

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

ELBIT SYSTEMS LAND AND C4I LTD.,	§	
ELBIT SYSTEMS OF AMERICA, LLC,	§	
	§	CIVIL ACTION NO. 2:15-CV-00037-RWS
Plaintiffs,	§	
	§	
v.	§	
	§	
HUGHES NETWORK SYSTEMS, LLC,	§	
	§	
Defendant.	§	

ORDER

Before the Court are Defendant Hughes Network Systems, LLC’s (“Hughes”) Objections to Order Denying Motion to Sever and Transfer Claims Against Hughes Network Systems, LLC and Stay Claims Against Remaining Defendants (Docket No. 401) and Objections to Orders Denying Motion to Transfer and Motion to Stay (Docket No. 404). Plaintiffs Elbit Systems Land and C4i Ltd. and Elbit Systems of America, LLC (collectively, “Elbit” or “Plaintiffs”) filed responses to Hughes’s objections. Docket Nos. 422 and 423. The Court heard argument on each set of objections (Docket No. 429).¹

The Court reviews objected-to portions of the Magistrate Judge’s Orders for clear error. *See* 28 U.S.C. § 636; Fed. R. Civ. P. 72(a). For the reasons outlined below, Hughes’s objections to each Order are **OVERRULED**.

¹ The Court issues this Order with respect to Hughes’s objections to the Magistrate Judge’s rulings relating to Hughes’s motions to transfer and associated motion to stay (Docket Nos. 130 , 372, and 373). The Court will evaluate the parties’ objections to the Magistrate Judge’s other rulings in a separate order.

BACKGROUND

On January 25, 2015, Elbit filed this action against Black Elk Energy Offshore Operations, LLC (“Black Elk”), BlueTide Communications, Inc. (“BlueTide”), Helm Hotels Group (“Helm”), and Hughes Network Systems, LLC alleging infringement of U.S. Patent Nos. 6,240,073 (“the ’073 patent”) and 7,245,874 (“the ’874 patent”), both of which relate generally to satellite communication systems. The patents-in-suit were first assigned to Shiron Satellite Communications (“Shiron”), which was purchased by Elbit Systems Ltd., the parent to Plaintiffs, in 2009. Docket No. 53 at ¶ 34. By assignment, Elbit is the sole owner of the ’073 patent, and Elbit and Elbit Systems of America jointly retain the exclusive right to enforce the ’073 patent. *Id.*

On April 2, 2015, Elbit amended its complaint, substituting Defendant Helm with Country Home Investments, Inc. (“Country Home”). Elbit also moved to dismiss Black Elk on February 2, 2016 after Black Elk sought a stay pending bankruptcy proceedings on November 15, 2015 (Docket No. 50).

On May 24, 2016, Defendants Hughes, BlueTide, and Country Home filed a motion to sever and transfer Elbit’s claims against Hughes and stay Elbit’s claims against BlueTide and Country Home (Docket No. 130). On June 23, 2017, the Magistrate Judge denied Defendants’ motion (Docket No. 394), and Hughes filed objections (Docket No. 401). Elbit responded to those objections (Docket No. 422) and this Court heard argument on the parties’ objections on July 14, 2017 (Docket No. 429).

On June 3, 2017, Defendants filed a motion to transfer pursuant to 28 U.S.C. § 1406 (Docket No. 372) and a related motion to stay (Docket No. 373). The Magistrate Judge denied this motion on June 20, 2017, (Docket No. 388, 389) and Hughes filed objections (Docket No.

404). Elbit responded to those objections (Docket No. 423), and the Court also heard argument on the parties objections to the Magistrate Judge's ruling on July 14, 2017.

In its response to Defendants' motion to transfer venue pursuant to 28 U.S.C. § 1406, Elbit stated that it did not oppose "dismissal of BlueTide on venue grounds." Docket No. 386 at 1. Elbit also stated that "in order to streamline Plaintiffs' case for trial, Plaintiffs request that the Court exercise its power to dismiss Country Home under Rule 41(a)(2)." *Id.* at 2 n.1. The Court declined to do so in the absence of the parties filing a motion. Docket No. 388 at 37 n.1. On June 25, 2017, Elbit filed motions to dismiss Defendants BlueTide (Docket No. 396) and Country Home (Docket No. 395). The Court granted those motions. Docket Nos. 397, 398.

I. Hughes's Objections to Order Denying Motion to Sever and Transfer Claims Against Hughes Network Systems, LLC and Stay Claims Against Remaining Defendants (Docket No. 401)

Hughes's first set of objections are to the Magistrate Judge's Order denying Defendants Hughes, BlueTide and Country Home's motion to sever and transfer the claims against Hughes to the District of Maryland and stay and abate the claims against BlueTide and Country Home pending resolution of the transferred action. Docket No. 401.

In his Order, the Magistrate Judge denied Defendants' motion to transfer, assigning significant weight to Defendants' 16-month delay before seeking transfer and to Defendants' misfiling of the motion in the CM/ECF system as a "Sealed Document." Docket No. 394 at 2–3. Judge Payne also concluded that the relevant private and public interest factors considered on the record that existed at the time Defendants' motion was filed did not weigh in favor of transfer. *Id.* at 3–4. Additionally, since Elbit represented that it would agree to dismiss BlueTide and Country Home and because Hughes was indemnifying those defendants, the Magistrate Judge found no basis for severing and staying the customer suits in the absence of a justifiable reason to transfer the case against Hughes to the District of Maryland. *Id.* at 4.

Hughes objects to the Magistrate Judge's Order on three grounds: (1) it was clearly erroneous to rely upon the filing date for the Original Complaint and not the Second Amended Complaint; (2) it was clearly erroneous to assign weight to the fact that the motion was misfiled as a "Sealed Document" and that Defendants did not bring the motion to the Court's attention; and (3) it was clearly erroneous to deny the Motion without providing an opinion under the 1404(a) *Gilbert* Factors. The Court addresses each argument in turn.

A. Hughes's objection that it was clearly erroneous to rely upon the filing date for the Original Complaint and not the Second Amended Complaint

Hughes argues that the Magistrate Judge clearly erred by denying its motion to transfer based on a 16-month delay calculated from the date Plaintiffs filed their Original Complaint.

In his Order, the Magistrate Judge explains that Hughes "waited some 16 months after the case was filed to seek transfer" and that "[f]ew if any facts allegedly supporting transfer were discovered in the course of the litigation." Docket No. 394 at 3. Judge Payne further explained that the case involved "rare circumstances" and the delay could not be justified: "There was no excuse to wait so long to seek transfer, all while 'discovery was conducted, protective orders were issued, individual disclosures were turned over, infringement and invalidity contentions were exchanged, and an extensive amount of documents were produced.'" *Id.* at 3 (citing *In re Wyeth*, 406 F. App'x 475, 477 (Fed. Cir. 2010)). Additionally, Judge Payne detailed that the court held numerous hearings and issued several Orders during this time and explained that, regardless of whether a 16-month filing delay *alone* was enough to warrant denial of the transfer motion, it carried "significant weight." *Id.* (citing *Peteet v. Dow Chem. Co.*, 868 F.2d 1428, 1436 (5th Cir. 1989)).

