor of transfer to that location." (quoting *Neil Bros. Ltd. v. World Wide Lines, Inc.*, 425 F. Supp. 2d 325, 330 (E.D.N.Y. 2006) (quotation marks omitted)). The court also noted that reducing the weight of this factor in light of digital evidence would render it "superfluous." *Genentech*, 566 F.3d at 1346.

each party's proposed forum, and concluded that the evidence favored transfer to the defendant's choice of venue.¹⁰²

Since *Genentech*, the Eastern District has clarified its ruling by enumerating two additional requirements. First, in order for sources of proof to be relevant to transfer analysis, a party must describe them "with enough specificity for the Court to determine whether transfer will increase convenience."¹⁰³ Second, like the *Gilbert* "cost and convenience for parties and witnesses" factor, when evidence is spread across the nation instead of confined to a limited region, transfer is only appropriate if it increases the access to evidence available to all parties.¹⁰⁴

The court's current approach is not without its shortcomings. In *Genentech*, the Federal Circuit specifically rejected the Eastern District's contention that physical documents should not play a substantial role in venue analysis in the era of electronic storage and transmission.¹⁰⁵ The Federal Circuit should look to reconsider this second private interest factor. While physical documents can provide important information, the district court's argument is compelling, as a large portion of discovery in patent litigation necessarily involves electronically-stored information.¹⁰⁶

In the wake of *Genentech*, knowledgeable plaintiffs' lawyers have looked to move relevant documents to the Eastern District of Texas in order to maintain venue.¹⁰⁷ Such attempts to game the system, however, have hardly been successful.¹⁰⁸ In *In re Hoffmann-La Roche Inc.*, petitioner Novartis Vaccines and

102. *Genentech*, 566 F.3d at 1345–46.

103. *Knapper v. Safety Kleen Systems, Inc.*, No. 9:08-CV-84-TH, 2009 WL 909479, at *5 (E.D. Tex., Apr. 3, 2009).

104. *Intell. Cap. Holdings, Ltd. v. Net Corp. of Am. (ICHL)*, Nos. 5:08CV65, 5:08CV175, 5:08CV177, 2009 WL 1748573, at *10 (E.D. Tex. June 19, 2009). "When a dispute is national or global in its reach, courts in this district are not usually finding that any one particular forum is 'clearly more convenient' than another." *Id.* at *6.

105. *Genentech*, 566 F.3d at 1346.

106. *See id.* (quoting *Sanofi-Aventis Deutschland GmbH v. Genentech, Inc.*, 607 F. Supp. 2d 769, 777 (E.D. Tex. 2009) ("[t]he notion that the physical location of some relevant documents should play a substantial role in the venue analysis is somewhat antiquated in the era of electronic storage and transmission.")).

107. *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333, 1335 (E.D. Tex. 2009).

108. *Id.* at 1337–38 (upholding transfer).

Diagnostics, Inc. (“Novartis”) brought a patent infringement suit in the Eastern District of Texas against defendants Hoffmann-La Roche Inc., Roche Laboratories Inc., Roche Colorado Corp., and Trimeris, Inc. (collectively “Hoffmann”) over a commercial HIV inhibitor drug.¹⁰⁹ In response, Hoffmann sought to transfer the litigation to the Eastern District of North Carolina, where the drug was developed.¹¹⁰ In response, Novartis tried to manipulate the “relative ease of access to sources of proof” *Gilbert* factor by transferring 75,000 pages of litigation documents to its Texas office.¹¹¹ The Eastern District of Texas found this compelling, holding that transfer to the Eastern District of North Carolina was improper.¹¹²

The Federal Circuit vehemently disagreed, granting Hoffmann’s writ of mandamus to transfer the lawsuit to the Eastern District of North Carolina.¹¹³ In a striking opinion, Justice Gajarsa criticized Novartis’s attempt to manipulate the *Gilbert* factors, reasoning that “[b]ut, if not for this litigation, it appears that the documents would have remained a source of proof in California.”¹¹⁴ The court of appeals went on to state that “the assertion that these documents are ‘Texas’ documents is a fiction which appears to have been created to manipulate the propriety of venue.”¹¹⁵

In effect, the Federal Circuit in *In re Hoffmann-La Roche* rejected another rigid application of venue transfer law by choosing not to elevate form over substance. Even though the Eastern District of Texas housed numerous documents relevant to the litigation, venue in Texas would not have served the fair administration of the law. Thus, plaintiffs will likely find it difficult to obtain venue in the Eastern District by artificially spreading sources of evidence across the nation.¹¹⁶

109. *Id.* at 1334–35.

110. *Id.* at 1336.

111. *Id.* at 1336 n.1.

112. *Id.* at 1336.

113. *Id.* at 1334–35.

114. *Id.* at 1337.

