

SELECTING FORUM AND VENUE FOR YOUR PATENT LITIGATION

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I. FORUM SELECTION

When filing a civil complaint in federal court, one of the first steps is to select a forum in which to try the case. The forum court must have jurisdiction to hear the subject matter of the case and personal jurisdiction over all necessary parties, and it must be a proper venue for the case.

The Federal Rules of Civil Procedure allow a defendant to move for dismissal of a case for lack of subject matter jurisdiction or for lack of personal jurisdiction. Fed. R. Civ. Proc. Rules 12(b)(6), 12(b)(2). Actual jurisdiction is not required for an initial determination of subject matter or personal jurisdiction, because a court must be able to assess whether it has jurisdiction to hear the case in the first instance.

This article will review the legal homework of determining jurisdiction and proper venue, and discuss considerations parties must make to select the proper forum and keep their case there through resolution.

A. JURISDICTION

1. Subject Matter Jurisdiction

The U.S. Constitution vests in Congress the power to confer subject matter jurisdiction in Article III courts. This jurisdiction is set forth in Article 28 of the U.S. Code, the Judicial Code.¹

¹ Because subject matter jurisdiction is legislatively determined, it cannot be waived by the parties. The extent of a party's control over federal jurisdiction is limited to the wording of its well-pleaded complaint or counterclaim (*see infra*).

a. **28 U.S.C. § 1331 (Federal Question)**

A federal district court may have subject matter jurisdiction under 28 U.S.C. § 1331, where the plaintiff's civil claims raise a "federal question." A federal question is raised where the case or controversy in a civil action "arises under the Constitution, laws, or treaties of the United States."

b. **28 U.S.C. § 1332 (Diversity)**

District courts may also have jurisdiction under 28 U.S.C. § 1332 over civil actions involving subject matter that does not involve a federal question where there is diversity of citizenship between plaintiff(s) and one or more defendants, and the matter in controversy exceeds \$75,000.

c. **28 U.S.C. § 1338 (Patent, Trademark, Copyright)**

In some federal question cases, subject matter jurisdiction is statutorily conferred² and may be exclusive to U.S. district courts.³ Of particular relevance to this discussion is 28 U.S.C. § 1338(a), which establishes exclusive jurisdiction over cases "arising under" the patent laws.

Because Section 1338,⁴ like § 1331, uses the phrase "arising under," a patentee's complaint to trigger jurisdiction under this section must request a remedy expressly granted by the patent laws. Mere implication of a patent issue will not suffice.

² 28 U.S.C. §§1336(a), 1337-1340, 1343-1348, 1350, 1352-54, 1357, 1358, 1361-1363, 1365, 1368.

³ 28 U.S.C. §§1333, 1334, 1336(b), 1338(a), 1351, 1355, 1356, 1364.

⁴ § 1338(a) reads as follows: The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.

Appellate jurisdiction over final decisions in cases arising under § 1338 is exclusive to the Court of Appeals for the Federal Circuit, as are appeals from decisions of the Board of Patent Appeals and Interferences of the United States Patent and Trademark Office, and final determinations of the United States International Trade Commission relating to unfair trade practices in import trade under 19 U.S.C. § 337 (*i.e.*, whether imported goods infringe a valid and enforceable United States patent, copyright, trademark, or mask work (applicable to semiconductor chips)). 28 U.S.C. § 1295(a). The purpose of creating exclusive jurisdiction in the Federal Circuit over appeals relating to patent cases was to increase uniformity in the interpretation of the patent laws and to reduce forum shopping in patent infringement cases. *See Christianson*, 486 U.S. at 820 (Stevens and Blackmun, JJ., concurring) (concern about lack of uniformity and forum-shopping led to grant of exclusive jurisdiction in Federal Circuit).

2. Personal Jurisdiction

Personal jurisdiction may arise from defendant's general contacts or specific contacts with the forum state.⁵ General personal jurisdiction requires that a defendant have "continuous and systematic general business contacts" with the forum state. *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 416 (1984). The specific personal jurisdiction inquiry usually involves a two-part inquiry into whether personal jurisdiction exists under the long-arm statute of the forum state under the circumstances of the case, and whether exercise of personal jurisdiction over the defendant comports with the due process clause of the U.S. Constitution. *Omni Capital Int'l, Ltd. v. Rudolf Wolff & Co., Ltd.*, 484 U.S. 97, 104 (1987) ("under [Fed. R. Civ. Proc.] Rule 4(e), a federal court normally looks either to a federal statute or to the long-arm statute of the State in which it sits to determine whether a defendant is amenable to service"); *Burger*

⁵ Plaintiff waives any objections to personal jurisdiction in the forum by filing suit in that forum. Defendants may waive objections to personal jurisdiction by filing an answer. States of the United States similarly waive immunity under the 11th Amendment of the Constitution by filing suit or otherwise making use of the forum.

King Corp. v. Rudzewicz, 471 U.S. 462, 471-476 (1985) (exercise of a State’s long-arm statute must not violate the Due Process Clause of the Fourteenth Amendment of the U.S. Constitution).

Specific personal jurisdiction is largely defined by state long-arm statutes which define the circumstances under which service of process on a non-resident defendant is permitted. While every long arm statute must comport with the U.S. Constitution, Due Process Clause, some long arm statutes provide additional protections for out-of-state defendants. Most state long-arm statutes require the defendant to have purposely directed activities at residents of the forum, which activities result in the alleged injuries to the plaintiff that create the case or controversy. Thus, a determination of specific personal jurisdiction over a particular defendant usually requires investigation and analysis of the activities the defendant has engaged in and where those activities occurred..⁶

“The Due Process Clause protects an individual’s liberty interest in not being subject to the binding judgments of a forum with which he has established no meaningful ‘contacts, ties, or relations.’” *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 471-472 (1985) (citing *Int’l Shoe Co. v. Washington*, 326 U.S. 310, 319 (1945)). The Court stated that this “fair warning” requirement is satisfied “if the defendant has ‘purposely directed’ his activities at residents of the forum, and the litigation results from the alleged injuries that ‘arise out of or relate to’ those activities.” *Burger King*, 471 U.S. at 472-473 (citation omitted). The “purposeful availment” component is necessary to protect a defendant from being hailed into a jurisdiction based on random or fortuitous acts. *Id.* at 475 (“it is essential in each case that there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws”) (citations omitted). Plaintiff bears the

⁶ In some states, the long-arm statute is co-extensive with the due process clause, in which case the two-part inquiry collapses into one – the federal due process considerations. See *Trintec Indus., Inc. v. Pedre Promotional Prods., Inc.*, 395 F.3d 1275, 1279 (Fed. Cir. 2005).

burden of establishing minimum contacts. *See Elecs. for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1350 (Fed. Cir. 2003).

Once the two part test of specific personal jurisdiction is found to exist, the court may require a third factor: personal jurisdiction must comport with “fair play and substantial justice.” *Burger King*, 471 US at 476 (*citing Int’l Shoe*, 326 U.S. at 320). The party challenging jurisdiction bears the burden of “present[ing] a compelling case that the presence of some other considerations would render jurisdiction unreasonable.” *Id.* at 477. These considerations may be necessary to establish “the reasonableness of jurisdiction upon a lesser showing of minimum contacts than would otherwise be required.” *Id.* (citations omitted). This factor is decisive only in rare situations “in which the plaintiff’s interest and the state’s interest in adjudicating the dispute in the forum are so attenuated that they are clearly outweighed by the burden of subjecting the defendant to litigation within the forum.” *Akro Corp.*, 45 F.3d at 1549 (citation omitted).

In patent infringement cases, the due process inquiry requires the defendant to have purposefully directed activities at residents of the forum state, and at least one of those activities must include allegedly infringing acts under 35 U.S.C. §271. In actions for declaratory judgment of patent invalidity, unenforceability or non-infringement, the defendant patentee must have purposely availed himself of the forum by directing activities to residents of the forum that result in the injuries for which the plaintiff is seeking relief.

Personal jurisdiction also may be available under Rule 4(k)(2) of the Federal Rules of Civil Procedure, but only on a showing that the defendant “is not subject to the courts of general jurisdiction of any state.”

a. **For Patent Cases, Federal Circuit Precedent Controls**

The Federal Circuit applies its own law in questions of personal jurisdiction and not that of the regional circuit in which the district court sits. *Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com. De Equip. Medico*, 563 F.3d 1285, 1292 (Fed. Cir. 2009); *Akro Corp.*

v. Luker, 45 F.3d 1541, 1543 (Fed. Cir. 1995) (further noting that “[t]he jurisdictional issue presented by an out-of-state patentee is no less intimately involved with the substance of the patent laws than that of an out-of-state accused infringer”). Where the action includes claims that do not arise under the patent laws, the court applies regional circuit law in determining personal jurisdiction over those claims. See *Elecs. for Imaging*, 340 F.3d at 1348. The Federal Circuit’s assessment of specific jurisdiction involves a two-part inquiry: (1) does jurisdiction exist under the state long-arm statute, and (2) if such jurisdiction exists, would its exercise be consistent with the limitations of the due process clause? *Trintec Indus.*, 395 F.3d at 1279. When addressing the due process portion of the inquiry in patent cases, the court applies the “minimum contacts” standard set forth in *International Shoe*, although the Supreme Court’s precedent addresses federal diversity cases and state law cases, which implicate the Fourteenth Amendment of the Constitution. *Akro Corp.*, 45 F.3d at 1545 (citing *International Shoe v. Washington*, 326 U.S. 310, 316 (1945)). In actions deriving subject matter jurisdiction from federal law, e.g., patent cases under §1338, the applicable constitutional due process clause is that of the Fifth Amendment. See *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1564 (Fed. Cir. 1994) cert. dismissed, 115 S.Ct. 18 (1994).

b. Establishing Personal Jurisdiction

Some types of activities make establishing specific personal jurisdiction relatively easy – for example, evidence of actual sales of the allegedly infringing product or patented product to residents of the forum. Other types of activities may present evidentiary difficulties for the plaintiff – for example, recent cases address circumstances where a defendant’s activity at a trade show or conference may or may not be sufficient to establish specific personal jurisdiction.

