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### Federal Circuit Clears a Path for Defendant Motions to Transfer with *In re EMC Corp.* Order

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On January 29, 2013, the Federal Circuit issued its second mandamus decision in *In re EMC Corp.*, 2013 WL 324154 (Fed. Cir. Jan. 29, 2013). Although the appellate court ultimately denied a petition for a writ directing the district court to transfer venue from the U.S. District Court for the Eastern District of Texas, the decision holds some promise for defendants seeking transfer in patent cases.

The petitioners were two of 18 companies originally named as defendants in a single complaint filed by Oasis Research in the Eastern District of Texas. Oasis claimed that the defendants' separate online data storage services infringed four of its method patents. In the first petition for writ of mandamus, four defendants asked the Federal Circuit to direct the district court to sever and transfer the claims to other venues. The Federal Circuit found that in order to join parties in an action, there must be a "logical relationship" between them, in which "the defendants' allegedly infringing acts, which give rise to the individual claims of infringement, must *share* an aggregate of operative facts." *In re EMC Corp.*, 677 F.3d 1351, 1359 (Fed. Cir. 2012).

The Federal Circuit rejected the "not dramatically different" joinder test used by the district court as requiring "little more than the existence of some similarity in the allegedly infringing products or processes, similarity which would exist simply because the same patent claims are alleged to be infringed" and accordingly granted the writ of mandamus, vacating the district court's order denying the motions to sever and transfer. *Id.* After reconsidering the defendants' motions in light of the Federal Circuit's first mandamus decision, the district court severed the matter into four separate cases, and again denied the defendants' motion for transfer in separate orders. For a second time, Defendants EMC and Carbonite petitioned for a writ of mandamus with regard to the district court's denial of their motions for transfer.

In the Federal Circuit's second mandamus decision, the importance of addressing motions to transfer at the outset of litigation is emphasized. The court cited "Congress' intent to prevent the waste of time, energy and money and to protect litigants, witnesses and the public against unnecessary inconvenience and expense," which "may be thwarted where ... defendants must partake in years of litigation prior to a determination on a transfer motion." *In re EMC Corp.*, 2013 WL 324154, at \*2 (Fed. Cir. Jan. 29, 2013) (internal citations omitted).

Additionally, the Federal Circuit noted that judicial economy may not be cited as a factor in favor of retaining a case if the considerations weighing against transfer arise after the filing of the suit. The court opined that "[m]otions to transfer venue are to be decided based on the situation which existed when suit was instituted. Any subsequent familiarity gained by the district court is therefore irrelevant." *Id.* (internal citations omitted). However, "a district court may properly consider any judicial economy benefits which would have been apparent at the time the suit was filed." *Id.* In other words, a district court cannot rely on judicial economy principles that arise from any familiarity with the case that the court may have gained in the time it took to decide the transfer motion. However, the district court need not ignore the benefits of familiarity with the case, such as the same plaintiff or patent, which the court may have gained from other, prior cases when deciding whether to transfer.

Although the Federal Circuit ultimately denied the defendants' petition in *In re EMC Corp.* in light of other factors, such as the location of witnesses, the decision appears to be an overall win for defendants in patent cases seeking transfer. While the Federal Circuit emphasized the high level of discretion afforded district courts in deciding motions to transfer, it also admonished district courts to address motions to transfer early in litigation, and instructed them not to weigh judicial economy benefits arising after the filing of a suit against transfer.