Federal Circuit Clarifies Standard for Motions to Transfer Venue

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On May 22, 2009, the Federal Circuit issued opinions in separate writs of mandamus seeking to transfer venue away from the Eastern District of Texas (EDTX).

In the first case, the Federal Circuit held the district court improperly applied the Fifth Circuit's "private" factors and "public" factors test for determining *forum non conveniens*and granted the writ. See *In re Genentech, Inc.*, Misc. Dkt. No. 901 (Fed. Cir. May 22, 2009).

In the second case, the Federal Circuit held that denial of the motion to transfer based on judicial economy was not an abuse of discretion and denied the writ. See *In re Volkswagen of Am., Inc.*, Misc. Dkt. no. 897 (Fed. Cir. May 22, 2009).

Both cases add to the growing trend of appellate courts reviewing district courts' adherence to statutory venue principles on writs of mandamus.

In re Genentech, Inc.

In *Genentech*, Sanofi-Aventis, headquartered in Germany, brought suit in the EDTX against Genentech, based in South San Francisco, California, and Biogen Idec, based in San Diego, California. On the same day the patent suit was filed in EDTX, Genentech and Biogen Idec filed a declaratory judgment action in the Northern District of California (NDCA). Genentech and Biogen then filed a motion to transfer the patent infringement case to the NDCA.

The defendants argued in their motion that none of the parties or witnesses resided in Texas, but that at least 10 potential material witnesses, including two of the attorneys who prosecuted the patents-in-suit, resided in the NDCA, and at least four other witnesses resided elsewhere in the state. The defendants also contended that all documents were located in California. The plaintiff countered that four other attorneys who prosecuted the patents-in-suit resided on the East Coast of the United States, at least one prior art author resided in Iowa, and Texas was a "middle ground" for witnesses traveling from Europe.

In denying the motion, the district court noted that none of the witnesses who had been identified as residing in the NDCA were "key witnesses." The district court also cited the fact that the EDTX was a central location for the plaintiff and the defendants, as well as the witnesses. Further, the district court expressed concern that the European plaintiff would not be subject to personal jurisdiction in the NDCA. Finally, the district court cited the fact that Genentech previously had filed its own patent infringement lawsuit in the EDTX as weighing against transfer, stating Genentech could not "avail itself of the Eastern District's courts when it suits them," only to complain later that the EDTX was an inconvenient venue.

The Federal Circuit ruled the district court's transfer analysis was so erroneous as to warrant mandamus and ordered the matter be transferred to the NDCA. Specifically, the court held that under the "100 mile rule," previously discussed in both *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008) and *In re Volkswagen of Am., Inc.*, 545 F.3d 304 (5th Cir. 2008) (en banc), the convenience of the witnesses and parties "favored transfer, and not only slightly." The Federal Circuit admonished against courts engaging in hypothetical analyses as to who are "key witnesses," as that is a "higher standard than required by the law." It was enough that the defendants identified witnesses "relevant" to the issues of inequitable conduct, infringement and validity to justify transfer of venue.

The Federal Circuit also held the district court attributed too much significance to the central location of the EDTX relative to the plaintiff's foreign location, as "[t]he witnesses from Europe will be required to travel a significant distance no matter where they testify"; by contrast, "there are a substantial number of witnesses residing within the transferee venue who would be unnecessarily inconvenienced by having to travel away from home to testify in the Eastern District of Texas." Significantly, the court expressly rejected the district

court's holding that convenience of the witnesses favors transfer only "if it will be more convenient for all of the witnesses." (Emphasis in original).

Further, the Federal Circuit noted that compulsory process was available for many of the witnesses residing in California, whereas none were subject to such process in Texas. Likewise, the court noted that the defendants had access to evidence in California and, once again, rejected the district court's holding that the electronic content of discovery rendered this factor neutral in the era of electronic storage and transmission.

The Federal Circuit also found irrelevant that Genentech had previously filed its own suit in the EDTX and that the plaintiff might not be subject to personal jurisdiction in California. The Federal Circuit stated that Genentech's prior suit would be relevant to the transfer analysis only if it involved the same parties, witnesses, evidence and facts. The Federal Circuit also held irrelevant the fact that the plaintiff might not be subject to personal jurisdiction in California, because personal jurisdiction in a transfer context only matters when the defendants, as opposed to the plaintiff, would not be subject to such jurisdiction. Since it was undisputed that both defendants were subject to personal jurisdiction in the NDCA, the transfer was warranted.

Finally, the Federal Circuit rejected the argument that court congestion in the NDCA weighed against transfer. Citing conflicting statistics about "speed to trial" and "speed to resolution" in the NDCA and EDTX, the Federal Circuit noted that "the speed with which a case can come to trial and be resolved may be a factor." However, it found that the district court's assessment of the relative speeds of the two jurisdictions was merely "speculative" and, in any event, was not a strong enough factor to weigh against the other combined factors favoring transfer.

In re Volkswagen of America, Inc.

In *Volkswagen*, MHLTek, a small Texas company, initiated two patent infringement suits against a total of 30 foreign and U.S. automobile companies in the EDTX. Volkswagen sought declaratory judgment action against MHLTek in the Eastern District of Michigan (EDM), but the case was transferred to the EDTX. The Federal Circuit denied a petition for a writ of mandamus seeking to vacate the EDM's transfer order. Volkswagen then filed a motion in the EDTX to transfer the patent infringement case to the EDM. The district court denied Volkswagen's motion to transfer, citing the "judicial economy that would result from having one court decide all of these related patent issues."

The Federal Circuit denied Volkswagen's writ, holding that if one action were transferred to Michigan while the other remained in Texas, there would be a waste of judicial resources and the risk of inconsistent rulings on the same patents.

Though citing the *Genentech* opinion as discussing in detail the Fifth Circuit's "private" factors and "public" factors test for determining *forum non conveniens*, the Federal Circuit noted the existence of multiple suits involving the same issue is a "paramount consideration" when determining whether a transfer is in the interest of justice.

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