In *Med. Solutions, Inc. v. C Change Surgical LLC*, 541 F.3d 1136 (Fed. Cir. 2008), the Federal Circuit affirmed a holding of no specific personal jurisdiction over an alleged infringer. The patentee, Medical Solutions Inc. (MSI), was a Virginia corporation; the alleged infringer, C Change Surgical LLC (CCS),

was a North Carolina LLC, with its only place of business in North Carolina. The case was appealed from the District Court for the District of Columbia, which had granted CCS's motion to dismiss under 12(b)(2) for lack of personal jurisdiction.

MSI argued before the lower court that jurisdiction under the District of Columbia long-arm statute was proper because CCS used the allegedly infringing product at a week-long industry trade show held in Washington, D.C., constituting an infringing activity under 35 U.S.C. §271(a). The district court denied personal jurisdiction. On appeal, MSI asserted that personal jurisdiction existed over CCS in the District of Columbia because CCS promoted, showed, and used the allegedly infringing product at the trade show.

CCS had no other business connections to the District of Columbia, but it did have a website that was accessible in the District. However, the website was found to be neither interactive nor specifically directed to residents of the District. At the trade show, CCS representatives showed potential customers how parts of the device functioned, but the court found this did not amount to "use." *Id.* The Federal Circuit held that for "use" to be sufficient to confer personal jurisdiction under the District of Columbia long-arm statute, more was required than displaying a prototype of an accused product and providing brochures about that product at a trade show. Use of an accused device requires activities that put the device into action or service and, more importantly, that practice all the elements of a claim of the asserted patent.

The Federal Circuit noted that what constitutes "use" is extremely case specific. In this case, none of the CCS activities "put into practice or service" the accused device; more particularly, CCS's activities were found to "fall short of practicing all of the elements of any one claim." *MSI*, 541 F.3d at 1141.

In *Autogenomics, Inc. v. Oxford Gene Technology, Ltd.*, 566 F.3d 1012 (Fed. Cir. 2009), the Federal Circuit affirmed the Central District of California's dismissal for lack subject matter jurisdiction. The defendant, Oxford, was a British company not registered to do business in California. Oxford's connection to California was the existence of "about ten" non-exclusive licenses

with California companies and attendance at three scientific seminars in California.

The Federal Circuit held that “Oxford does not have contacts with the forum state that qualify as ‘continuous and systematic general business contacts.’” *Autogenomics*, 566 F.3d at 1017 (citations omitted). Although the court recognized that Oxford might meet potential customers at the conferences, its attendance constituted “sporadic and insubstantial contacts with the forum state, which are not sufficient to establish jurisdiction over Oxford in California.” The court further held that Oxford’s conference booths did not qualify as “mobile offices.” *Id.* at 1017-18 (citations omitted).

The *MSI* and *Autogenomics* decisions do not mean that trade show activity can never confer personal jurisdiction. Indeed, sales activities at a trade show, *e.g.*, offers to sell or actual sales, may establish personal jurisdiction. See *Trintec Indus.*, 395 F.3d at 1281. Furthermore, activity at trade shows may be used to show purposeful establishment of minimum contacts with the forum state. *Id.* at 1282. Rather, the *MSI* court made a point that it was not holding that the demonstration of a product at a trade show could never be sufficient to establish an infringing use. The *MSI* court nevertheless noted that other courts have held that demonstrating a device is not proper evidence of “use,” because using a device means using it to perform its actual function or service, not using it as a demonstrative display. *MSI*, 541 F.3d at 1141, n. 4, citing *Union Asbestos & Rubber Co. v. Evans Prods. Co.*, 328 F.2d 949, 951 (7th Cir. 1964) and *Advanced Semiconductor Materials Am., Inc. v. Applied Materials, Inc.*, No. 93-20853, 1995 WL 419747, at *6 (N.D. Cal. July 10, 1995). Further, a patentee’s conduct at a trade show or convention in a foreign jurisdiction may be sufficient to confer personal jurisdiction in a declaratory judgment action brought in that forum, as the following case illustrates.

In *Synthes (U.S.A.) v. G.M. Does Reis Jr. Ind. Com. de Equip. Medico*, 563 F.3d 1285 (Fed. Cir. 2009), the Federal Circuit found specific personal jurisdiction based on trade show activity. G.M. Dos Reis (“GMReis”) was located in Brazil and attended and displayed products at the 2007 American Association of

Orthopedic Surgeons Annual Meeting in California. While at the meeting, Synthes served GMReis with a patent infringement complaint filed in the Southern District of California. The Federal Circuit held that GMReis's contacts with the U.S., such as attendance at trade shows and the purchase of parts and machines, did not constitute continuous and systematic general business contacts to support general jurisdiction. *Synthes*, 563 F.3d at 1297. However, the Federal Circuit found specific jurisdiction over GMReis because GMReis purposefully directed its activities at parties within the U.S. While the Federal Circuit acknowledged the "interest in not chilling trade show attendance by foreign inventors, entrepreneurs, and customers," the court nevertheless drew a bright line with respect to bringing allegedly infringing products to trade shows, stating that such activity justified jurisdiction. *Id.* at 1300.

We agree that the United States has an interest in not chilling trade show attendance by foreign inventors, entrepreneurs, and customers. However, we do not view our decision as barring convention center doors to foreign entities. Interested parties, foreign and domestic, are welcome to attend trade shows in the United States, set up booths, and discuss their products. If, however, as in this case, a party brings allegedly infringing products to a trade show, we do not see the Due Process Clause of the Fifth Amendment standing in the way of a district court's exercise of jurisdiction over the party. *Id.* at 1300.

In *Campbell Pet Co. v. Miale*, 542 F.3d 879 (Fed. Cir. 2008), the Federal Circuit affirmed the lack of general personal jurisdiction, but reversed the holding of no specific personal jurisdiction over the declaratory judgment defendant, a non-resident patentee based on their determination that the bad acts of the patentee defendant made jurisdiction reasonable under the "fair and substantial justice" test. The declaratory judgment plaintiff, Campbell Pet Co. (Campbell), was located in Washington State; the patentee

defendant Miale owned and operated a California corporation, Ty-Lift Enterprises.⁷

Campbell argued that to Miale's conduct at a Seattle convention, where Miale allegedly accused Campbell of infringing her patents and threatened litigation was sufficient to confer jurisdiction. While the lower court concluded that standards of fairness require that a patentee "be insulated from personal jurisdiction in a distant forum when its only contacts with that forum were efforts to give proper notice of its patent rights," the Federal Circuit, in contrast, held that such activity made it reasonable for the patentee defendant to expect to be haled into that forum court. *Id.*

In particular, the Federal Circuit noted that the existence of other conduct may remove the patentee's protection against personal jurisdiction in a foreign forum, *i.e.*, Miale's "extra-judicial patent enforcement" – namely attempting to remove Campbell's product from the Seattle convention and telling potential Campbell customers that the products infringed her patents – could in fairness be characterized as attempts to limit competition from Campbell in Washington State. *Campbell*, 542 F.3d at 885-887.

In *Avocent Huntsville Corp. v. Aten Int'l Co.*, 552 F.3d 1324 (Fed. Cir. 2009), the Federal Circuit affirmed a dismissal for lack of jurisdiction. The defendant was a Taiwan corporation with one subsidiary located in California. While some of the defendant's products were sold in Alabama, there was no evidence that the defendant conducted business in Alabama, controlled distribution of its products in Alabama, or even had knowledge its products were being distributed in Alabama. *Id.* at 1337.

For specific personal jurisdiction, the court stated that "the mere sale of defendant's products – whether covered by the patents in suit or not – is not sufficient to establish specific personal jurisdiction in a declaratory judgment suit." *Id.* at 1338. There was no evidence that Aten purposefully directed activities to the

⁷ The patents at issue were assigned to inventor Miale, not to her company. Accordingly, the exercise of personal jurisdiction was over the natural person and not over the corporation.

forum. In response to evidence of cease-and-desist letters sent to Alabama, the Federal Circuit stated that “a patent owner may, without more, send cease and desist letters to a suspected infringer, *or its customers*, without being subjected to personal jurisdiction in the suspected infringer’s home state.” *Id.* at 1340 (citation omitted) (emphasis supplied).

In *Marcinkowska v. IMG Worldwide, Inc.*, 342 Fed. Appx. 632, 635 (Fed. Cir. 2009), the Federal Circuit affirmed the district court’s finding of no personal jurisdiction. The out-of-state defendant had no property, offices, or business in the jurisdiction, leading to a finding of no general jurisdiction by the district court. For specific jurisdiction, it was critical that the alleged infringement took place in Spain and was merely broadcast in the United States. *Id.* at 636. The Federal Circuit denied specific personal jurisdiction based on the fact that: (1) the complaint did not allege patent infringement in the jurisdiction, (2) correspondence regarding licensing and the patent was initiated by the plaintiff and did not discuss any infringement of the patent, (3) defendant did not enable third parties in the jurisdiction to infringe the patent, and (4) it was not shown that the court’s exercise of jurisdiction would be consistent with the Constitution and the laws of the United States. *Id.* at 635.

c. **Avoiding Personal Jurisdiction**

As noted above, parties may not have much control over a court’s subject matter jurisdiction, but they can waive objections to personal jurisdiction. Further, because a court focuses on defendants’ actions when assessing whether to exercise personal jurisdiction, defendants also have some control over whether they may be hailed into court in particular forums by acting in a manner that creates or avoids exercise of personal jurisdiction. Thus, while plaintiff patentees may work hard to establish personal jurisdiction, defendant alleged infringers may artfully find ways to avoid personal jurisdiction. One way for an alleged infringer to avoid purposeful availment of a forum is to purposely engage in regionally selective infringing activity.

One such example is a case in Texas where the defendants successfully moved under § 1404(a) to transfer the case to the

Northern District of California. *Qr Spex, Inc. v. Motorola, Inc.*, 507 F. Supp.2d 650 (E.D. Tex. 2007). As discussed *infra*, a transferee court must have personal jurisdiction over the defendant and must be a proper venue. Therefore, in considering the transfer motion, the *Qr Spex* court had to determine whether the California court could exercise personal jurisdiction over all defendants in the case.