Hughes now argues that Judge Payne erred by calculating Hughes's delay based upon the filing date of the Original Complaint and not the Second Amended Complaint. Docket No. 401 at

6. According to Hughes, Plaintiffs serially amended their Complaint over the course of 10 months to add new facts to “defeat any venue issues” and “to cure venue jurisdictional issues raised by defendants.” *Id.* at 7. Specifically, Hughes identifies two “venue issues” created by Plaintiffs’ amendments to the Complaint: (1) Plaintiffs’ First Amended Complaint dropped Helm as a Defendant and replaced it with Country Home, a resident of the Eastern District of Texas, and (2) Plaintiffs’ Second Amended Complaint added allegations relating to Sevis Systems Inc. (“Sevis”) and Memotec, Inc. (“Memotec”), providers of a “material part of the patented system,” to “inject[] new venue issues.” Docket No. 401 at 4–5. Hughes contends that its delay in filing its motion to transfer stems from these changing “venue facts” and from its pursuit of a declaration from Sevis arranging for its appearance in Maryland. *Id.* at 7; Docket No. 429 at 10:11–11:10 (contending that Plaintiffs “filed a second amended complaint to add venue facts”).

Hughes also contends that its delay in filing its motion to transfer should be afforded less weight because “no claim construction briefing or dispositive motions had been filed, Plaintiffs had amended their infringement contentions only one day prior, the close of fact discovery was over five months away, and trial was nearly one year out.” Docket No. 401 at 7.

In response to Hughes’s objections, Elbit argues that its amended complaints do not materially affect the transfer analysis. With respect to Elbit’s replacement of Defendant Helm with Defendant Country Home, Elbit states that it substituted these parties based on Defendants’ indication that Country Home was the appropriate Defendant. Docket No. 422 at 4 (citing Docket No. 21 at 2); Docket No. 429 at 50:11–13 (“We also substituted for Helms Group, the party that the defendant indicated was the proper party, that was the actual corporate entity of Country Home.”). And in response to Hughes’s contention that Elbit added facts regarding Sevis and Memotec to manipulate venue, Elbit states that both Memotec and Sevis were discussed in a

Hughes official white paper that was attached as an exhibit to the Original Complaint. Docket No. 422 at 4; Docket No. 429 at 51:5–10 (citing Docket No. 1-14 at 4).

Additionally, Elbit argues that the facts Hughes identifies do not support transfer and thus cannot excuse Hughes's delay: "Hughes cannot plausibly argue the presence of a hotel using the accused products (Country Home) and a manufacturer of components for the accused system (Sevis) in this District would have supported transfer." Docket No. 422 at 4. Finally, Elbit also contends that Hughes further delayed—filing its motion six months after the Second Amended Complaint was filed. *Id.* at 4–5.

Having reviewed the parties' submissions and argument relating to Hughes's objections, the Court finds that the Magistrate Judge did not commit clear error by measuring Hughes's delay from the date of the Original Complaint. No fact Hughes identifies excuses its delay. The record indicates that Elbit substituted Helm for Country Home based on Defendants' own contentions. Docket No. 21 at 2 ("Country Home Investments, therefore, is the appropriate party against whom any allegations of infringement by Best Western Denton should have been asserted."). That Plaintiffs substituted one Defendant (Helm) for another (Country Home) upon Defendants' contention that Country Home was the appropriate defendant does not suggest "venue manipulation" by Elbit and does not excuse Hughes's delay in filing its motion to transfer.

Additionally, the Court finds that the Original Complaint refers to both Sevis and Memotec as discussed in a Hughes document. Plaintiffs' inclusion of detailed allegations relating to these third parties appears to be consistent with a conventional amendment made as a result of ongoing discovery. This also does not suggest "venue manipulation" on the part of Plaintiffs.

Hughes's pursuit of an arrangement with a potential third-party witness does not justify Hughes's delay in filing its motion to transfer. Hughes received a declaration from Sevis

explaining that it “is no more costly for Sevis’s employees to travel to Maryland than to Marshall, Texas because Hughes has agreed to reimburse Sevis’s travel costs.” Docket No. 130-2 at 2–3. Hughes’s decision to wait to file its motion until after it had reached this agreement with a third-party witness was a strategic one. Hughes cannot rely on its own pursuit of this agreement to both bolster its motion and to excuse its delay in filing it.

Finally, the Court notes that it would view Hughes’s delay in a different light if Hughes had shown that the amended complaints presented facts that gave rise to new venue arguments that had previously been unavailable to Hughes. But instead, the two changes identified by Hughes in Plaintiffs’ amended complaints—the substitution of Country Home, a defendant operating a hotel using allegedly infringing products, and the addition of allegations relating to a component providers Sevis and Memotec, one located in this District and one neutral to the analysis—do not render Hughes’s motion more compelling and do not provide Hughes with any facts that were previously unavailable to it. Hughes’s delay is not excusable on this record.

Accordingly, the Magistrate Judge did not clearly err by calculating Hughes’s 16-month delay from the date of the Original Complaint, and Hughes’s objections are **OVERRULED**.

B. Hughes’s objection that the Order failed to provide an opinion under the 1404(a) *Gilbert* Factors

Hughes argues that the Magistrate Judge erred by failing to provide an opinion detailing his analysis of the 1404(a) *Gilbert* Factors.

In his Order, the Magistrate Judge states that Hughes’s 16-month delay and Hughes’s misfiling of its motion carried significant weight in the transfer analysis. Docket No. 394 at 3. As a result and based on the relevant public and private interest factors, Judge Payne concluded that Hughes had not established that the District of Maryland was clearly more convenient than this District. *Id.* at 3–4.

Hughes contends that the Magistrate Judge clearly erred by failing to meaningfully evaluate the 1404(a) factors. Docket No. 401 at 8 (citing *In re Oracle Corp.*, 399 F. App'x 587, 589 (Fed. Cir. 2010)). Hughes further contends that the record clearly establishes that Maryland is a more convenient forum based on the currently remaining issues and witnesses in this case. *Id.*

Elbit counters that Hughes's reliance on the facts as they stand weeks before trial is misplaced and that motions to transfer venue are considered "not on a series of changing facts, but instead should be evaluated based on the situation which existed when the suit was filed." Docket No. 422 at 6 (citing *Vertical Comput. Sys., Inc. v. LG Elecs. Mobilecomm U.S.A., Inc.*, No. 2:10-cv-490-JRG, 2013 WL 2241947, at *3 (E.D. Tex. May 21, 2013) (citing *In re EMC Corp.*, 501 F. App'x 973, 976 (Fed. Cir. 2013)). Elbit also disputes that the remaining witnesses and sources of proof render the District of Maryland clearly more convenient. *Id.* Additionally, Elbit argues that the circumstances in this case differ from *In re Oracle* because this case does not involve a forum-selection clause.

This Court now undertakes the 1404(a) analysis as detailed below to evaluate whether Hughes has established the District of Maryland as a clearly more convenient forum for Plaintiffs' claims against Defendant Hughes.² Based on an analysis of the 1404(a) factors, *infra* Part I.B.iii–iv, the Court finds that the Magistrate Judge did not clearly err in concluding that Hughes failed to meet its burden to establish that the District of Maryland is clearly more convenient than this District.

