

How To Get Out Of Dodge: Patent Venue Transfer Strategies



Law360, New York (April 23, 2014, 12:28 PM ET) -- Venue is important in U.S. district court litigation. It dictates the procedural rules to be applied, sets the pace of the litigation, and defines the jury pool. Venue can even impact determination of the substantive law that will govern the parties' rights, especially those arising under state law. Venue considerations are particularly pronounced in patent litigation, where plaintiffs are prone to filing suit in a handful of select venues in order to capitalize on fast-pace local patent rules, generous juries, and experienced jurists who embrace patent litigation. And in some nonpracticing entity cases, these pressure points often operate to elicit risk-abating settlements that are divorced from the economic value of the infringement claim.

In this context, a successful transfer motion can seriously disrupt plaintiff's strategy surrounding the initiation, progress and potential settlement of the litigation. Indeed, a strategic transfer of just those claims directed against your client, severed from like claims made against co-defendants, can create risk and become a distraction that allows for a quicker and less costly exit. Or, if settlement is not desired, transfer may permit a more fulsome defense by eliminating the burden of multiple parties sharing your precious court time.

Moving a case out of plaintiff's chosen jurisdiction to a more convenient forum also can help level the playing field for an accused infringer. Perhaps even more significantly, the coexistence of parallel infringement claims in different courts can allow for multiple attacks on the patent with the same or different defenses and claim constructions, and procedural differences that can make it burdensome for plaintiff to simultaneously manage the different proceedings. In mass NPE litigation, transfer can interfere with the NPE's licensing objectives as potential licensees sitting on the sidelines wait to see how different cases play out in different courts.

Whether to file a transfer motion is commonly one of the first strategic decisions confronting defense counsel. A transfer motion often presents the first serious showdown between the parties and provides an early opportunity to test plaintiff's mettle. But although venue motions should typically be filed quite early on in the proceedings, there is an inherent tension between the need to move promptly and the need to develop a factual record sufficient to satisfy the applicable burden in the district court — and, if necessary, in the Federal Circuit.

This article draws on the teachings of recent Federal Circuit jurisprudence and the authors' real-world experiences to distill some of the important tactical considerations that parties should account for in shaping a potential transfer strategy in patent cases. Despite the patent-oriented focus of this article, these same tactical considerations translate well for most federal civil actions.

Legal Framework

As in other civil cases, motions to transfer venue in patent cases are governed by 28 U.S.C. § 1404(a), which authorizes transfer “[f]or the convenience of parties and witnesses.” However, there is no uniform standard applicable to motions to transfer patent cases, because regional circuit law — not Federal Circuit law — controls application of section 1404(a). For example, in Delaware (Third Circuit), a plaintiff's choice of forum is “a paramount consideration” in the transfer analysis. By contrast, in Texas (Fifth Circuit), the plaintiff's choice of forum is not considered as an independent factor in the transfer analysis at all.

Interestingly, however, although the Third Circuit standard appears more onerous than the Fifth Circuit's on paper, recent trends demonstrate that transfer motions are generally more successful in the District of Delaware than in the Eastern District of Texas (two darlings of the plaintiffs' bar). Orrick Herrington & Sutcliffe LLP surveyed the outcomes of such motions in 2012 and 2013 and found 73 grants to 36 denials in the District of Delaware, compared to 133 grants to 120 denials in the Eastern District of Texas.

Courts in all circuits generally look to the private and public interest factors articulated in *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501 (1947) (“*Gilbert*”) in evaluating transfer motions under section 1404(a). The private interest factors are: (1) ease of access to sources of proof; (2) availability of compulsory process; (3) cost of attendance for witnesses; and (4) other practical problems that make trial of a case efficient.

The public interest factors are: (1) administrative difficulties flowing from court congestion; (2) having localized interests decided at home; (3) familiarity of the forum with governing law; and (4) the avoidance of unnecessary problems of conflict of laws.

Whether you can adduce sufficient evidence to tilt the balance of these factors in your favor will determine whether a motion to transfer has a reasonable chance of success and is worth the cost and time involved.

A New Sheriff in Town

Following its 2008 decision in *In re TS Tech.*, the Federal Circuit handed down a series of published opinions granting mandamus relief directing transfer of patent cases to more convenient forums. Eventually, however, the Federal Circuit's receptiveness to venue challenges cooled, and the success rates of venue-related mandamus petitions fell into decline.

The Federal Circuit recently issued two opinions denying mandamus petitions regarding transfer

motions, *In re Barnes & Noble*, 2014 U.S. App. LEXIS 3788 (Fed. Cir. 2014) and *In re Apple Inc.*, 2014 U.S. App. LEXIS 3787 (Fed. Cir. 2014). In both cases, the Federal Circuit emphasized the moving parties' failure to carry their respective burdens in the district court. The Federal Circuit denied another venue mandamus petition on March 13, 2014, again noting the movant's failure to adduce sufficient evidence in the district court. *In re Emerson Electric Co.*, 2014-108.

In *Barnes & Noble*, *Barnes & Noble* moved to transfer the case from Tennessee to the Northern District of California. The district court held that *Barnes & Noble's* evidence was insufficient to satisfy its burden, emphasizing the failure to identify any specific witness located in California or even to state the number of witnesses that would be required to travel to Tennessee to testify at trial. The Federal Circuit approved of the district court's reasoning and distinguished its prior Fifth Circuit-based precedent on the basis that under Sixth Circuit law, plaintiff's choice of forum loomed large in the transfer analysis.