In *Qr Spex*, two of the alleged infringers managed to avoid any infringing activity within the state of Texas: Indeed, the product was not for sale at the time the suit was filed nor at the time of trial to residents of Texas or Oklahoma. Moreover, the plaintiff's attempt to induce a sale to a Texas resident by having a private investigator order product online and from an Arizona retailer and have them shipped to Texas failed.⁸ The retailer of this defendant had a standing order to not make sales to Texas residents. The store manager was disciplined for the inadvertent coaxed sale, and the product was immediately removed from the website the investigator used. Ultimately, the court held that these defendants had insufficient minimum contacts with the forum to subject them to personal jurisdiction, and that exercising personal jurisdiction over them was at odds with traditional notions of fair play and substantial justice. *Qr Spex*, 507 F. Supp. 2d at 661, 662 (noting that "principles of fair play and substantial justice will defeat a court's jurisdiction . . . [only in] 'the rare situation in which the plaintiff's interest and the state's interest in adjudicating the dispute in the forum are so attenuated that they are clearly

⁸ However, a single infringing sale may, in some cases, be sufficient to render a district a proper venue with respect to a defendant that also has a regular and established place of business in the district. *Koh v. Microtek Int'l, Inc.*, 250 F. Supp. 2d 627 (E.D. Va., 2003); *see also McGee v. Int'l Life Ins. Co.*, 355 U.S. 220, 223 (1957) (holding that a single contract between the defendant and a forum state resident could meet the minimum contacts tests for an action arising out of that contract). Nevertheless, for patent venue purposes, under the "consummated sale doctrine" no sale occurs in a district when the dealer solicits orders there and forwards the orders to a manufacturer in another district, and the manufacturer ships the goods directly to the consumer. *Picker Int'l, Inc. v. Varian Assocs, Inc.*, 661 F. Supp. 347 (N.D. Ohio, 1987).

outweighed by the burden of subjecting the defendant to litigation within the forum,” and this case was one of those rare instances) (citing *Viam Corp. v. Iowa Export-Import Trading Co.*, 84 F.3d 424, 429 (Fed. Cir. 1996)). Rather than dismiss the case, the court granted the motion to transfer the case to California because two of the defendants would have to be dismissed for lack of personal jurisdiction (there were no infringing acts in the E.D. Tex. and virtually no alleged wrongdoing in Texas), and all defendants had sufficient contacts in California.

B. VENUE

Chapter 87 of the Judicial Code addresses venue for various types of civil actions. There are general venue provisions⁹ and special venue provisions.

1. **Venue Statutes – Patent cases: 28 U.S.C. § 1400(b)**

Venue for patent infringement cases and copyright cases is addressed under a special venue statute, 28 U.S.C. §1400. In particular, the venue statute for patent cases is §1400(b), which reads:

Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.
§ 1400(b).

⁹ The appropriate federal venue for a § 1332 diversity action is determined under 28 U.S.C. §1391(a), and for a § 1331 federal question action proper venue is determined under 28 U.S.C. § 1391(b). Section 1391(a) would govern trade secret or trade dress cases, which involve state law, and §1391 (b) would govern federal trademark cases.

The history of §1400(b) is long and convoluted. There has been controversy over whether § 1404(a) was intended to supplement the general venue statute or supplant it for patent cases with regard to corporate defendants. Eventually Congress broadened the definition of a corporation's residency in §1391(c) in 1988 to read in relevant part:

For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction.

(emphasis added). The Federal Circuit has held that, based on the plain language of § 1391(c) and the legislative history of the 1988 Act, § 1391(c) applies to § 1400(b). *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990), *cert. den.* 499 U.S. 922 (1990) (the new definition of corporate residence applies to all venue statutes, including § 1400(b)).

Nevertheless, the special patent venue statute remains and provides a narrower venue for natural person defendants. Further, the statute retains a limited effect on patent cases involving corporate parties.

The language of § 1400(b) does not track the “arising under” language of 28 U.S.C. § 1338, but rather specifies “action for patent infringement”; by contrast, the language of § 1400(a) for copyright cases does track the “arising under” language:

Civil actions, suits, or proceedings arising under any Act of Congress relating to copyrights or exclusive rights in mask works or designs may be instituted in the district in which the defendant or his agent resides or may be found.
§ 1400(a).

This distinction is important, because section § 1400(b) has been interpreted as inapplicable to declaratory judgment actions for patent non-infringement or invalidity. *See, e.g., Emerson Elec. Co. v. Black & Decker Mfg. Co.*, 606 F.2d 234, 238-39 (8th Cir. 1979) (“Venue in a declaratory judgment action for patent invalidity and noninfringement is governed by the general venue statute, 28 U.S.C. § 1391(b) and (c), not the patent infringement venue statute, 28 U.S.C. § 1400(b)”) C.J. Markey of C.C.P.A. sitting by designation (citations omitted); *see also VE Holding*, 917 F.2d at 1583. The effect of this distinction may be limited to natural person defendants, however, because as discussed above § 1400(b) permits venue over corporate defendants based on personal jurisdiction under § 1391(c), which does not differ substantially from the §§ 1391(b), 1391(c).

A plaintiff cannot join a second alleged infringer that is a non-resident without establishing proper venue in the forum under § 1400(b) for that second defendant, unless there is some connection between the infringing acts. *See, e.g., Botvin v. Okiebug Distrib. Co.*, 385 F. Supp. 190 (D. Okla. 1974). A motion under § 1406(a) to dismiss or transfer is an appropriate means to address a defect of venue under § 1400(b).

For obvious reasons, it is the plaintiff who initially chooses the forum, and the choice of venue is usually given weight. *See, e.g., Qr Spex*, 507 F. Supp. 2d at 665 (noting the deference usually afforded to plaintiff’s choice of forum, stating “[i]t is well established that a plaintiff’s choice of forum is usually highly esteemed. . . . While this factor is neither conclusive nor determinative, . . . in most cases the plaintiffs choice of forum ‘should not be lightly disturbed.’”) (citations omitted). The defendant may then file any counter-claims in the same forum, or if the defendant does not like the plaintiff’s choice of forum, he may move to dismiss, move to transfer venue or choose to file a separate action as plaintiff in another forum (*e.g.*, a declaratory judgment action).¹⁰

¹⁰ It is generally accepted that the plaintiff may move to transfer the case under § 1404(a) if he discovers that his choice of venue is improper;

Courts do not commonly grant requests for discovery of issues relating to transfer. *See, e.g., Saleh v. Titan Corp.*, 361 F.Supp. 2d 1152, 1168-1171 (S.D. Cal. 2005) (finding no published cases holding plaintiff entitled to conduct discovery directed to transfer issue, and refusing a “fishing expedition” for witnesses and their potential inconveniences).

C. Alternative Forums

In considering the proper forum for a patent case, one should also consider alternatives to the Federal District court system.

The International Trade Commission (ITC) provides one such alternative. It is a speedy and efficient means for obtaining an exclusion order, *i.e.*, the equivalent to an injunction in the district court. Cases brought at the ITC are filed pursuant to Section 337 of the Tariff Act of 1930, which states that imported products found to infringe certain intellectual property rights are unlawful. Although the ITC offers no monetary damages, there are several

however some courts view this unfavorably unless the plaintiff shows a change of circumstances justifying a second choice of venue. *See, e.g., Lexington v. Cheek & Zeehandelar, LLP*, 2007 WL 593560 at *2 (N.D. Ohio 2007) (finding nothing in the statute to prevent a plaintiff from moving to transfer an action from a venue he selected in the first instance, and weighing the factors as it would under any such motion; *Am. Home Assur. Co. v. Glovegold Ltd.*, 153 F.R.D. 695, 700 (M.D. Fla 1994) (no change in circumstances required); *Central Hudson Gas & Elec. Corp. v. Empresa Naviera Santa S.A.*, 769 F.Supp. 208, 209 (E.D. La. 1991) (same); *compare to Orrell v. Motorcarparts of Am., Inc.*, 2007 WL 895503, at *3 (W.D.N.C. 2007) (refusing to transfer where plaintiff did not demonstrate any change in circumstances after originally filing suit); *Health Discovery Corp. v. CIPHERGEN Biosystems, Inc.*, 2007 WL 128283, at *3 (E.D. Tex. 2007) (“The plaintiff’s second or third choices of forum receives no deference, especially when the events giving rise to this infringement action do not dominate in either the plaintiff’s or the defendant’s choices of forum.”); *Myers v. Doe*, 2006 WL 3392692 at *3, (N.D. N.Y. 2006) (finding a change of circumstances which caused the proposed transferee court to become an appropriate forum not to preclude plaintiff from seeking transfer); *James v. Daley & Lewis*, 406 F.Supp. 645, 648 (D. Del. 1976) (transfer denied because no change in circumstances).

obvious advantages to filing a patent infringement case there. First, the case will be resolved quickly, most likely within 18 months. Second, the resulting exclusion order by a winning patentee is all but certain to block importation of the infringing product by U.S. Customs and Border Protection. Third, the case will not be subject to transfer, because the ITC is the only agency charged with regulating importation of patented products. Finally, the ITC has extensive patent expertise, because a large percentage of their cases are indeed patent cases. Over the past several years, the number of ITC cases filed has substantially increased, from 17 cases ten years ago to 55 cases in 2010. This increase reflects the increasing attractiveness of this forum to patent litigants.

Another forum seeing an increase in use is the United States Patent & Trademark Office. Here, a potential defendant in a patent lawsuit can challenge a patent's validity by filing a Request for Reexamination pursuant to 35 U.S.C. Chapters 30 and 31, as an alternative to filing a declaratory judgment action in a district court. This procedure strips the patent of its presumption of validity and evaluates the patent in view of prior art raised in the reexamination request. Two types of reexamination are available; an *ex parte* procedure and an *inter partes* procedure. The *ex parte* procedure does not raise an estoppel issue if a subsequent litigation ensues, but the challenger's involvement in the procedure is limited to his initial Request. Thereafter, the *ex parte* reexamination proceeds only between the applicant and the Examining Division. In contrast, an *inter partes* reexamination allows the challenger to file further documents during the reexamination proceeding, but suffers the consequence that an estoppel attaches should the patent survive the reexamination proceeding and be asserted in a patent infringement action. Other advantages of the Reexamination procedure over a declaratory judgment action include: (1) a lower burden of proof, *i.e.*, preponderance of the evidence (as opposed to clear and convincing evidence); (2) claims in a reexamination are construed in the broadest reasonable way (as opposed to following *Phillips v. AWH Corp*, 415 F.3d 1303 (Fed.Cir. 2005)); (3) knowledgeable Examiners who are experts at the patent law; and (4) lower costs because no discovery is allowed during a reexamination. However, some caution should be exercised when considering a reexamination. Should the patent survive, it will be considered

stronger and the challenger's best prior art against it will already have been considered.