In its objections, Hughes argues that Defendants' motion to transfer "should have been considered on the merits and decided based on the events in the case as of the date of filing—May

² Although Defendants' motion sought both severance of Elbit's claims against Hughes and transfer, neither party objected to the Magistrate Judge's denial of severance. Accordingly, this Court does not review the Magistrate Judge's denial of Hughes's severance motion.

24, 2016.” Docket No. 401 at 6. In Elbit’s response to Hughes’s objections, it argues that “the legally relevant period for transfer analysis is not based on the facts existing when the motion is filed . . . or when Hughes is the ‘only defendant left in the case’ three weeks before trial.” Docket No. 422 at 5. Instead, Elbit claims that the motion should be evaluated based on the date of the original complaint. *Id.* At the hearing on Hughes’s objections, the Court asked counsel for Hughes if, “when [the Court] get[s] to these factors, should [the Court] look at the convenience of the witnesses at the time the complaint was filed? At the time the motion was filed? At the time Judge Payne ruled on it?” to which Hughes responded that “because of what [Hughes] believes was a direct and deliberate attempt to manipulate venue in this District, . . . it is appropriate to look at the entire record as recently as two weeks ago.” Docket No. 429 at 14:9–15:17.

The Court considers all the factors as of the date the motion was filed. Elbit’s suggestion that the motion should be evaluated from the time of the filing of the Complaint fails to account for the realities of this litigation—namely, Hughes’s 16-month delay in filing its motion. Hughes has offered two conflicting positions for when the factors should be considered, but this Court agrees with the position Hughes takes in its objections. The Court is not persuaded by Hughes’s argument that the factors should be evaluated as of “two weeks ago” because of “venue manipulation” for the same reasons the Court rejects Hughes’s venue-manipulation arguments relating to its 16-month delay.³ *See supra* Part I.A.⁴

i. Legal Standard

³ Notably, even if the Court were to evaluate the convenience factors based on the record that existed two weeks ago as Defendant requests, it would also, in the interest of justice, consider the significant prejudice to Elbit that would result from transfer of its case merely a few weeks before trial.

⁴ Additionally, this issue comes to the Court on review of Judge Payne’s Order denying transfer, in which he considered the record that existed at the time Defendants’ motion was filed. Docket No. 394 at 4. The parties have not persuaded the Court that Judge Payne clearly erred in choosing to evaluate the factors as of the date the motion was filed.

Section 1404(a) provides that “[f]or the convenience of the parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it may have been brought.” 28 U.S.C. § 1404(a). The first inquiry when analyzing a case’s eligibility for § 1404(a) transfer is “whether the judicial district to which transfer is sought would have been a district in which the claim could have been filed.” *In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004) (“*Volkswagen I*”).

Once that threshold is met, courts analyze both private and public factors relating to the convenience of parties and witnesses, as well as the interests of the venues in hearing the case. *See Humble Oil & Ref. Co. v. Bell Marine Serv., Inc.*, 321 F.2d 53, 56 (5th Cir. 1963); *In re Nintendo Co.*, 589 F.3d 1194, 1198 (Fed. Cir. 2009). The private factors are: (1) the relative ease of access to sources of proof; (2) the availability of a compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing witnesses; and (4) all other practical considerations that make the trial of a case easy, expeditious and inexpensive. *Volkswagen I*, 371 F.3d at 203; *In re Nintendo*, 589 F.3d at 1198. The public 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. *Volkswagen I*, 371 F.3d at 203; *In re Nintendo*, 589 F.3d at 1198.

The plaintiff’s choice of venue is not a factor in this analysis. *In re Volkswagen of Am. Inc.*, 545 F.3d 304, 314–15 (5th Cir. 2008) (“*Volkswagen II*”). Rather, the plaintiff’s choice of venue leads to the defendant’s burden of proving that the transferee venue is “clearly more convenient” than the transferor venue. *Id.* at 315; *In re Nintendo*, 589 F.3d at 1200. This standard places a “significant burden on the [defendant] to show good cause for the transfer.” *Volkswagen*

II, 545 F.3d at 314 n.10. Furthermore, though the private and public factors apply to most transfer cases, “they are not necessarily exhaustive or exclusive,” and no single factor is dispositive. *Id.* at 314–15.

ii. Threshold Question

The threshold issue when analyzing a motion to transfer is whether the case could have been brought in the transferee venue. 28 U.S.C. § 1404(a). Hughes contends—and Elbit does not contest—that Elbit could have brought suit in Maryland. Docket No. 130 at 10–11; Docket Nos. 143 and 160. Accordingly, the threshold is satisfied.

iii. Private Factors

The Court now considers the private factors prescribed by the Fifth Circuit in *Volkswagen II*: (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.” 545 F.3d 304, 315 (5th Cir. 2008).

(a) Sources of Proof

This factor is a relevant part of the transfer analysis despite technological advances that make transporting large volumes of documents across the country more convenient. *Volkswagen II*, 545 F.3d at 316. In addition, courts presume that the bulk of all relevant evidence will come from the accused infringer. *In re Genentech, Inc.*, 566 F.3d 1338, 1345 (Fed. Cir. 2009). Finally, parties must identify sources of proof with some specificity such that the court may determine whether transfer will increase the convenience of the parties. *J2 Global Commc’ns, Inc. v. Proctus IP Solutions, Inc.*, No. 6:08-CV-211, 2009 WL 440525, at *2 (E.D. Tex. Feb. 20, 2009).

Hughes argues that nearly all of its relevant evidence is located within 100 miles of the District of Maryland and none of it is in the Eastern District of Texas. Docket No. 130 at 11.

According to Hughes, the accused systems and functionalities were developed mostly in Maryland. *Id.* Hughes contends that marketing materials and financial and sales information are maintained in Maryland and that most potential third-party witnesses reside within 100 miles of the District of Maryland's Greenbelt Division. *Id.* at 11–12. Hughes also disputes Elbit's connection to the district because Elbit is from Israel and is incorporated in Delaware with a headquarters in Fort Worth, Texas. *Id.* at 12.

In response, Elbit argues that the location of physical documents should not be afforded much weight because of electronic discovery. Docket No. 143 at 9. Elbit also notes that that Elbit and Country Home have principal places of business in Texas and BlueTide is from nearby Louisiana, arguing that any evidence from these non-Hughes parties would be closer to this District than to Maryland. *Id.* at 9–10. Elbit disputes that most potential witnesses reside near the District of Maryland's Greenbelt Division and claims that Hughes's headquarters being in Maryland is not enough to render the District of Maryland clearly more convenient. *Id.* at 10.

In its Reply, Hughes argues that while Elbit, Country Home, and BlueTide may have evidence close to this District, Elbit has not established that Country Home or any other party has non-cumulative relevant evidence in the District. Docket No. 157 at 3. Hughes further contends that the “bulk of the relevant evidence remains at Hughes's headquarters in Maryland.” *Id.* (citing *In re Genentech, Inc.*, 566 F.3d 1338, 1345 (Fed. Cir. 2009)).