Similarly, in *Apple*, the Federal Circuit refused to disturb the district court's denial of a transfer motion under Fifth Circuit law because "the evidence before the court was so general in nature that the court was unable to evaluate its relevance in the transfer analysis." *In re Apple Inc.*, 2014 U.S. App. LEXIS 3787, at * 5.

Comparison of *Apple* and *Barnes & Noble* with the Federal Circuit's most recent grant of mandamus in a venue dispute, *In re TOA Techs. Inc.*, 2013 U.S. App. LEXIS 20226 (Fed. Cir. Oct. 3, 2013) (unpublished), highlights the critical importance of making a detailed, specific evidentiary showing in the district court. For example, in *TOA Techs.*, the movant identified specific trial witnesses for whom the transferee forum was more convenient, named multiple nonparty witnesses subject to the compulsory process of the transferee court, provided testimony about specific documentary evidence located only in the transferee forum, and adduced evidence regarding the comparative costs of travel to the competing forums. This evidence provided a record sufficient to warrant mandamus relief under Fifth Circuit law.

Apple, *Barnes & Noble*, *Emerson* and *TOA Techs.* illustrate the importance of developing a detailed, robust record in the district court.

Building Your Record

Not every case is appropriate for transfer. But it makes sense to at least explore the specific facts relevant to each of the Gilbert factors to make an informed decision to pursue a transfer.

Access to Sources of Proof

Because courts generally assume that the bulk of relevant evidence will come from the accused infringer, it can be tempting to rely on precedent rather than evidence to establish that access to sources of proof favors transfer. But this is a mistake. Particularly where a moving party maintains documents in several locations, or where many documents are cloud-based, it is important to provide evidence that specific categories of relevant documents are located in the proposed transferee forum.

Compulsory Process

The ability of the court to exercise compulsory process over potential witnesses weighs heavily in the convenience analysis. But merely identifying categories of potential third party witnesses — such as former employees, customers or suppliers — that are located in the transferee forum may not be sufficient to swing this factor in favor of transfer. It is thus important to work with your client early on to identify (and perhaps provide a heads-up to) specific third-party witnesses in the transferee forum that can be used to support a transfer motion.

Costs and Convenience of Travel

Although courts often consider distance in assessing the convenience of travel to each competing venue, geography isn't everything. Put on specific evidence regarding travel times, airfare, travel logistics, and the number of available flights to and from each relevant location. Plaintiff's chosen venue might be more difficult and expensive to travel to, even if it happens to be physically closer to where the parties and witnesses are located.

Other Practical Problems

Courts generally look to the interests of judicial economy in evaluating "other practical problems" raised by transfer motions, but there are other considerations to account for as well. Issues related to jurisdiction and enforceability of a judgment may also be considered. For example, although plaintiff's forum might have jurisdiction over the parties, it might lack jurisdiction over corporate affiliates, presenting practical problems with respect to enforcing injunctive relief.

Whether there are related cases pending in either of the competing forums can be an important factor in the convenience analysis. But the pendency of related cases in plaintiff's forum is not necessarily a "no transfer" trump card. Even in a situation where a plaintiff has filed a flock of cases consolidated in one district court, you may be able to fly the coop by making a persuasive case for transferring your client's specific case to a more convenient forum. Some district courts have become increasingly receptive to severing and transferring claims against individual defendants where the convenience test can be met, particularly given the impact of the Leahy-Smith America Invents Act on joinder and severance in patent cases.

Administrative Difficulties

It may be helpful to present statistics on the average time to disposition of a patent case in the transferee forum. These statistics are available from the Administrative Office of the U.S. Courts and may be subject to judicial notice.

Local Interest

Evidence including local press about the moving party, community demographics, employment

statistics, growth impact and civic involvement can solidify a showing of strong local interest in favor of transfer.

Familiarity With Applicable Law, Conflicts of Law

Courts routinely hold that all federal courts are sufficiently familiar with patent law so as to render this factor neutral. However, consider whether there are counterclaims at issue that might arise under the law of the transferee court's forum state so as to make familiarity and/or conflicts of law issues relevant to the transfer analysis.

When to File

Generally, the earlier in a case a motion to transfer venue is filed, the better the chances of success, because the interest of judicial economy begins to weigh against transfer the longer a case proceeds in plaintiff's chosen forum. However, because the convenience analysis focuses on the state of affairs at the time the transfer motion is filed, some small measure of tactical delay in bringing a transfer motion might bolster the odds of success.

For example, filing a motion to transfer after the pleadings are set may be advantageous to the extent certain counterclaims weigh in favor of transfer due to the state law under which such claims arise. Similarly, filing after initial disclosures under Federal Rule of Civil Procedure 26 are tendered may help to establish the relevancy of evidence located in a competing venue.

Parting Thoughts

Venue strategy is an important element of any patent case, and can be a key factor driving an early settlement. So it is important to consider a transfer motion at the outset. A transfer motion can be particularly useful in defending against an NPE where no other leverage is available.

In order to provide informed advice, it is critical to promptly investigate the factual circumstances bearing on transfer analysis, and to have a firm grasp on the controlling regional circuit law. It is also important to be aware of recent trends regarding transfer motions in your particular district court. For example, some district courts are more likely than others to order evidentiary hearings and expedited discovery in response to transfer motions. Experience with the local bench, and working with local counsel, can be indispensable to assessing the odds of prevailing on a transfer motion. Happy trails.

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The full version of the article, which contains citations for many of the positions/representations taken in this article, can be viewed [here](#).

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