115. *Id.* See also *Personal Audio, LLC v. Apple, Inc.*, No. 9:09–CV–111, 2010 WL 582540, at *6 (E.D. Tex. Feb. 11, 2010), where the Eastern District held that the presence of a company, which became a Texas LLC only two months before suit was filed, was not a fiction.

116. Though in many cases, relevant physical documents will likely be located where the patent was prosecuted, as well as with the United States Patent and Trademark Office (PTO) in Washington, D.C.

C. THREE'S COMPANY—HOW *TS TECH*, *GENENTECH*, AND *VOLKSWAGEN II* PROVIDE A FRAMEWORK TO ADDRESS FORUM SHOPPING IN THE EASTERN DISTRICT OF TEXAS

Whether patent litigators like it or not, *TS Tech* is here to stay for the foreseeable future. For some, the Federal Circuit's decision was necessary to address rampant forum shopping in the Eastern District.¹¹⁷ Critics of forum shopping, however, also cite other solutions, such as the creation of a specialized district court for patent cases,¹¹⁸ and a restructuring of the Patent and Trademark Office to allow post-grant patent review in infringement actions.¹¹⁹ Still others turn to the Patent Reform Act of 2009 (which also provides for a version of post-grant review) in order to limit venue selection to forums related to a defendant's principal place of business, place of incorporation, or where the defendant has committed substantial acts of infringement and controls a regular and established physical facility constituting a substantial portion of the defendant's operations.¹²⁰

While all of these suggestions are interesting, *TS Tech* and its offspring already address the issue of forum shopping by providing a framework for a court to reach an equitable result. The Eastern District can no longer defer to a plaintiff's choice of venue or merely "minimum contacts," and must now conduct a rigorous analysis of the *Gilbert* factors. The court must balance the equities that each proposed venue presents to determine whether transfer would promote the efficient resolution of litigation, or whether such a transfer would "merely reallocate inconvenience."¹²¹ Plaintiffs who are unable to show a causal nexus between the Eastern District and the pending litigation are now held accountable for their venue

117. Coalition for Patent Fairness, *Curbing Rampant Forum Shopping is Essential to Achieve Meaningful Patent Reform 1* (unpublished article, available at <http://www.patentfairness.org/pdf/whitepapers/venue.pdf>).

118. John B. Pegram, *Should There Be a U.S. Trial Court With a Specialization in Patent Litigation?*, 82 J. PAT. & TRADEMARK OFF. SOC'Y 765 (2000).

119. See Taylor, *supra* note 31, at 585–87 (supporting an internal restructuring of the PTO to offer post-grant review).

120. See Coalition for Patent Fairness, *supra* note 117, at 2–4 (stating that the Patent Reform Act is necessary to address non-practicing entities who seek to monetize the value of patents by obtaining licenses for the purpose of litigation).

121. *ICHL*, 2009 WL 1748573, at *11.

choice. As the smoke clears around *TS Tech*, plaintiffs may find it necessary to file their patent infringement suits in forums connected to the litigation, allowing those courts to develop their own expertise with patent litigation.

IV. CONCLUSION

Venue plays a crucial role in high-stakes patent litigation by controlling litigation expenses, time to trial, choice of judges, and jury composition. For many years, the Eastern District of Texas has attracted a large number of patent infringement lawsuits. Plaintiffs have considered the Eastern District to be a promised land bearing knowledgeable judges, expeditious local rules, plaintiff-friendly juries, and large damage verdicts. Recent Federal Circuit decisions such as *TS Tech*, however, have caused litigators to question whether pastures in the Eastern District will remain green for plaintiffs. The Federal Circuit has subdued the deference given to a plaintiff's venue choice, and raised equitable transfer doctrines such as the "100-mile rule" to radically change the landscape in the Eastern District. As a result, transfer motions have increased, patent filings compared to other "rocket docket" have decreased, and many defendants in the Eastern District have successfully transferred to other venues. As commentators look back to reflect on the consequences, the central question has become whether the Federal Circuit achieved the correct result.

With a few reservations, this Note answers in the affirmative. *TS Tech* and its offspring have fundamentally transformed how the Eastern District of Texas treats venue transfer. Under the court's stricter analysis of the *Gilbert* factors, plaintiffs must not only show that the Eastern District bears some relationship to the litigation at hand, but also that the defendant's proposed venue is not clearly more convenient than the Eastern District. Such a determination should take into account the "national character" of the litigation at issue, as the Federal Circuit analyzes convenience holistically.

The current law, however, does have its shortcomings. With an increasing focus on electronically-stored information in patent litigation, the location of physical evidence should hold less weight in a court's transfer analysis. Knowledgeable plaintiffs and defendants should closely scrutinize the venue transfer factors to achieve a favorable result when establishing or contesting venue in the Eastern District.