The Court finds that the bulk of the relevant evidence is located in the District of Maryland. Accordingly, this factor weighs in favor of transfer to that District.⁵

⁵ The Court does not consider sources of proof relating to BlueTide and Country Home's documents under this factor because, on a motion to sever and transfer, the Court considers the transfer factor only with respect to the Defendant seeking to be severed and transferred. *Shifferaw v. Emson USA*, No. 2:09-CV-54-TJW-CE, 2010 WL 1064380, at *1 (E.D. Tex. Mar. 18, 2010) (“severance may be permitted if three factors are met: (1) whether the remaining claims are peripheral to the severed claims; (2) whether adjudication of the severed claims would potentially dispose of the remaining claims; and (3) whether the § 1404(a) factors warrant transfer of *the severed claims*”) (emphasis added).

(b) Subpoena power

This factor weighs in favor of transfer when more third-party witnesses reside within the transferee venue and when the transferee venue is said to have “absolute subpoena power” over these third-party witnesses. *Volkswagen II*, 545 F.3d at 316. “Absolute subpoena power” is subpoena power for both depositions and trial. *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333, 1338 (Fed. Cir. 2009). Additionally, courts give more weight to specifically identified witnesses and afford less weight to vague assertions that witnesses are likely located in a particular forum. *See Novelpoint Learning v. Leapfrog Enter.*, No. 6:10-CV-229, 2010 WL 5068146, at *6 (E.D. Tex. Dec. 6, 2010) (stating that the Court will not base its conclusion on unidentified witnesses); *see also West Coast Trends, Inc. v. Ogio Int’l, Inc.*, No. 6:10-CV-688, 2011 WL 5117850, at *3 (E.D. Tex. Oct. 27, 2011).

Rule 45 provides the presiding court with the power to issue nationwide deposition subpoenas and compel testimony so long as the trial, hearing, or deposition is to take place within 100 miles of the witness’s residence or regular place of business. FED. R. CIV. P. 45(a)(2), 45(b)(2), 45(c)(1)(A). The proffering party may depose the non-party witness near that witness’s residence or regular place of business and later present the witness’s deposition testimony at trial without the involvement of a second district court. *See* FED. R. CIV. P. 32(a)(4) (“A party may use for any purpose the deposition of a witness, whether or not a party, if the court finds . . . that the witness is more than 100 miles from the place of hearing or trial . . .”).

According to Hughes, “[a]ll but one potential non-party witness reside within the subpoena power of the District of Maryland.” Docket No. 130 at 12. Hughes identifies three non-party witnesses who resided in or near the District of Maryland when the Original Complaint was filed: (1) Advantech, a provider of InterSKY satellite products that Elbit alleges are covered by the ’073 Patent, (2) Jeff Biber, a former Vice President of Engineering at Hughes responsible for overall

design and development for the accused products; and (3) Tony Heatwole, a former Senior Engineer at Hughes who worked on the accused products. *Id.* at 12–13. Hughes also identifies Sevis Systems as a component supplier with “potentially non-cumulative material information to this litigation,” but Hughes states that Sevis’s location in the Eastern District of Texas does not weight against transfer because Hughes has confirmed Sevis’s willingness to travel to the District of Maryland. *Id.*

Elbit responds that this District has subpoena power over four times as many witnesses as the District of Maryland. Elbit first contends that Sevis is an important source of evidence in this case as “one of only two providers of ‘optimizer’ equipment that forms part of the Hughes ‘cellular backhaul’ systems” that Plaintiffs accuse of infringement. Docket No. 143 at 11. Elbit argues that Sevis is subject to compulsory process in the Eastern District of Texas because of its location in Lewisville, Texas. *Id.* Elbit further contends that, while Sevis has stated it will “encourage its employees to willingly appear in Maryland” pursuant to an agreement with Hughes, minimal weight should be given to Sevis and Hughes’s financial arrangement because “any defendant could manipulate the transfer analysis by arranging to pay third-party witnesses to travel to its proposed transferee forum—literal ‘forum shopping.’ ” *Id.*

Elbit further argues that Memotec has relevant knowledge about Hughes’s implementation of the Hughes Backhaul Services that are accused of infringing the ’874 Patent. *Id.* at 12. According to Elbit, Memotec is located in Tempe, Arizona, which it states is significantly closer to this District than the District of Maryland. *Id.*

Additionally, Elbit argues that Advantech is not located in Maryland or within 100 miles thereof, but that its headquarters are instead in Canada. Elbit cites correspondence with Hughes

that suggests Hughes be required to pursue relevant evidence from Advantech through appropriate international treaties. *Id.* at 10 n.6 (citing Docket No. 143-10).

Elbit also identifies seven additional witnesses that it argues are both relevant to the case and subject to the Court's subpoena power:

- Black Elk, who is a former party to the case, operates oil and gas platforms in this District using accused systems relevant to Elbit's induced infringement claims, and, as of the date of the motion to transfer, Black Elk had already produced over 120,900 documents in discovery;
- David Cantu, Black Elk Energy's Chief Technology Officer, who has been identified by Defendants as a relevant witness in their initial disclosures (Docket No. 143-11);
- David Kendrick, a former Shiron customer with knowledge of Shiron's satellite systems and its commercialization efforts;
- Bryan Young, President of Real Time Communications, a non-party allegedly relevant to Elbit's induced infringement, who works in Kilgore, Texas;
- Van C. Dewitt, President and CEO of Bee Mar LLC, a non-party allegedly relevant to Elbit's induced infringement claims, who lives in Sugar Land, TX;
- Hercules Offshore Inc., a non-party who is located in Houston and is allegedly relevant to Elbit's induced infringement claims; and
- Triton Diving Services LLC, a non-party who is located Houston and is allegedly relevant to Elbit's induced infringement claims.

Docket No. 143 at 10–12. Elbit states that Young, Dewitt, Hercules Offshore, and Triton Diving Services were each identified in both its initial disclosures and Second Amended Complaint. *Id.*

Elbit also states that Kendrick was cited in its initial disclosures. *Id.* at 11.

Hughes argues in its Reply that Elbit had not shown that Kendrick, Dewitt, Black Elk, Hercules Offshore, Triton Diving Services, and Memotec reside within 100 miles of the District or would not incur substantial expense to attend trial or deposition. Docket No. 157 at 4. Hughes also contends that it did not anticipate calling Black Elk or its employees, including David Cantu, during trial. *Id.* Hughes finally argues that Elbit did not explain what material information Bryan Young had.

The Court is persuaded by Elbit's argument that it should not discount Sevis from the analysis. Because Sevis has only stated that it would "encourage" its employees to appear in Maryland, the Court's subpoena power may yet prove necessary. Further, giving weight to Hughes's decision to enter a financial agreement with Sevis would encourage gamesmanship and forum shopping.

But, even if Sevis is excluded from the analysis of this factor, based on the witnesses as represented on the day the motion was filed, the Court finds that this factor weighs against transfer. The Court credits Hughes's statement that it did not anticipate calling Black Elk or its employees including David Cantu at trial. The Court also discounts the relevance of Memotec under this factor, as it is located beyond this Court's subpoena power. The Court is also persuaded by Elbit's argument and (cited correspondence with Hughes) that Advantech is not subject to compulsory process in either District.