II. TRANSFER

A. STATUTE

1. 28 U.S.C. § 1404(a)

The most common procedural mechanism to seek a venue transfer is 28 U.S.C. § 1404(a). This section provides that “[f]or 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.” The preliminary question in a § 1404(a) analysis is whether the case “might have been brought” in the venue being sought. If so, the inquiry becomes whether transfer would be convenient to the parties and in the interests of justice. *See* 28 U.S.C. § 1404(9a) (2008).

By contrast, where the venue is actually defective, 28 U.S.C. § 1406(a) applies. Section 1406(a) gives a district court discretion to either dismiss or transfer the case: “The district court of a district in which is filed a case laying venue in the wrong division or district shall dismiss, or if it be in the interest of justice, transfer such case to any district or division in which it could have been brought.” § 1406(a).

In deciding whether transfer would be convenient to the parties and in the interests of justice, Courts look to private and public interest factors first enunciated in *Gulf Oil v. Gilbert*, 330 U.S. 501 (1947) (a *forum non conveniens* case).

The private interest factors are: “(1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing witnesses; and (4) all other practical problems that make trial of a case easy, expeditious and inexpensive.” *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 241 n.6 (1981).

The public interest factors are: (1) the administrative difficulties flowing from court congestion; (2) the local interest in having

localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflict of laws [or in] the application of foreign law. *See id.*

Transfer analysis is specific to the various regional Circuit approaches and not the Federal Circuit. *See Storage Tech. Corp. v. Cisco Syst., Inc.*, 329 F.3d 823, 836 (Fed. Cir. 2003).

B. TS TECH AND ITS IMPACT ON VENUE TRANSFER

In response to a *writ of mandamus*, on December 29, 2008, the Federal Circuit ordered transfer of a patent litigation case out of the Eastern District of Texas. *In re TS Tech*, 551 F.3d 1315 (Fed. Cir. 2008). Two months before the *TS Tech* decision issued, the Fifth Circuit issued an *en banc* transfer decision in response to a *writ of mandamus*. *In re Volkswagen of Am., Inc.*, 545 F.3d 304 (5th Cir. 2008) (*en banc*). In *VW*, the Fifth Circuit ordered that a product liability case be transferred out of the Eastern District of Texas. *TS Tech* and, to a lesser extent, *VW* have impacted patent litigation transfer decisions in 2009 and 2010 and generated a flurry of transfer decisions.

In *TS Tech*, the plaintiff patent owner filed suit in the Eastern District of Texas. The defendant filed a § 1404 motion to transfer venue to the Southern District of Ohio. The district court denied the motion, and *TS Tech* petitioned for a *writ of mandamus*.

The Federal Circuit applied the Fifth Circuit's law that "a motion to transfer venue should be granted upon a showing that the transferee venue is 'clearly more convenient' than the venue chosen by the plaintiff." *TS Tech*, 551 F.3d at 1319. In making this determination, the Fifth Circuit applied the "public" and "private" Gilbert factors for forum *non conveniens*. *Id.* The Federal Circuit, applying the Fifth Circuit's recent *en banc* decision in *VW*, identified several issues with the district court's analysis. "First, the district court gave too much weight to Lear's choice of venue under Fifth Circuit law. While the plaintiff's choice of venue is accorded deference, . . . Fifth Circuit precedent clearly forbids treating the plaintiff's choice of venue as a distinct

factor in the § 1404(a) analysis. Rather, the plaintiff's choice of venue corresponds to the burden that a moving party must meet in order to demonstrate that the transferee venue is a clearly more convenient venue." *Id.* at 1320.

The next issue addressed by the Federal Circuit was the convenience of the witnesses. In *TS Tech*, all of the identified key witnesses were in Ohio, Michigan, and Canada. The Federal Circuit found that the district court did not properly weigh the inconvenience to the witnesses in traveling to Texas instead of Ohio. The Federal Circuit applied the Fifth Circuit's 100-mile rule, which is "[w]hen the distance between an existing venue for trial of a matter and a proposed venue under § 1404(a) is more than 100 miles, the factor of inconvenience to witnesses increases in direct relationship to the additional distance to be traveled." *Id.* (quoting *In re Volkswagen AG*, 371 F.3d 201, 204-05 (5th Cir. 2004)).

The third issue discussed by the Federal Circuit was the relative ease of access to sources of proof. The Federal Circuit found that "[b]ecause all of the physical evidence, including the headrests and the documentary evidence, are far more conveniently located near the Ohio venue, the district court erred in not weighing this factor in favor of transfer." *Id.* at 1321.

The Federal Circuit also criticized the district court for disregarding "Fifth Circuit precedent in analyzing the public interest in having localized interests decided at home." *Id.* In particular, "the vehicles containing TS Tech's allegedly infringing headrest assemblies were sold throughout the United States, and thus the citizens of the Eastern District of Texas have no more or less of a meaningful connection to this case than any other venue." *Id.*

Since the *TS Tech* decision issued on December 29, 2008, the Federal Circuit has considered at least sixteen other writs of mandamus on venue decisions from the Eastern District of

Texas.¹¹ Of these decisions, six granted writs of mandamus, six denied writs of mandamus, and in two no decision was reached on the merits. The Federal Circuit issued an order in *In re Genentech* ordering transfer and an order in *In re Telular* denying a transfer request on the same day. These cases are illustrative of the factors considered by the Federal Circuit in § 1404(a) analyses as a result of *TS Tech*.

In *Genentech*, 566 F.3d 1338 (Fed. Cir. 2009), defendants Genentech and Biogen had headquarters in California – San Francisco and San Diego, respectively – and the plaintiff, Sanofi was a German company. Genentech and Biogen requested transfer to the Northern District of California.

The district court stated that its location was most convenient for the parties; however, the Federal Circuit found that at least 10 witnesses relevant to the case resided in California. The Federal Circuit noted that the district court put too much emphasis on its central location. Further, the Federal Circuit noted that both defendants resided in California and the German plaintiff “will be traveling a great distance no matter what venue the case is tried in

¹¹ Cases in which petitions were granted, thereby resulting in transfer, include *In re Microsoft Corp.*, Misc. No. 944, 2010 WL 4630219 (Fed. Cir. Nov. 8, 2010); *In re Zimmer Holdings, Inc.*, 609 F.3d 1378 (Fed. Cir. 2010); *In re Nintendo Co., Ltd.*, 589 F.3d 1194 (Fed. Cir. 2009); *In re Hoffman-LaRoche Inc.*, 587 F.3d 1333 (Fed. Cir. 2009); and *In re Genentech, Inc.*, 566 F.3d 1338 (Fed. Cir. 2009). In *In re Oracle Corp.*, Misc. No. 951, 2010 WL 4286372 (Fed. Cir. Nov. 1, 2010), the court granted the petition insofar as to vacate the district court’s order denying transfer and to direct the court to perform a proper § 1404(a) analysis. Petitions were denied in *Echostar Corp.*, Misc. 933, 2010 WL 3035484 (Fed. Cir. Aug. 2, 2010); *In re Oracle Corp.*, No. 2010-M935, 2010 WL 207987 (Fed. Cir. May 19, 2010); *In re Apple Inc.*, Misc. No. 932, 2010 WL 1922942 (Fed. Cir. May 12, 2010); *In re VTech Communications, Inc.*, Misc. No. 909, 2010 WL 46332 (Fed. Cir. 2010); *In re Volkswagen of America, Inc.*, 566 F.3d 1349 (Fed. Cir. 2009); and *In re Telular Corp.*, 319 Fed. Appx. 909 (Fed. Cir. 2009). In *In re Yahoo!*, 346 Fed. Appx. 581 (Fed. Cir. 2009), the petition was withdrawn by the petitioner. In *In re Google!*, Misc. No. 946, 2010 WL 3075467 (Fed. Cir. Aug. 5, 2010), the petition was dismissed as moot.

and will be only slightly more inconvenienced by the case being tried in California than in Texas.” *Genentech*, 566 F.3d at 1345. Further emphasizing the importance of considering the witnesses to the case, the Federal Circuit recognized that there were “a substantial number of witnesses within the subpoena power of the Northern District of California and no witnesses who can be compelled to appear in the Eastern District of Texas.” *Id.* (referencing the 100-mile provision of Rule 45(b)(2)(C) of the Federal Rules of Civil Procedure).

Additionally, the location of relevant documents impacted the transfer decision. “Keeping this case in the Eastern District of Texas will impose a significant and unnecessary burden on the petitioners to transport documents that would not be incurred if the case were to proceed in the Northern District of California.” *Id.* at 346. And since plaintiff would have had to transport documents regardless of the location of the trial, it was only slightly more inconvenient to plaintiff to transport documents to California than to Texas.

In contrast, the Federal Circuit in *Telular* denied the petition for a writ of mandamus for several reasons. *In re Telular Corp.*, 319 Fed. Appx. 909 (Fed. Cir. 2009). First, Telular waited five months after the district court’s ruling to file this petition. This weighed against the need for issuance of an extraordinary writ. Second, Telular’s cellular alarm security systems were installed in homes throughout the country. The court reasoned that although the Eastern District of Texas had no more interest than any other district in which Telular’s systems were installed, this factor alone did not make the transfer venue “clearly more convenient.” Third, Telular’s documentary evidence was in Atlanta, Georgia, so transporting the documents to Illinois was no more convenient than transporting the documents to Texas. Fourth, the plaintiff resided in Texas.

In *Hoffmann-LaRoche*, the Federal Circuit granted a *writ of mandamus* petition to transfer a case from the Eastern District of Texas to the Eastern District of North Carolina. *In re Hoffmann-LaRoche Inc.*, 587 F.3d 1333 (Fed. Cir. 2009). Relevant events, documents, and witnesses were located throughout the United States and Europe. For example, the accused infringing product

was developed and tested in North Carolina and relevant documents were still maintained there. The accused product was manufactured, processed, and packaged at facilities in Colorado, Michigan, New Jersey, and Switzerland. Marketing of the accused product was nationwide. The plaintiff was located in California. In initial disclosures and motion papers, the parties identified witnesses from North Carolina, California, Maryland, Missouri, Alabama, New Jersey, Colorado, Europe, and Houston, Texas. The plaintiff argued that the Eastern District of Texas was convenient because its local counsel had received 75,000 pages of documents electronically.

