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FINNEGAN

LAST MONTH AT THE FEDERAL CIRCUIT

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Federal Circuit Grants Writ of Mandamus Directing District Court for the Eastern District of Texas to Transfer a Patent Case to Ohio

Louis L. Campbell

Judges: Michel, Rader (author), Prost

[appealed from E.D. Tex., Judge Ward]

In *In re TS Tech USA Corp.*, No. 09-M888 (Fed. Cir. Dec. 29, 2008), the Federal Circuit, applying Fifth Circuit law, held that the district court had abused its discretion in denying defendants' motion to transfer the case from the United States District Court for the Eastern District of Texas to the Southern District of Ohio. Moreover, the Court issued a writ of mandamus directing the district court to transfer the case.

Lear Corporation ("Lear") sued defendants TS Tech USA Corporation, TS Tech North America, Inc., and TS Tech Canada, Inc. (collectively "TS Tech") for infringement of Lear's patent relating to vehicle headrests. Lear alleged direct infringement because TS Tech sold headrests to Honda Motor Co. ("Honda"). Lear also alleged induced infringement because TS Tech knowingly and intentionally induced Honda to infringe by including the headrests in their vehicles sold throughout the United States, including in the Eastern District of Texas.

TS Tech filed a motion pursuant to 28 U.S.C. § 1404(a) to transfer venue to the Southern District of Ohio. TS Tech argued that the Southern District of Ohio was a more convenient venue because the physical and documentary evidence was located mainly in Ohio and all key witnesses lived in Ohio, Michigan, or Canada. TS Tech further argued that there was no meaningful connection between the venue and the case, given that none of the parties were incorporated in Texas or had offices in the Eastern District of Texas.

The district court denied transfer, finding that the inconvenience to the parties and witnesses was not clearly outweighed by the deference entitled to Lear's choice of venue. It also found that because several vehicles with allegedly infringing headrests had been sold in the Eastern District of Texas, the citizens of that district had a substantial interest in having the case tried locally. TS Tech then filed a petition for a writ of mandamus with the Federal Circuit.

Under Fifth Circuit law, the Court stated 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. The Fifth Circuit applies four "private" and four "public" interest factors when deciding a § 1404(a) venue transfer question. The private interest factors include: (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 a trial easy,

expeditious, and inexpensive. The public interest factors include: (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 conflicts of laws or in the application of foreign law.

The Court first noted that several of the factors were neutral and the district court was correct in giving them no weight. The neutral factors included the availability of compulsory process and the possibility of delay and prejudice in granting transfer. The Court also found that administrative difficulties due to court congestion and the familiarity of the forum with the law that will govern the case were neutral, as well.

But the Federal Circuit held that the district court made four key errors. First, the district court gave too much weight to Lear's choice of venue. Fifth Circuit precedent clearly forbids treating the plaintiff's choice of venue as a distinct factor in the transfer analysis. Slip op. at 6 (relying on *In re Volkswagen of America, Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (en banc) ("*Volkswagen II*")). Rather, the plaintiff's choice of venue corresponds to the burden that a moving party must meet to demonstrate that the transferee venue is a clearly more convenient venue. The district court erred in giving inordinate weight to Lear's choice of venue by weighing Lear's choice as a separate factor and affording the choice considerable deference.

Second, the district court ignored Fifth Circuit precedent in assessing the cost of attendance for the witnesses. The Court noted the Fifth Circuit's "100-mile" test, which requires that "[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." Slip op. at 6 (quoting *In re Volkswagen AG*, 371 F.3d 201, 204-05 (5th Cir. 2004) ("*Volkwagen I*")). The Court held that the district court completely disregarded the 100-mile rule in this case. All of the key witnesses are in Ohio, Michigan, and Canada and would thus need to travel approximately 900 more miles to attend trial in Texas than Ohio. The district court committed clear error by not giving great weight to this factor.

Third, the Federal Circuit held the district court erred by concluding the factor regarding the relative ease of access to sources of proof was neutral as to transfer. The district court found that because many of the documents were stored electronically, the increased ease of storage and transportation makes this factor much less significant. The Federal Circuit held, however, that the fact that access to some sources of proof presents a lesser inconvenience now than it might have absent recent developments does not render this factor superfluous. Because all of the physical evidence was far more conveniently located near the Ohio venue, the district court erred in not weighing this factor in favor of transfer.