On balance, Elbit has identified five witnesses subject to this District's subpoena power—David Kendrick, Bryan Young, Van C. Dewitt, Hercules Offshore, Inc. and Triton Diving Services, and Hughes has identified two third-party witnesses—Biber and Heatwole—subject to the subpoena power of the District of Maryland. Considering the number of witnesses subject to

subpoena power in this District compared to the District of Maryland, this factor weighs against transfer.

(c) The Cost of Attendance of Willing Witnesses

In analyzing this factor, all parties and witnesses must be considered. *Volkswagen I*, 371 F.3d at 204. District courts should assess the relevance and materiality of the information the witness may provide, but there is no requirement that the movant demonstrate that the witness has anything more than relevant and material information. *In re Genentech, Inc.*, 566 F.3d at 1343–44.

The Fifth Circuit established a “100–mile rule” to assist with analysis of this factor. *See Volkswagen I*, 371 F.3d at 204–205; *see also In re TS Tech USA Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008) (“[I]t generally becomes more inconvenient and costly for witnesses to attend trial the further they are away from home”). The threshold question is whether the transferor and transferee venues are more than 100 miles apart. *See Volkswagen II*, 545 F.3d at 217. If so, then a court compares the respective distances between the residences of all the identified material and relevant witnesses and the transferor and transferee venues. *Id.* Transfer is favored if the transferee venue is a shorter average distance from witnesses as compared to the transferor venue. *See id.*

More than 100 miles separate this District from the District of Maryland. Hughes argues that the high cost of attendance of Hughes witnesses favors transfer. Docket No. 130 at 14. According to Hughes, it has nine employees who may be called to testify at trial—eight that work in Germantown, Maryland and one that works in San Diego, California. *Id.* These witnesses include:

- John Border, a Senior Engineer located near Germantown, Maryland with information relating to Hughes’s non-infringement and invalidity defenses;

- Patrick O’Neil, a Senior Principal Engineer located near Germantown, Maryland with information relating to Hughes’s non-infringement and invalidity defenses;
- Doug Dillon, President of the Engineering Division located near Germantown, Maryland with information relating to Hughes’s non-infringement and invalidity defenses,
- John Kenyon, Senior Advisor and former Senior Vice President of Engineering located near Germantown, Maryland with information relating to Hughes’s non-infringement and invalidity defenses;
- David Jupin, Vice President of International Product Management located near Germantown, Maryland, with information relating to Hughes’s non-infringement and invalidity defenses and marketing and financial information;
- Channasandra Ravishankar, Vice President of Engineering located near Germantown, Maryland with information relating to Hughes’s non-infringement and invalidity defenses;
- Royce Hernandez, Senior National Account Executive located near Germantown, Maryland with marketing information regarding the Accused Products;
- Jeff Boggs, Senior Director of Finance located near Germantown, Maryland, with sales and financial information regarding the Accused Products; and
- Graham Avis, Vice President located near San Diego, with information material to Hughes’s non-infringement and invalidity defenses as well as marketing and sales information.

Id. at 14–15.

Elbit responds that while there may be eight potential Hughes witnesses closer to the District of Maryland, there are at least eight other potential witnesses that Defendants have identified as having relevant information. According to Elbit, these eight witnesses are either in Texas or are closer to Texas than Maryland. Elbit identifies Zach Glenn, an employee of Country Home and Steve Burke, Elizabeth Lyons, Jeff Robertson, and Emil Regard, employees of BlueTide. Docket No. 143 at 13–14. With respect to Defendant Hughes, Elbit identifies three witnesses: (1) Walt Tysenn, located in San Diego, California with relevant sales and financial information relating to the accused products and services including GMR-1; (2) Daryl Stokes, located in Utah with relevant information relating to Country Home; and (3) Bill Whitmarsh, Hughes’s Vice President of Engineering who is located in San Diego and is the person with the most knowledge regarding the development of certain accused products and components. *See* Docket No. 143-14 at 15.

Finally, Elbit also identifies Chris Puffer, Vice President and General Counsel at Elbit Systems of America, LLC, as a witness with relevant knowledge about the license agreement between Elbit and Elbit Systems of America. Docket No. 143 at 14. Elbit represents that Puffer resides in Fort Worth.

Hughes has identified eight employees near the District of Maryland that have information relevant to this action. While Elbit has identified one Elbit employee within the state of Texas and argued that two of Hughes employees are closer to this District than to the District of Maryland, five of the employees it has identified work for Country Home or BlueTide. In evaluating this motion to sever and transfer, however, the Court only considers the § 1404 factors with respect to claims against Hughes. *See Shifferaw v. Emson USA*, No. 2:09-CV-54-TJW-CE, 2010 WL 1064380, at *1 (E.D. Tex. Mar. 18, 2010) (explaining that on a motion to sever and transfer, the

Court considers the 1404(a) factors with respect to the severed claims). Elbit has not argued that the Country Home and BlueTide employees it has identified have any information relating to its claims against Hughes. The Court finds that, discounting BlueTide and Country Home witnesses, on balance, it would be more costly for the specifically identified witnesses to attend trial in this District as compared to the District of Maryland. This factor weighs in favor of transfer.

(d) Practical problems that make trial of a case easy, expeditious, and inexpensive

Practical problems include those related to judicial economy. Courts have considered a party's delay in denying a motion to transfer under this factor, and parties seeking a change of venue should act with "reasonable promptness." *Peteet*, 868 F.2d at 1436. "The delay associated with transfer may be relevant in 'rare and special circumstances,' " and such circumstances exist "where a 'transfer [of] venue would have caused yet another delay in [an already] protracted litigation." *In re Radmax, Ltd.*, 720 F.3d 285, 289 (5th Cir. 2013) (quoting *In re Horseshoe Entm't*, 337 F.3d 429, 435 (5th Cir.2003) and *Peteet*, 868 F.2d at 1436). While "garden-variety delay associated with transfer is not to be taken into consideration when ruling on a § 1404(a) motion to transfer," *id.*, the failure to seek transfer until 18 months after the movant knew of the facts supporting transfer has been given significant consideration, *see Peteet*, 868 F.2d at 1436; *see also In re Wyeth*, 406 F. App'x 475, 477 (Fed. Cir. 2010) ("Without reasonable promptness on the part of the movant, a case proceeds, requiring the court to expend time and effort that might become wasted upon transfer."). Additionally, the Federal Circuit has held that "[i]t is entirely within the district court's discretion to conclude that in a given case the § 1404(a) factors of public interest or judicial economy can be of 'paramount consideration' . . . even if the convenience factors call for a different result." *In re Vistaprint Ltd.*, 628 F.3d 1342, 1347 (Fed. Cir. 2010). Additionally, in *Wyeth*, the Federal Circuit denied mandamus relief from a district court's denial of a motion to

transfer where the district court found that concerns of judicial economy stemming from defendant's 16-month delay in filing the motion outweighed the convenience factors. *In re Wyeth*, 406 F. App'x at 477 (Fed. Cir. 2010).