The Federal Circuit found a stark contrast in “relevance, convenience, and fairness” between the Eastern District of Texas and Eastern District of North Carolina. For example, the Federal Circuit found it significant that four non-party witnesses could be compelled to testify at deposition and trial in North Carolina but only one non-party witness was located in Texas, and could be compelled to testify only at trial, because she lived more than one hundred miles from the Eastern District. In addition, the Federal Circuit found the Eastern District of North Carolina’s docket to be less congested compared to the Eastern District of Texas. Moreover, the Federal Circuit characterized plaintiff’s transfer of 75,000 pages of documents to its local counsel and using the location of those documents to support its choice of venue as a tactic “clearly counseled against” by the Supreme Court. Applying these facts to Fifth Circuit law, the Federal Circuit ordered transfer.

Like *Hoffman-LaRoche, In re Zimmer*, 609 F.3d 1378, 1379 (Fed. Cir. 2010), cautions against venue manipulation. The Federal Circuit found that the plaintiff, like that in *Hoffman-LaRoche*, had attempted to manipulate venue in the case:

MedIdea transported copies of its patent prosecution files to its Texas office space, which it share[d] with another of its trial counsel’s clients. Thus MedIdea’s presence in Texas appear to be recent, ephemeral and an artifact of

litigation.

Id.

In general, the decisions since *TS Tech* include lengthy discussions of the public and private interest factors from the Fifth Circuit transfer analysis. In view of these decisions, a roadmap is forming that suggests what facts support transfer, what facts weigh against transfer, and how best to present those facts. In short, these facts relate to two issues: (1) the overall regional or national nature of the case; and (2) the importance of related cases. The first issue correlates with the four § 1404(a) private interest factors (the ease of access to proof, the availability of compulsory process, the cost of attendance for willing witnesses, and other practical problems) and one of the public interest factors (the interest in localized issues being decided locally) enunciated in *Gilbert* and *Piper Aircraft*. The second issue correlates with the three other public interest factors (limiting the administrative difficulties of court congestion, having courts familiar with the governing law decide cases, and avoiding conflicts of law). *See supra* pp. 20-21.

For a party seeking transfer, this developing roadmap provides insight into which transferee venue to select. That is, while facts of a case may warrant transfer to a different venue, that does not mean that transfer will be granted to any venue. The comparison is between the convenience of the current venue and the convenience of the proposed venue rather than the current venue and the universe of available venues.

a. **Overall Regional or National Nature of Case**

When looking at the regional or national nature of the case, courts pay particular attention to (1) locations of parties and key third parties, (2) locations of key witnesses, and (3) locations of documents and things that cannot be produced electronically. In some cases, the courts aggregate all of these factors in making a determination about the national or regional nature of the case. For example, in *Partsriver, Inc., v. Shopzilla, Inc.*, No. 2:07-CV-440, 2009 WL 279110 at *2 (E.D. Tex. Jan. 30, 2009), the court found “that the overall nature of this case, considering all of the involved parties, is regional and would therefore be more conveniently

handled by the Northern District of California.” *See also Odom v. Microsoft Corp.*, 596 F.Supp.2d 995, 1004 (E.D. Tex. 2009).

In contrast, a finding that a case is nationwide or worldwide can weigh against transfer. *See J2 Global Commc’ns, Inc. v. Protus IP Solutions, Inc.*, No. 6:08-CV-211, 2009 WL 440525 at *7 (E.D. Tex. 2009) (finding that the parties and witnesses in the case were not “localized in one general geographic area”). *See also Novartis Vaccines & Diagnostics, Inc. v. Hoffman-La Roche, Inc.*, 597 F.Supp.2d 706, 714 (E.D. Tex. 2009), (in which the decision not to transfer was based on the district court’s finding that the case was “nationwide in scope”), *rev’d* 587 F.3d 1333 (C.A. Fed. Tex. 2009) (*see supra* pp. 24-24). This approach is endorsed by the Federal Circuit: in *In re Telular*, the Court upheld the denial of a request to transfer a case from the Eastern District of Texas to the Northern District of Illinois when parties, witnesses, physical items, and documents were not clustered around one region, but were instead spread around the country (parties, witnesses, and documents were located in Chicago, Atlanta, and Dallas). *In re Telular*, 319 Fed. Appx. at 910-12.

As discussed above, the location of parties and witnesses and the Fifth Circuit’s 100-mile rule were addressed in detail in *TS Tech*. Fifth Circuit district court cases issuing after *TS Tech* have been sensitive to the 100-mile rule and the convenience of witnesses. However, as discussed in *J2*, it is important to set forth the relative importance of the witnesses that the parties want considered in this analysis. *J2* at *7. (“Only one factor weighs slightly in favor of transfer in these cases – the potential need for compulsory process to secure the testimony of four witnesses. Defendants have not shown that these four witnesses are of critical importance, or even that their testimony is more important than the witness that this Court would have subpoena power over.”). Moreover, when witnesses are spread throughout the United States or the world, this issue does not favor transfer. *See, e.g., Invitrogen Corp. v. Gen. Elec. Co.*, No. 6:08-CV-113, 2009 WL 331889 at *5 (E.D. Tex. 2009) (“*Invitrogen 1*”) (“While some witnesses are in the Northeast, the Court is not persuaded that this overrides the fact that other witnesses are in California and that this forum is more convenient for those witnesses.”).

In re D-Link Corp., 183 Fed. Appx. 967 (Fed. Cir. 2006), an unpublished opinion from the Federal Circuit, addressed the distinction between documents and things that cannot be produced electronically and documents that readily can be produced electronically to any location. In short, the former has a potentially significant bearing, on the § 1404 determination, while the latter has none. *D-Link* at *2. Electronically produceable evidence does not impact the analysis.

b. Importance of Related Cases

Related cases can have a significant impact on the transfer decision due to the interests of judicial economy and preventing inconsistent adjudications. The importance of this factor is best illustrated by the different outcomes of *Invitrogen 1* and *Invitrogen Corp. v. Gen. Elec. Co.*, 2009 WL 331891 (E.D. Tex. 2009) (“*Invitrogen 2*”). In *Invitrogen 2*, related cases in the transferee forum were the most important fact in the transfer decision. *Invitrogen 2* at *6 (“Most importantly, a Maryland court has had extensive involvement with three of the six patents at issue and a settlement agreement was entered into in the Maryland litigation that forms the basis of Defendant’s patent exhaustion defense.”). Conversely, in *Invitrogen 1*, while not identified as the most important fact in the decision not to transfer, the Court concluded its decision by stating that, unlike *Invitrogen 2*, “this is not a situation where the transferee district has had extensive involvement with the patents and products at issue.” *Invitrogen 1* at *5.

Similarly, in *MHL Tek*, the court discussed judicial economy and preventing inconsistent adjudications in view of two other pending cases involving the exact same patents. In the conclusion section of its opinion, the Court specifically noted that “it is necessary to retain this case in order to preserve judicial economy and prevent inconsistent adjudications.” *MHL Tek* at *7-8.

Most recently, *In re VistaPrint Ltd and OfficeMax Inc* Misc. No. 954, (Fed.Cir, Dec. 15, 2010), the court denied a Petition of Mandamus based on judicial economy; *i.e.*, the fact that a prior case involving the same patent occurred in the forum and another pending case (albeit with different defendants) involving the same

patents and technology was pending in the forum. The defendant was not located in Texas nor were any of their witnesses. In so holding, the Federal Circuit made clear that this was a case where a “reasonable range of choice” for outcomes on venue was possible and so long as the district court relied on “plausible support of record”, the court would not second guess the outcome.

TS Tech and, to a lesser extent for patent cases, *VW*, have changed the landscape of § 1404(a) cases in the Fifth Circuit. Patent cases that once would not have been transferred out of the Fifth Circuit may now be transferred based on *TS Tech*. As such, parties need to be mindful of these cases and all facts relevant to the public and private interest factors described therein before proceeding with patent litigation in the Fifth Circuit district courts. Here parties need to pay particular attention to whether the parties, witnesses, physical items, and documents are centered around a single region, or whether related cases give a particular court experience with the claims-at-issue before determining where to file or how to proceed with a transfer request. In courts outside the Fifth Circuit, parties should determine if courts within their circuit-of-interest have applied *TS Tech*, or if the transfer law of the circuit aligns with Fifth Circuit transfer law such that *TS Tech*, in whole or part, might apply.

C. COMMON LAW (FORUM NON CONVENIENS)

Under *forum non conveniens*, a case can be dismissed if a more convenient forum exists. That is, even if a court has both personal and subject matter jurisdiction, and even if venue is proper, the case can be dismissed if a more convenient forum exists. Such a decision lies within a judge’s discretion.

As opposed to a § 1404(a) analysis, the *forum non conveniens* analysis looks at whether to dismiss the case so that it may be heard in a foreign judicial system. *Quackenbush v. Allstate Ins. Co.*, 517 U.S. 706, 722 (1996) (“This transfer of venue function of the *forum non conveniens* doctrine has been superseded by statute, see 28 U.S.C. § 1404(a)”). Said another way, *forum non conveniens* is not relevant to actions that may be transferred under § 1404(a). *Cowan v. Ford Motor Co.*, 713 F.2d 100, 103 (5th Cir.

1983). *See also Hyatt Int'l Corp. v. Coco*, 302 F.3d 707, 717 (7th Cir. 2002) (“[W]ith respect to cases wholly within the system of U.S. federal courts, the doctrine [of *forum non conveniens*] has been largely replaced by the transfer of venue statute.”).

The *forum non conveniens* analysis has, in general, two parts: (1) does an adequate alternative forum exist? and (2) do the private and public interests warrant transfer? *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 504 (1947); *Piper Aircraft Co. v. Reyno*, 454 U.S. 235 (1981)). Because *forum non conveniens* involves complete dismissal, plaintiff’s venue choice is “weightier,” *see, e.g., In re VW* at 309; however, after balancing the public and private interest factors, if the court believes an adequate alternative forum exists, it is entirely within the court’s discretion to dismiss to that forum. *See de Melo v. Lederie Labs., Div. of Am. Cyanamid Corp.*, 801 F.2d 1058, 1061 (8th Cir. 1986).