Lastly, the Court held the district court erred by disregarding Fifth Circuit precedent in analyzing the public interest in having localized interests decided at home. The Court stated, "As in *Volkswagen I* and *Volkswagen II*, there is no relevant connection between the actions

> "Here, 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." Slip op. at 8.

giving rise to this case and the Eastern District of Texas except that certain vehicles containing TS Tech's headrest assembly have been sold in the venue." Slip op. at 7–8. The parties have no offices in the district, no witnesses reside in the district, and no evidence is in the district. Instead, the vast majority of witnesses, evidence, and events leading to the case involve Ohio or its neighboring state of Michigan. Therefore, the district court's conclusion that this factor weighed against transfer directly contradicted Fifth Circuit precedent.

Both *Volkswagen I* and *Volkswagen II* unequivocally rejected the district court's reasoning that the public interest factor disfavored

transfer because the citizens of its district had a substantial interest in having the case tried locally since several of the vehicles were sold in that venue. "Here, 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.* at 8. "The fact that this is a patent case as opposed to another type of civil case does not in any way make the district court's rationale more logical or make the factor weigh against transfer." *Id.* Therefore, the district court erred by weighing this factor against transfer.

Because of these errors, the Court found that TS Tech had met its difficult burden of demonstrating a "clear" abuse of discretion rather than a "mere" abuse of discretion. The Court found that the district court's errors in this case were essentially identical to the errors underlying the en banc Fifth Circuit's grant of mandamus in *Volkswagen II*. Accordingly, the Federal Circuit held that TS Tech had demonstrated a clear and undisputable right to a writ.

The Federal Circuit rejected Lear's argument that TS Tech cannot demonstrate that it had no other means of obtaining its request for relief because TS Tech did not ask the district court to reconsider its motion denying transfer after the Fifth Circuit issued its en banc decision in *Volkswagen II*. First, the Court stated that TS Tech had no reasonable expectation that seeking reconsideration in light of *Volkswagen II* would have produced a different result, as the case did not change any aspect of the law regarding the district court's § 1404(a) analysis. Second, the Court held that the "no other means" requirement is not intended to ensure that TS Tech first exhaust every possible avenue of relief before seeking mandamus relief. Rather, the purpose of the requirement is to ensure that the writ will not be used as a substitute for the regular appeals process. Finally, the Court held that under Fifth Circuit law, a party seeking mandamus for a denial of transfer clearly meets the "no other means" requirement, as interlocutory review of a transfer order is unavailable. Moreover, a petitioner would not have an adequate remedy by way of an appeal from an adverse final judgment because the petitioner would not be able to show that it would have won the case had it been tried in a convenient venue.

Accordingly, the Court granted the petition for writ of mandamus and directed the district court to vacate its order and transfer the case to the Southern District of Ohio.

Contacts

Esther H. Lim
Editor-in-Chief
202.408.4121
esther.lim@finnegan.com

Naveen Modi
Assistant Editor
202.408.4065
naveen.modi@finnegan.com

Tina E. Hulse
Assistant Editor
650.849.6665
tina.hulse@finnegan.com

Joyce Craig
Assistant Editor
202.408.6013
joyce.craig@finnegan.com

Abbreviations

ALJ	Administrative Law Judge
ANDA	Abbreviated New Drug Application
APA	Administrative Procedures Act
APJ	Administrative Patent Judge
Board	Board of Patent Appeals and Interferences
Commissioner	Commissioner of Patents and Trademarks
CIP	Continuation-in-Part
DJ	Declaratory Judgment
DOE	Doctrine of Equivalents
FDA	Food and Drug Administration
IDS	Information Disclosure Statement
ITC	International Trade Commission
JMOL	Judgment as a Matter of Law
MPEP	Manual of Patent Examining Procedure
PCT	Patent Cooperation Treaty
PTO	United States Patent and Trademark Office
SJ	Summary Judgment
TTAB	Trademark Trial and Appeal Board