Hughes argues that practical problems including those related to judicial economy do not weigh against transfer in this case. Docket No. 130 at 16. Hughes's argument regarding judicial economy mirrors the arguments it presented regarding Judge Payne's calculation of its delay from the date the original complaint was filed. *See supra* Part I.A.

According to Hughes, at the time the motion was filed, the case was in its early stages. Docket No. 130 at 16. To support its contention, Hughes states that Defendants had only answered the Complaint one month prior to filing the motion, that a discovery order was entered on December 2, 2015 (approximately five months prior to filing the motion), that the deadline for substantial completion of document production was not until August 10, 2016 (approximately three months after the filing of the motion), and that the close of fact discovery would not occur until November 28, 2016 (approximately six months after the filing of the motion). *Id.* at 16–17. Hughes also cites that the parties had not begun exchanging claim-construction positions and that Plaintiffs were allowed to amend infringement contentions on May 23, 2016 (the day before the motion was filed) to double the number of accused products. *Id.* at 17. Additionally, Hughes contends that the delay in filing the motion is not dispositive and that the motion was brought with reasonable promptness. Docket No. 157 at 5. According to Hughes, its motion was “not filed with dilatory motive” and its “inability to bring the motion sooner was caused by Elbit.” *Id.* at 5–6.

Elbit counters that Hughes's delay in filing the motion was significant and that Hughes's delay alone is a sufficient basis to deny its motion to transfer. Elbit analogizes the circumstances of the litigation to those in *Novartis Vaccines & Diagnostics, Inc. v. Wyeth*, 2010 WL 1374806,

at *5 (E.D. Tex. Mar. 31, 2010). Elbit argues that in *Novartis*, the Court similarly denied a motion to transfer relying on judicial economy based on the circumstances where the defendant waited 16 months before filing a motion to transfer—during which time the parties negotiated docket control, discovery, and protective orders, completed initial disclosures, exchanged infringement and invalidity contentions, and proceeded through extensive document production. Docket No. 143 at 4. Elbit claims that by the time Hughes filed its motion, this litigation had passed “the same significant milestones” as the *Novartis* litigation. *Id.* Additionally, Elbit states that by the time Hughes filed its motion, Elbit had produced over 140,000 pages of documents, Hughes had itself produced over 120,000 pages of documents, BlueTide had produced close to 19,000 pages of documents, and Black Elk (which had already been dismissed) had produced over 129,000 pages of documents. *Id.* at 4 n.1.

Elbit also argues that Hughes’s delay in filing the motion caused it prejudice based on the late stage of the case and based on the fact that the parties would have lost their trial and *Markman* dates if transfer was granted. Docket No. 160 at 2–3 (citing *Konami Digital Entm't Co. v. Harmonix Music Sys., Inc.*, No. CIV A 6:08CV286, 2009 WL 781134, at *7 (E.D. Tex. Mar. 23, 2009) and *eTool Dev., Inc. v. Nat’l Semiconductor Corp.*, No. 2-08-cv-196-TJW, 2010 WL 1000790, at *4 (E.D. Tex. Mar. 15, 2010)).

Elbit further contends that Hughes’s filing of its motion after 16 months was a “dilatatory tactic,” arguing that Hughes only filed its motion to transfer upon Defendants’ receipt an adverse ruling on a motion to dismiss. *Id.* at 3; *see* Docket No. 101. And Elbit contests Hughes’s contention that its motion was brought with “reasonable promptness,” as a 16-month delay was found to outweigh every other factor favoring transfer in *Novartis*. *Id.* at 4.

The Court finds that Hughes’s 16-month delay in bringing this motion to sever and transfer is significant and weights strongly against transferring the case. At the time the motion was filed, discovery was ongoing and the parties were proceeding with claim construction. The parties had engaged in significant discovery and produced thousands of pages of documents. The parties had received rulings from the Court on substantive issues. Accordingly, this factor weighs strongly against transfer. *See supra* Part I.A.

iv. Public Factors

The Court also considers four public factors in evaluating transfer motions under 1404(a). The parties agree that two of the factors—the familiarity of the forum with the law that will govern the case and the avoidance of unnecessary problems of conflict of laws or in the application of foreign law—are neutral in this case. *See* Docket Nos. 130 n.8 and 143 at 15. The parties dispute the other two public factors: (1) the administrative difficulties flowing from court congestion and (2) the local interest in having localized interests decided at home. *See Volkswagen II*, 545 F.3d at 315.

(e) Administrative difficulties from Court congestion

Hughes claims that administrative difficulties from court congestion is not a significant consideration in this case. Docket No. 130 at n. 8. According to Hughes, this factor is “speculative” and when “several relevant factors weigh in favor of transfer and others are neutral, then the speed of the transferee district court should not alone outweigh all of those other factors.” *Id.* (citing *In re Genentech*, 566 F.3d at 1347). Hughes also argues that the District of Maryland’s average median disposition of civil cases is 7.43 months compared to 7.97 months in this District. Docket No. 157 at 6.

Elbit counters that the median time to claim construction in this District is 18.5 months compared to 22.5 months in Maryland and that the median time for a patent case to reach trial in

this District is 30 months as compared with 42.7 months in Maryland. Docket No. 143 at 15–16. Elbit also argues that this factor is not “speculative” and is routinely considered by courts. *Id.* at 15 (citing *TiVo Inc. v. Verizon Commc’ns, Inc., et. al*, No. 2:09-CV-257, Docket No. 109 at 15 (E.D. Tex. Sep. 17, 2010)).

Based on the statistics cited to the Court in the parties’ briefing, this factor is neutral. To the extent that transfer would result in a delayed trial setting, the Court has already considered that with respect to the practical-problems factor. *See supra* Part I.B.iii.(d).

(f) *Local interest*

The Fifth Circuit has explained that “[j]ury duty is a burden that ought not to be imposed upon the people of a community which has no relation to the litigation.” *Volkswagen I*, 371 F.3d at 206. Interests that could apply to any district in the United States—for example, the sale of infringing products—are disregarded in favor of particularized local interest. *Volkswagen II*, 545 F.3d at 218. Local interests may favor transfer when the transferee venue is home to a party because the suit may call into question the reputation of individuals that work and conduct business in the community. *See Hoffman-La Roche*, 587 F.3d at 1336.

Hughes argues that Maryland has a far greater local interest in this case than this District because Hughes was founded and first incorporated as Digital Communication Corporation in Rockville, Maryland. Docket No. 130 at 18. Hughes explains that it has 1,500 employees in Maryland and is headquartered there. *Id.* According to Hughes, Elbit’s accusations call into question the work and reputation of Hughes and its employees, suggesting that Maryland has a local interest. *Id.*

Elbit argues that since acts of infringement occurred in this District, the “underlying concern that the burden of jury duty ‘ought not to be imposed upon the people of a community which has no relation to the litigation’ is not present here.” Docket No. 143 at 16. Elbit contends

that Hughes's connection to Maryland is no more significant than Elbit's connection to Texas because Elbit maintains a principal place of business in Fort Worth. *Id.* Elbit also cites in support of a local interest that Country Home is from Lewisville, Texas and BlueTide is from Louisiana. *Id.*

The Court only evaluates Elbit and Hughes's ties to each district, and Elbit's connections to this forum are outweighed by Hughes's connections to the District of Maryland. This factor weighs in favor of transfer.