An adequate alternative forum exists for a *forum non conveniens* analysis if that forum provides some remedy to the plaintiff and the defendant is amenable to process in that forum. *Id.* The adequacy of the remedy to the plaintiff will not be an issue unless it is “so clearly inadequate or unsatisfactory that [there] is no remedy at all.” *Id.* (quoting *Piper Aircraft*, 454 U.S. at 254). Additionally, whether the substantive law of the alternative forum or U.S. law is more or less favorable “should not be given substantial weight.” *See id.*

For example, in *Bonzel v. Pfizer, Inc.*, 439 F. 3d 1358 (Fed. Cir. 2006), the parties’ dispute involved a breach of contract claim stemming from a license agreement between a German doctor, Dr. Bonzel, and Pfizer. Because the license agreement and modifications thereto were negotiated and drafted in Germany, in the German language, the court affirmed the dismissal on *forum non conveniens* grounds. *See also Mars Inc. v. Kabushiki-Kaisha Nippon Conlux*, 24 F. 3d 1368, 1376 (Fed. Cir. 1994) (indicating the balance between private and public interests tipped the scales in favor of trying claims of infringement of a Japanese patent in a Japanese forum).

D. TIMING OF VENUE CHALLENGE

The practitioner is advised that defendant's objection to venue should be made early, by motion or in the answer, because failure to do so in some jurisdictions can result in waiver. *See Sitrick v. Dreamworks LLC*, 516 F.3d 993 (Fed. Cir. 2008) (applying 9th Circuit procedural law). Section 1404(a) does not place a time limit on when a motion for transfer may be made. A motion under § 1404(a) is not a Rule 12(b)(3) objection and therefore is not subject to the same time limits under Rules 12(h) or 12(g). Courts have ruled a § 1404(a) motion proper as early as before service of process and as late as after final judgment. *Hanover Ins. Co. v. Paint City Contractors, Inc.*, 299 F. Supp. 2d 554, 556 n.1 (E.D. Va. 2004) ("lack of service is no impediment to the current motion to transfer venue. Service of process on all named defendants is not a prerequisite to the court's power to transfer.") (citation omitted); *Chrysler Credit Corp. v. Country Chrysler, Inc.*, 928 F.2d 1509, 1516 (10th Cir. 1991).

There are two types of venue transfer situations: (1) where a single case has allegedly been brought in an improper venue and the court must decide whether defendant's proposed venue meets the criteria of § 1404(a) (discussed above), and (2) where two competing cases are pending in different venues (e.g., filed by a natural plaintiff and a declaratory judgment plaintiff) and a court must decide which action shall proceed and which action shall be transferred (or dismissed, if such a motion is pending).

E. COMPETING CASES

Deference to plaintiff's choice of forum is less relevant to the analysis where there are cases in competing venues, because there are multiple plaintiffs: either the natural plaintiff (coercive action, such as the patentee bringing a patent infringement action) and the declaratory judgment plaintiff (such as the alleged infringer seeking declaratory judgment of patent invalidity or non-infringement), or multiple coercive actions involving similar issues by same plaintiff against same defendant, or – less frequently – two natural plaintiffs filing coercive actions (e.g., asserting patents) against one another.

1. **Federal Regional Circuit Standard –
First-to-File**

One of the factors under § 1404(a) – the interest of justice – may underlie the so-called first-to-file rule. Where two cases involving the same parties and the same (or “mirror”) issues, are simultaneously pending in different districts, judicial economy warrants allowing only one to proceed. *See Cont’l Grain Co. v. The FBL-585*, 364 U.S. 19 (1960) J. Black (dicta). Where jurisdiction lies in both venues, transfer under § 1404(a) and consolidation in the first-filed forum is common.

a. **First-Filed Rule Generally
Followed**

A majority of Circuits follow the first-to-file rule, allowing the case that was filed first to proceed and transferring the second case to the first venue, unless the considerations of § 1404(a) require otherwise.¹²

¹² *See, e.g., Employers Ins. Wausau v. Fox Entm’t Group Inc.*, 522 F.3d 271, 275 (2nd Cir. 2008) (“As a general rule, ‘[w]here there are two competing lawsuits, the first suit should have priority.’”) (citing *First City Nat’l Bank & Trust Co. v. Simmons*, 878 F.2d 76, 79 (2nd Cir. 1989); *Lagniappe Lighting LLC v. Carolina Lanterns & Accessories Inc.*, No. 07-1094, 82 U.S.P.Q.2d 1857, 1859 (E.D. La. 2007) (“[T]he Fifth Circuit adheres to the ‘first-to-file’ rule requiring dismissal or transfer of a subsequent action in favor of an action filed first in another venue and addressing the same subject matter, in order to avoid duplicative litigation in federal district courts.”) (citing *Save Power Ltd. v. Syntek Finance Corp.*, 121 F.3d 947 (5th Cir. 1997); *Narton Corp. v. Quantum Research Group, Ltd.*, 473 F. Supp. 2d 790, 795 (E.D. Mich. 2007) (“The ‘first-filed’ or ‘first-to-file’ rule is ‘a well-established doctrine that encourages comity among federal courts of equal rank. The rule provides that when actions involving nearly identical parties and issues have been filed in two different district courts, the court in which the first suit was filed should generally proceed to judgment.’”) (quoting *Zide Sport Shop of Ohio v. Ed Tobergte*

There are exceptions to the first-filed rule, such as, where “balance of convenience” favors the second-filed action, and where “special circumstances” warrant giving priority to the second suit. The exceptions exist to limit declaratory judgment actions from being a prize for race to the courthouse. *Fox Entm’t*, 522 F.3d at 275.

Two such special circumstances are where forum shopping alone motivates choice of venue of the first suit and filing of an improper anticipatory declaratory judgment action. *Id.* at 275-276. The latter special circumstance generally turns on whether the anticipatory nature of the filing invokes forum shopping behavior, so these exceptions may share similar factual bases. Evidence of forum shopping led the *Lagniappe* court to dismiss rather than transfer the declaratory judgment action before it. The court found the first-filed declaratory judgment action to be a “preemptive strike” on the court, because the declaratory judgment plaintiff filed suit, but did not serve the complaint until the patentee sued for infringement, in order to be first to file, admitting its intent was to secure a favorable forum. The court found the filing of the action “was motivated by [a] desire to win a ‘race to the courthouse,’ and constitute[d] a misuse of the Declaratory Judgment Act.” *Lagniappe*, 82 U.S.P.Q.2d at 1860. Similarly, the Second Circuit has stated that for forum shopping to warrant an exception to the first-to-file rule, “the first filing plaintiff must engage in some manipulative or deceptive behavior, or the ties between the litigation and the first forum must be so tenuous or de

Assoc., Inc., 16 Fed. Appx. 433, 437 (6th Cir. 2001)); *see also Oak Assoc. Ltd. v. Palmer*, No. 05-4210 82 U.S.P.Q.2d 1153, 1156 (E.D. Pa. 2006) (“Although the first-filed rule is firmly rooted in the Third Circuit, equity requires that a court employs a flexible approach in applying the rule, focusing on the particular circumstances presented. While exceptions to the rule are rare, a district court may depart from the first-filed rule upon a showing of bad faith, inequitable conduct, extraordinary circumstances, or forum shopping.”) (citations omitted); *see also Kedia v. Jamal*, 2007 WL 1239202, at *3, (slip op.) (D. N.J. 2007, 2007) (“the Third Circuit Court of Appeals has interpreted the ‘first-filed’ rule narrowly, holding that it only applies to ‘truly duplicative’ proceedings.”).

minimus that a full ‘balance of convenience’ analysis would not be necessary to determine that the second filed forum is more appropriate than the first.” *Fox Entm’t*, 522 F.3d at 276. The *Oak Assoc.* court added that “selecting a forum based on convenience is not considered forum shopping.” 82 U.S.P.Q.2d at 1156.

The first-filed rule may be applied irrespective of whether the first case was filed by a declaratory judgment plaintiff or a natural plaintiff. The Seventh Circuit is an exception to this rule, where declaratory judgment actions have not stood on an equal footing with coercive actions and, even if first-filed, they are preferably dismissed or transferred to the second-filed venue.¹³

2. **Federal Circuit Standard – First-To-File**

In *Genentech*, the Federal Circuit held that declaratory judgment actions should be treated the same way as coercive actions for infringement when applying the first-to-file rule. The court explicitly held that it would not apply *Tempco* to patent cases, because to do so

would automatically grant the patentee the choice of forum, whether the patentee had sought – or sought to avoid – judicial resolution of the controversy. . . . [which] is contrary to the purpose of the Declaratory Judgment Act to enable a person caught in

¹³ *Tempco Elec. Heater Corp. v. Omega Eng’g*, 819 F.2d 746, 750 (7th Cir. 1987) (holding that a declaratory judgment action for non-infringement of a trademark should give way to a later filed infringement action and stating “a declaratory judgment would serve no useful purpose” once Omega filed its suit to enforce its infringement claim) cited by *Newell Operating Co. v. Int’l Union of United Automobile*, 532 F.3d 583, 588 (7th Cir. 2008) (“This circuit has never strictly adhered to the ‘first-to-file’ rule in deciding whether to retain jurisdiction or dismiss a declaratory-judgment action.”).

controversy to obtain resolution of the dispute, instead of being forced to await the initiative of the antagonist. . . . We prefer to apply in patent cases the general rule whereby the forum of the first filed case is favored, unless considerations of judicial and litigant economy, and the just and effective disposition of disputes, require otherwise.

Genentech, Inc. v. Eli Lilly and Co., 998 F.2d 931, 937 (Fed. Cir. 1993) (overruled in part on other grounds by *Wilton v. Seven Falls Co.*, 515 U.S. 277, 289 (1995)). Under the Federal Circuit’s standard, the defendant must provide a “sound reason that would make it unjust or inefficient to continue the first-filed action.” *Id.*, at 938. The *Genentech* court listed several sound reasons for dismissing a first-filed action in addition to evidence that forum shopping “was the only motive for the filing,” including: “the convenience and availability of witnesses, or absence of jurisdiction over all necessary or desirable parties, or the possibility of consolidation with related litigation, or considerations relating to the real party in interest.” *Id.* at 931, 938.

Plaintiff’s choice of forum may also play a role in the first-to-file analysis, where venue transfer under § 1404(a) is involved. In *Amini*, the court considered the deference usually afforded to the plaintiff’s choice of forum, but noted that where the plaintiff is a non-resident, its choice of forum should be closely scrutinized, and plaintiff’s choice of Texas was based on the residence of a defendant since dismissed from the suit. *Amini Innovation Corp. v. Bank & Estate Liquidators, Inc.*, 512 F. Supp. 2d 1039, 1045 (S.D. Tex. 2007) (holding that balance of factors favors transfer to the second-filed declaratory judgment venue, where the alleged infringer’s principal place of business is located, sales and marketing decisions are made, and documents relating to the accused products are located, and therefore where the “center of gravity” of alleged infringement likely is).

Where the claims of the first- and second-filed cases are to be consolidated, the district court must determine not only that jurisdiction and venue are proper in the court that is to hear both plaintiffs' claims, but also that the claims brought in the action to be dismissed may be filed as counterclaims in the action that is to proceed. In *Nartron*, the district court granted a motion to dismiss a second-filed patent infringement action in favor of a first-filed declaratory judgment action, where the parties were the same, the cases would "cover the same ground and hinge on the same legal and factual determinations," and the natural plaintiff's claims could be filed as counterclaims in the first-filed declaratory judgment action. *Nartron Corp. v. Quantum Research Group, Ltd.*, 473 F. Supp. 2d 790, at 796 (E.D. Mich. 2007).

However, keep in mind, the first-filed rule is only a presumption that may be rebutted with evidence that proceeding in the second-filed action is preferable under the convenience factors, because the more appropriate forum is always the one that should be selected. *Fox Entm't*, 522 F.3d at 275. "[I]n a patent infringement action, the preferred forum is that which is the center of gravity of the accused activity." *Minka Lighting, Inc. v. Trans Globe Imports, Inc.*, No 3:02-CV2538, 2003 WL 21251684, at *3 (N.D. Tex. May 23, 2003); *see also LG Elecs., Inc. v. First Int'l Computer, Inc.*, 138 F. Supp. 2d 574, 590 (D.N.J. 2001); *S.C. Johnson & Son, Inc. v. Gillette Co.*, 571 F. Supp. 1185, 1187-88 (N.D. Ill. 1983).

3. **Effect Of *Medimmune* And The Changing Landscape Of Subject Matter Jurisdiction Over Declaratory Judgment Actions On Federal Circuit's Application Of The First-To-Filed Rule**

It is not uncommon, especially in patent cases, for a declaratory judgment plaintiff to have filed suit in one forum and the natural plaintiff to have filed suit in another forum, and for the two actions to involve the same parties and address the same legal issues. This may be a growing trend in view of the U.S. Supreme Court decision in *Medimmune*, which initiated a more lax standard for establishing subject matter jurisdiction over declaratory judgment actions. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127

S.Ct. 764 (2007). As a result, both the patentees and potential infringers may need to consider the venue and personal jurisdiction requirements in making business decisions far in advance of initiating litigation.

a. ***Medimmune (2007)***

In *Medimmune*, the Supreme Court rejected the Federal Circuit's "reasonable apprehension of imminent suit" test for determining subject matter jurisdiction over declaratory judgment actions under the Declaratory Judgment Act as unduly restrictive. *Medimmune*, 549 U.S. at 125-137. The Court held that for a court to have jurisdiction over a declaratory judgment action:

the dispute [must] be definite and concrete, touching the legal relations of parties having adverse legal interests; and that it [must] be real and substantial and admit of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts. Basically, the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

Id., at 127 (internal citation and quotations omitted).

The Supreme Court determined that a patent licensee was not required to stop paying license fees it contended it had no obligation to pay because it asserted the patent was invalid in order to create a case or controversy with regard to the contract under the Declaratory Judgment Act. The Court framed the issue this way:

do the petitioner's acts (continuing royalty payments) cause the dispute no longer to be a case or controversy within the meaning of Article III, where petitioners were threatened with injunction of their sales if they did refuse to make the payments. *Id.*, at 128-129 and n.8. Comparing the case to plaintiffs threatened by government action, who are not expected to expose themselves to liability in order to challenge the basis of the threat, the Court reiterated that "the declaratory judgment procedure is an alternative to pursuit of the arguably illegal activity." *Id.* (citation omitted). "The dilemma posed by that coercion – putting the challenger to the choice between abandoning his rights or risking prosecution – is 'a dilemma that it was the very purpose of the Declaratory Judgment Act to ameliorate.'" *Id.* at 129-130 (citation omitted). The Court explained that Article III does not favor potential litigants threatened by government enforcement over potential litigations threatened by private enforcement (*Id.* at 134, n.12), and it does not support a rule requiring a party to risk increased damages and loss of business before seeking a declaration of its actively contested rights. *Id.* at 134.

b. ***Sandisk* (Fed. Cir. 2007)**

Since *Medimmune*, the Federal Circuit arguably lowered the threshold for patentee actions that trigger a "substantial controversy, between the parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment" – *i.e.*, subject matter jurisdiction over a declaratory judgment action. In *Sandisk*, the Federal Circuit held that a patentee creates an Article III case or controversy that gives rise to declaratory judgment jurisdiction if it seeks a royalty under its patents based on an infringement analysis of potential licensee's activity. *SanDisk Corp. v. STMicroelectronics NV*, 480 F.3d 1372, 1382 (Fed. Cir. 2007). The *Sandisk* court stated:

Article III jurisdiction may be met where the patentee takes a position that puts the declaratory judgment plaintiff in the position of either pursuing arguably illegal behavior or abandoning that which he claims a right to do. . . .

We hold only that where a patentee asserts rights under a patent based on certain identified ongoing or planned activity of another party, and where that party contends that it has the right to engage in the accused activity without license, an Article III case or controversy will arise and the party need not risk a suit for infringement by engaging in the identified activity before seeking a declaration of its legal rights.

SanDisk, 480 F.3d at 1381. The patentee in *Sandisk* had promised not to sue, but the Court found that, in conjunction with presenting an infringement analysis at a licensing meeting, SanDisk's statement amounted to "the kind[] of 'extra-judicial patent enforcement with scare-the-customer-and-run tactics' that the Declaratory Judgment Act was intended to obviate." *Id.*, at 1383 (citation omitted). Of relevance is Judge Bryson's observation that

[i]n practical application, the new [*Medimmune*] test will not be confined to cases with facts similar to this one. . . . [I]t would appear that . . . virtually any invitation to take a paid license relating to the prospective licensee's activities would give rise to an Article III case or controversy if the prospective licensee elects to assert that its conduct does not fall within the scope of the patent.

Id. at 1384-85 (J. Bryson concurring).

c. **Hewlett-Packard v. Acceleron**

A 2009 case illustrates how seemingly innocuous and minimal contacts when taken in isolation can satisfy the *Medimmune* standard given the right surrounding circumstances. In *Hewlett-Packard*, the Federal Circuit reversed the district court and exercised jurisdiction over a declaratory judgment action. *Hewlett-Packard Co. v. Acceleron LLC*, 587 F.3d 1358 (Fed. Cir. 2009). Acceleron, a patent holding company, had contacted Hewlett-Packard regarding a patent owned by Acceleron, suggesting a meeting to discuss the patent as it related to a line of HP products. Acceleron's initial letter attempted to affirmatively avoid the *Medimmune* standard by asking HP to agree that Acceleron had not "created any actual case or controversy." In response, HP sent Acceleron a letter requesting that both parties refrain from filing suit for 120 days to allow time for patent analysis. Acceleron responded four days later rejecting HP's offer of a truce and threatening that without a further response in fifteen days Acceleron could assume that HP did "not have anything to say about the merits of this patent, or its relevance to [the HP] products." Only three short letters were exchanged between the parties, and these letters did not directly address licensing or litigation and did not provide any specific claim analysis. *Id.* at 1360-61. Yet, even absent any express assertion of infringement or rights in the patent, the Federal Circuit found a "'definite and concrete' dispute." *Id.* at 1364.

The court maintained that "a communication from a patent owner to another party, merely identifying its patent and the other party's product line, without more, cannot establish [jurisdiction over a declaratory judgment action]". *Id.* at 1362. However, the facts that the patentee was solely a licensing entity and that it refused HP's request for a "mutual standstill" were important contextual elements that constituted an implicit assertion of patent rights sufficient to establish "adverse legal interests." *Id.* at 1364.

The importance of the patentee's status as a licensing-only entity in this analysis was emphasized in *Akeena Solar, Inc. v. Zep Solar Inc.*, No. C 09-050404, 2010 WL 519838, (N.D. Cal. Feb. 9, 2010), the only case so far to explore the limits of the *Acceleron* standard. Unlike the patentee in *Acceleron*, the patentee in

Akeena, Zep Solar Inc., was a practicing entity. The contact between Zep and the declaratory judgment plaintiff, Akeena Solar, Inc., was initiated by the Akeena, who accused Zep of infringing one of Akeena's patents. In response and in the course of ongoing discussions, Zep's president indicated to Akeena that its own patent had priority over Akeena's patent, that Zep would "blow up" Akeena's patent if it came to a legal battle, and that Zep wanted to resolve things informally but was prepared for a legal battle. *Id.* at 1-2. Although Zep's language was clearly more aggressive than the contact upon which declaratory judgment jurisdiction was predicated in *Acceleron*, the *Akeena* court found that it lacked subject matter jurisdiction over Akeena's declaratory judgment action, "because there [was] no case or controversy between [Zep and Akeena]." *Id.* at 3. The court distinguished *Acceleron* by the facts that (1) Zep was a practicing entity, and (2) Zep's communications to Akeena were all in response to Akeena's "accusations of infringement and direct threats of an infringement lawsuit." The court found that under the totality of the circumstances, "Zep's statements [were] reasonably read merely as preserving Zep's legal rights, including the right to attack the validity of Plaintiff's patent and to assert Zep's patent if sued by Plaintiffs." The court also emphasized the fact that even though Akeena had sued Zep for infringement separately from its declaratory judgment claim, Zep had not counterclaimed for infringement. *Id.* at 4. Despite the result in *Akeena*, in which case the patentee was responding to accusations of infringement, the *Acceleron* case shows just how delicately patentees must tread when initiating contact with potential infringers in light of the evolving standard. Although it did not explicitly say, the *Acceleron* court seemed to recognize that the case embodies a new minimal standard for jurisdiction, calling it "a shift from past declaratory judgment cases." *Id.* No bright-line rule is forthcoming in determining jurisdiction in these cases, and no magic language in an inquiry letter will automatically avoid triggering the *Medimmune* standard. Patentees must analyze the objective threat that contacting a potential infringer poses under the relevant circumstances.

d. ***MOSAID* (Fed. Cir. 2008)
Demonstrates Shift in First-File
Rule**

The Federal Circuit has also suggested the more lenient standards of *Medimmune* may create a new playing field for the application of the first-to-file rule. In light of the new legal environment for declaratory judgment actions, where cases are frequently first only by a hair, the convenience factors may progressively take on added significance in the first-to-file jurisprudence.