* * *

This Court has considered each of the private and public factors at length and finds that Hughes has not carried its burden to establish that the District of Maryland is clearly more convenient than the Eastern District of Texas. The access to sources of proof, the costs to willing witnesses, and local interest factors each weighs in favor of transfer. But more third-party witnesses are subject to the subpoena power of this District, weighing against transfer. Additionally, concerns about judicial economy stemming from Hughes's 16-month delay in filing its motion strongly weigh against transfer.

The Court finds that it confronts here the rare and special circumstances described by the Fifth Circuit in *In re Radmax*, 720 F.3d at 289 and *Peteet*, 868 F.2d at 1436. Transfer of this case—on the date the motion was filed—would have resulted in yet another delay in what was then an already protracted litigation. The Court is also persuaded that the circumstances of this case mirror those in *Novartis*, where the Court found a 16-month delay in filing a motion to transfer with significant case progression weighed strongly against transfer. *Novartis Vaccines & Diagnostics, Inc. v. Wyeth*, No. 208-CV-00067 TJW-CE, 2010 WL 1374806, at *5 (E.D. Tex. Mar. 31, 2010).

Moreover, Hughes's delay in filing its motion and the significant prejudice to Elbit resulting from that delay is compelling. Hughes asks the Court to excuse its delay based on Elbit's substitution of Helm for Country Home and its addition of allegations relating to Sevis in its Second Amended Complaint, but neither of these facts or allegations had any effect on this Court's transfer analysis. On this record, the Court questions whether Hughes "is using the motion to transfer venue as a dilatory tactic." *Id.*

Hughes failed to establish that the District of Maryland is a clearly more convenient forum. Accordingly, the Magistrate Judge's finding that Hughes's motion to transfer should be denied because Hughes had not established that the District of Maryland was clearly more convenient was not clearly erroneous. Hughes's objections are **OVERRULED**.

C. Hughes's objection that it was clearly erroneous to assign weight to the fact that the motion was misfiled as a "Sealed Document" and that Defendants did not bring the motion to the Court's attention

Hughes also contends that the Magistrate Judge clearly erred in assigning weight to the fact that Hughes filed its motion incorrectly on the CM/ECF system as a "Sealed Document" and did not notify the Court that it was pending. Docket No. 401 at 6.

In the Magistrate Judge's Order, the Court explains that Defendants filed their motion as a "Sealed Document" on a busy docket, and, "[w]hile the court readily admits some fault in not identifying the document as a motion, the Court cannot be required to regularly review docket sheets in individual cases to make sure that parties have filed their motions correctly. Motions sometimes fall through the cracks, and when that happens, the movant inevitably calls or emails the Court with a polite reminder. That did not happen in this case." Docket No. 394 at 3.

Hughes argues that it was improper for the Magistrate Judge to rely on the erroneous fact that it did not remind the Court that the motion was pending. Hughes suggests that, regardless, it did remind the Court of the pending motion in the Joint Claim Construction Statement two months

after it was filed and specifically requested that the Court not expend its resources on claim construction until it had been resolved. Docket No. 401 at 6. Hughes contends that the Motion “should have been considered on the merits and decided based on the events in the case as of the date of filing—May 24, 2016.” *Id.*

Elbit responds that, even if Hughes filed a reminder with the Court two months later, Hughes’s motion was still improperly filed as a “Sealed Document” and Hughes failed to bring it to the Court’s attention thereafter. Docket No. 422 at 5. Elbit notes that, for example, the Court asked the parties at a January 2017 hearing if “there [was] anything else that the Court need[ed] to address at [that] time,” and in response Hughes’s lead counsel explained that it had “nothing further.” *Id.* (citing Docket No. 249 at 66:19-67:1).

On this record, the Court finds that the Magistrate Judge did not clearly err by considering in his analysis the misfiling of the motion as a “Sealed Document” and Hughes’s lack of diligence in pursuing its motion. Parties are responsible for ensuring their filings are made correctly with the Court, and to the extent a party misfiles a document, such error should be brought to the attention of the Court’s staff or the Clerk’s Office. But, even if the Magistrate Judge had erred in relying on both the misfiling of the motion and Hughes’s subsequent lack of diligence, any such error would be harmless as Hughes has not met its burden in proving that the District of Maryland would be clearly more convenient under the *Volkswagen* factors. *See supra* Parts I.B.iii, I.B.iv.

II. Defendant Hughes’s Objections to the Magistrate Judge’s Order Denying Motion to Transfer and Motion to Stay

Hughes also seeks transfer of its case, arguing that venue is improper in the Eastern District of Texas.⁶ Docket No. 372. The Magistrate Judge denied Hughes and BlueTide’s Motion to

⁶ Hughes also filed a motion to stay pending its transfer motion under 28 U.S.C. §1406, which the Magistrate Judge denied as moot. Docket No. 388 at 42. Hughes objects to the Order denying the stay pending resolution of the transfer issue “for the same reasons” it cites for its transfer motion. *See* Docket No. 404 at 8 n.5. The Court considers Hughes’s

Transfer Under 28 U.S.C. § 1406, finding that Hughes and BlueTide had waived its venue defense (Docket No. 388), and Hughes thereafter filed objections (Docket No. 404).

In his Order, the Magistrate Judge explained that “by filing a motion to dismiss for failure to state a claim under Rule 12(b)(6) and omitting its venue defense, Hughes waived the defense—assuming that defense ‘was available’ to Hughes at the time.” Docket No. 388 at 38–39. The Magistrate Judge then explained that, even if the Court recognized a change in the law exception to waiver under Rule 12(h)(1)(A), *TC Heartland* did not qualify as a change in the law because it “merely affirm[ed] the viability of *Fourco*.” *Id.* at 39–40 (citing *Cobalt Boats, LLC v. Sea Ray Boats, Inc.*, No. 2:15-cv-21, 2017 WL 2556679, at *3 (E.D. Va. June 7, 2017)). The Order further notes that the Federal Circuit denied the defendant’s petition for writ of mandamus in *Cobalt Boats* on the eve of trial. *Id.* at 40 n.2.

Additionally, the Magistrate Judge analyzed the effect of Hughes’s statement in its answer that it “does not contest venue is proper for Hughes in this District.” Judge Payne found that the “defendant cannot state that it does not dispute venue while reserving the ability to later contest it. To conclude otherwise would undermine the purpose of Rule 12(g) and (h) to promote efficiency and finality.” *Id.* at 41.

Hughes objects to the Magistrate Judge’s Order, stating that it “explicitly ‘reserved the right to contest that venue is proper in this District based on *In re TC Heartland*, Case No. 16-0105, currently pending before the Federal Circuit.’ ” Docket No. 404 at 5. Hughes contends that waiver does not apply when a defense is unavailable and that this Court is not bound by the Federal Circuit’s opinion denying mandamus in *Cobalt*. *Id.* at 6–7. Hughes further contends the Magistrate Judge erred in finding that Hughes did not contest venue in its answer. *Id.* at 7. Finally,

arguments with respect to the Magistrate Judge’s denial of its motion to transfer below and overrules those objections. Hughes’s objections to the Magistrate Judge’s denial of its stay motion is likewise **OVERRULED**.

Hughes contends that the Magistrate Judge erred by faulting “Hughes for not filing a futile Rule 12 motion in March of 2015 before *TC Heartland* was even petitioned to the Federal Circuit, which this Court (and the Federal Circuit) would have denied as meritless at the time.” *Id.*

In response to Hughes’s Objections, Elbit contends that the Magistrate Judge did not err in finding waiver. Docket No. 423 at 2. Elbit argues that *TC Heartland* did not change the law. *Id.* (citing *Cobalt Boats* No. 2:15-cv-21, 2017 WL 2556679, at *8–9 (E.D. Va. June 7, 2017) (“[b]ased on the Supreme Court’s holding in *TC Heartland*, *Fourco* has continued to be binding law since it was decided in 1957, and thus, it has been available to every defendant since 1957”)). Additionally, Elbit argues that other defendants in this District and the petitioners in *TC Heartland* itself did file motions to dismiss based on *Fourco*, stating that “[t]he intervening twenty-seven years may have created reliance on *VE Holding*, . . . but that does not change the harsh reality that a party could have ultimately succeeded in convincing the Supreme Court to reaffirm *Fourco*, just as the petitioner in *TC Heartland* did.” (citing *iLife Techs., Inc. v. Nintendo of Am., Inc.*, No. 3:13-cv-4987, 2017 U.S. Dist. LEXIS 98698, at *15-16 (N.D. Tex. June 27, 2017)).

Elbit additionally argues that Hughes’s litigation conduct waived any venue challenge based on its answer to the Complaint, which stated that “Hughes does not contest that venue is proper for Hughes in this District,” and based on Hughes’s participation in claim construction, “contested fact and expert discovery, including filing no fewer than 10 motions on discovery and contentions.” *Id.* at 4.

The Court finds that the Magistrate Judge did not clearly err in finding that Hughes waived its venue argument. In short, Hughes filed a motion to dismiss pursuant to Rule 12 without including its venue defense and specifically represented to the Court and the parties in its answer that it did not contest venue. Moreover, the Court is not persuaded by Hughes’s argument that the

defense was “unavailable” when numerous other litigants—including the petitioners in *TC Heartland*—maintained that *Fourco* governed venue. *See* Docket No. 386 at n.2 (collecting cases). The Magistrate Judge’s finding that Hughes waived its venue defense is not clearly erroneous.

Additionally, the Magistrate Judge did not clearly err in finding that *TC Heartland* is not new law. Indeed, when Judge Payne issued his Order denying Hughes’s motion, similar arguments in a case on a similar schedule—the eve of trial—had already been rejected in the Eastern District of Virginia in *Cobalt Boats* No. 2:15-cv-21, 2017 WL 2556679, at *8–9 (E.D. Va. June 7, 2017). And in *TC Heartland*, the Supreme Court confirmed that *Fourco* has continued to be binding law since it was decided in 1957. *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1521 (2017) (“*Fourco*’s holding rests on even firmer footing”). Because *Fourco* had not been overruled and *TC Heartland* “merely affirms its viability,” the Magistrate Judge’s finding that *TC Heartland* does not qualify for the intervening-law exception to waiver was not clearly erroneous. *See Cobalt Boats* No. 2:15-cv-21, 2017 WL 2556679, at *8–9 (E.D. Va. June 7, 2017) (citing *Thurston Motor Lines, Inc. v. Jordan K. Rand, Ltd.*, 460 U.S. 533, 535 (1983) (“Needless to say, only this Court may overrule one of its precedents.”)). In so holding, the Magistrate Judge did not commit clear error.

Additionally, the Court notes that, since *Cobalt Boats*, all but one court that has considered this issue has similarly found that *TC Heartland* would not qualify for the intervening-law exception to waiver. *See Reebok International Ltd. et al. v. TRB Acquisitions LLC et al.*, Case No. 3:16-cv-1618 (D. Or. July 14, 2017) (“Other than *Westech*, Defendants cite to no other cases, nor could the Court find any, holding that *TC Heartland* qualifies as an intervening change in the law sufficient to negate a waiver of the defense of improper venue. The Court does not find persuasive the decision in *Westech* under the facts of the present case and agrees with the reasoning and

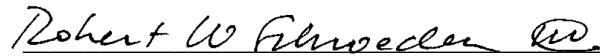
analyses of the several district court cases finding that *TC Heartland* does not serve as an intervening change in the law negating Defendants’ waiver of the defense of improper venue.”); *Navico, Inc. v. Garmin Int’l, Inc.*, No. 2:16-CV-190, 2017 WL 2957882, at *2 (E.D. Tex. July 11, 2017) (“as a majority of courts have recognized and this Court now holds, *TC Heartland* was not an intervening change in the law”); *Realtime Data LLC v. Carbonite Inc. et al.*, Case No. 6:17-cv-121 (E.D. Tex. July 11, 2017); *Diem LLC v. BigCommerce, Inc.*, Case No. 6:17-cv-186 (E.D. Tex. July 6, 2017); *Infogation Corp. v. HTC Corp.*, No. 16-CV-01902-H-JLB, 2017 WL 2869717, at *4 (S.D. Cal. July 5, 2017) (“In addition, the Court rejects Defendants’ argument that no waiver has occurred because there has been an intervening change in controlling law, specifically the Supreme Court’s recent decision in *TC Heartland*”); *Tinnus Enterprises, LLC et al. v. Telebrands Corporation et al.*, No. 6:15-cv-551 (E.D. Tex. July 5, 2017) (“the Supreme Court’s decision in *TC Heartland* is not an intervening change of law”); *Amax, Inc. v. ACCO Brands Corp.*, No. CV 16-10695-NMG, 2017 WL 2818986, at *3 (D. Mass. June 29, 2017); *Chamberlain Group, Inc. v. Techtronic Industries Co. et al.*, No. 1:16-cv-6097, at 3 (N.D. Ill. June 28, 2017) (“[T]he Court follows *Elbit* and *Cobalt Boats* . . . in finding that *TC Heartland* did not represent a change in the law that would excuse waiver under these circumstances.”); *iLife Techs. Inc. v. Nintendo of America, Inc.*, No. 3:13-cv-4987, 2017 WL 2778006, at *7 (N.D. Tex. June 27, 2017) (“*TC Heartland* does not qualify as an intervening change in law.”); *but see Westech Aerosol Corp. v. 3M Co.*, No. C17-5067-RBL, 2017 WL 2671297, at *2 (W.D. Wash. June 21, 2017).

The Court finds that the Magistrate Judge did not commit clear error by holding that Hughes had waived its venue defense by not including it as a defense at the time it filed its motion to dismiss. Accordingly, Hughes’s objections are **OVERRULED**.

CONCLUSION

Having considered the evidence in the record, the underlying briefing, Hughes's objections, and Elbit's responses thereto, the Court has **OVERRULED** each of Hughes's objections to the Magistrate Judge's Orders (Docket Nos. 388, 389, and 394).

SIGNED this 19th day of July, 2017.


ROBERT W. SCHROEDER III
UNITED STATES DISTRICT JUDGE