In *Micron Tech., Inc. v. MOSAID Techs., Inc.*, 518 F.3d 897 (Fed. Cir. 2008), the lower court had declined jurisdiction over the first-filed declaratory judgment action, reasoning that the suits were filed one day apart so that neither court was more invested, the second-filed E.D. Tex. infringement action was “broader” than the N.D. Cal. declaratory judgment action so the latter issues would be fully litigated in the infringement action, and the declaratory judgment action was “tenuous at best.”

The Federal Circuit found the lower court’s reasoning erroneous in view of *Medimmune*, stating, “In the present environment, with competing lawsuits as the likely norm, those considerations are no longer appropriate.” *MOSAID*, 518 F.3d at 903. The Federal Circuit in *MOSAID* further stated that the issue of a “broader” action “carries little weight because a patent holder may often easily file an artificially broader infringement suit to avoid declaratory judgment jurisdiction.” *Id.* The court concluded that the relationship between the competing actions should not be given undue weight to avoid manipulation. Stepping back from the first-filed rule the court further explained:

Instead of relying solely on considerations such as tenuousness of jurisdiction, broadness of case, and degree of vestment, as in this case, or automatically going with the first filed action, the more appropriate analysis takes account of the

convenience factors under 28
U.S.C. § 1404(a). . . .

The first-filed rule . . . will not always yield the most convenient and suitable forum. Therefore, the trial court weighing jurisdiction additionally must consider the real underlying dispute: the convenience and suitability of competing forums. . . . In other words, . . . when the discretionary determination is presented after the filing of an infringement action, the jurisdiction question is basically the same as a transfer action under § 1404(a).

Id. at 904; compare *Tempco*, 819 F.2d at 750 (“Although a ‘first to file’ rule would have the virtue of certainty and ease of application, thus eliminating some of the waste . . . , the cost – a rule which will encourage an unseemly race to the courthouse and, quite likely, numerous unnecessary suits – is simply too high.”).

Indeed, where actions are filed close in time, some courts have been reluctant to follow the first-filed rule because to do so can “invoke none of the merits of the first-filed rule, while promoting the sort of race to the courthouse that is the worst feature of the rule.” *Aurora Corp. Am. v. Fellowes Inc.*, No. CV 07-8306-GHK (AJWx), 86 U.S.P.Q.2d 1127, 1128 (C.D. Cal. 2008) (“We follow *Kerotest* in declining to apply a ‘rigid mechanical solution,’ and therefore conclude that the first-filed rule is of limited value in resolving the dispute here.”) citing *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180 (1952); see also *Mobil Oil Exploration Co. v. Fed. Energy Reg’l Comm’n*, 814 F.2d 998 (5th Cir. 1987); *Ashe v. Pepsico, Inc.*, 443 F. Supp. 84 (S.D.N.Y. 1977). But see, *Intuitive Surgical, Inc. v. Cal. Inst. Tech.*, 2007 WL 1150787, at *3 (slip op.) (N.D. Cal. 2007) (applying first-filed rule to cases filed two hours apart, and stating “[n]ot to apply the rule in situations like this one would discourage potential plaintiffs

from attempting settlement discussions prior to filing lawsuits out of fear that they might not secure their first forum.”); *Nature’s Way Prods., Inc. v. Zila Nutraceuticals, Inc.*, 2006 WL 2883205 (slip op.) (D. Utah 2006) (applying first-filed rule to cases filed one hour, forty-five minutes apart).

F. PRACTICAL CONSIDERATIONS

1. Contractual Forum Selection Clauses

Parties use forum selection clauses in contract agreements to pre-select forums for potential future litigation. The Supreme Court has stated that a forum selection clause is enforceable unless the party opposing it “clearly demonstrates that it is invalid or that enforcement would be unreasonable and unjust.” *Id.* at 1294 (citing *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 472 n.14 (1985)). *See also, Monsanto Co. v. McFarling*, 302 F.3d 1291, 1295 (Fed. Cir. 2002) (“Forum selection clauses are valid and accepted unless they are clearly unreasonable or fraudulent.”).

However, forum selection clauses cannot override purposeful availment of the laws of the United States. For instance, in *Deprenyl Animal Health, Inc. v. Univ. of Toronto Innovations Foundation*, 297 F.3d 1343 (Fed. Cir. 2002), the Federal Circuit found a forum selection clause in a license agreement unenforceable. The Foundation obtained the rights to a U.S. patent and licensed the patent to Deprenyl. In so doing, it established significant contacts with Deprenyl in Kansas. Although the license agreement required disputes be resolved in a Canadian forum, the court held that a party cannot purposefully avail itself of United States patent rights and United States laws and thereafter seek to avoid those laws through a forum selection clause that places the forum in a foreign jurisdiction. *See id.* at 1354.

After litigation arises, parties can dispute whether the forum selection clause controls the forum. The extent to which the clause controls depends on whether the clause is mandatory or permissive. This determination is intuitive and generally uniform in federal courts: where language clearly and unequivocally requires a particular forum, the clause is mandatory, and where language authorizes a forum but does not make it exclusive, the

clause is permissive. *K&V Scientific Co., Inc. v. Bayerische Motoren Werke Aktiengesellschaft*, 314 F.3d 494, 499 (10th Cir. 2002) (recognizing agreement among the circuits that have addressed the issue). Parties can also avoid a forum selection clause if it is part of a contract of adhesion (standards that are determined by state law). *See, e.g., Monsanto*, 302 F.3d at 1300-07 (Clevenger, J., dissenting).

The procedure for enforcing a forum selection clause in patent litigation is through § 1404(a). Because jurisdiction of patent litigation is in federal courts, the venue selected in a forum selection clause will be in a federal court. *Stewart Org. Inc. v. Ricoh Corp.*, 487 U.S. 22, 31 (1988). (“The forum selection clause, which represents the parties’ agreement as to the most proper forum, should receive neither dispositive consideration . . . nor no consideration, . . . but rather the consideration for which Congress provided in § 1404(a).”). The Seventh Circuit has permitted forum selection clauses to be enforced by dismissal pursuant to 12(b)(3). *See U.S. Gypsum Co. v. 3M Innovative Properties Co.*, No. 07-C-6381 2008 WL 514976 at *2 (N.D. Ill. Feb. 20, 2008) (citing *Continental Insurance Co. v. M/V Orsula*, 354 F.3d 603, 606 (7th Cir. 2003)).

2. Venue Due Diligence

In addition to the required due diligence of analyzing the accused product and determining that the product infringes, due diligence can also be conducted on potential venues for the lawsuit before it is filed. This due diligence should analyze issues such as (1) presence of either party in the venue, (2) patent local rules, (3) patent expertise/tendencies in the district, (4) time from filing to trial.

Presence of a party in the venue can be based on many things, including a party’s headquarters, manufacturing facilities, sales facilities, and sales of products through third parties. When evaluating the party’s presence, both positive and negative impressions the party may have on the venue’s jury pool should be considered. On the positive side, the party may be seen as generous through charitable donations, trustworthy and important by being a good employer, or reliable for having good products.

Conversely, layoffs, labor problems, or recalls may create a negative impression on the venue's jury pool.

Patent local rules are used in many venues and are a sign the venue understands patent cases should be treated differently than non-patent cases. While patent local rules across the country are similar and based on local rules initially used in the Northern District of California, local rules should be studied and compared to see if one venue places additional obligations on your client.

Based on reported decisions and information available on various databases, such as PACER, a venue's patent experience can readily be determined. For example, for any particular venue, it can be determined how many patent cases have undergone particular phases of the proceeding (*e.g.*, how many have been tried, decided on summary judgment, held *Markman* proceedings, etc.). The attached table (Table 1) shows how many cases have been filed during 2008 and 2009 in the most popular districts for patent suits. It also shows information about how these cases have been resolved. Previous decisions from a venue also should be studied to see how they may impact your case. In most cases, key issues can be anticipated. For example, these issues can include stays pending reexamination, anticipation by inherency, contributory infringement, and claim construction. In addition to analyzing specific issues, a general feel for the venue or judges in the venue can be gained by determining if broad or narrow claim constructions are provided, how often patents are found infringed, invalid, and unenforceable, and how often issues are resolved on summary judgment. At the very least, for the judges in the venue, a sample of their claim construction and summary judgment opinions should be considered.

Another factor to consider is case pendency, *i.e.*, the time from filing to trial for a particular venue. Once again, this information can be gleaned from various databases and publications. Some statistics are for patent cases and others are for all cases, regardless of subject matter. As a general rule, non-patent cases move faster than patent cases. This is true even in districts with fast patent dockets. Table 1 provides data for median time to trial for the most popular patent courts. It also includes information about

damages and whether the venue has adopted local patent rules, factors which may be indicative of a venue's desirability.

For design patent cases, many courts schedule cases according to the same time schedule as non-patent cases. This will likely become more common based on the Federal Circuit's stance on claim construction for design patents. See *Egyptian Goddess*, 543 F.3d 665, 679-80 (Fed. Cir. 2008).

III. CONCLUSION

The establishment of the Federal Circuit may have reduced, but has not eliminated, forum shopping, as a friendly forum, an experienced forum, or a patent-friendly forum are still motivating factors in forum selection. Further, the elimination of the "reasonable apprehension" test in *Medimmune* has lessened, if not eliminated, "anticipatory declaratory judgment" exceptions to the first-filed rule, making it easier for declaratory judgment plaintiffs to obtain forums of their choosing. Finally, alleged infringers may find more creative ways to avoid personal jurisdiction and effect "forum elimination" as a backdoor to forum shopping.

Due diligence before filing a patent litigation can identify the most appropriate forum for a particular set of facts. Practical tools are available to facilitate such determinations.