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

INTERTRUST TECHNOLOGIES CORP., *Plaintiff,* v. CINEMARK HOLDINGS, INC., *Defendant,*	§ § § § § § § § § §	CIVIL ACTION NO. 2:19-CV-00266-JRG LEAD CASE **[FILED UNDER SEAL]**
AMC ENTERTAINMENT HOLDINGS INC., *Defendant,*	§ § § § § §	CIVIL ACTION NO. 2:19-CV-00265-JRG MEMBER CASE
REGAL ENTERTAINMENT GROUP, *Defendant.*	§ § § § § §	CIVIL ACTION NO. 2:19-CV-00267-JRG MEMBER CASE

MEMORANDUM OPINION AND ORDER

Before the Court is Defendant AMC Entertainment Holdings, Inc. ("AMC"), Cinemark Holdings, Inc. ("Cinemark"), and Regal Entertainment Group's ("Regal") (collectively, the "Defendants") Motion to Transfer Venue to the Northern District of California (the "Motion"). (Dkt. No. 28). The Court heard oral argument on the Motion on September 2, 2020. Having considered the Motion, the Court finds that it should be and hereby is **DENIED**.

I. INTRODUCTION

Intertrust Technologies Corp. ("Intertrust") filed a complaint for patent infringement

against Cinemark, AMC, and Regal[1] on August 7, 2019 alleging infringement of eleven of its patents. Approximately 55 days earlier, on June 13, 2019, Dolby Laboratories, Inc. ("Dolby") filed a declaratory judgment action of noninfringement in the United States District Court for the Northern District of California regarding the same eleven patents at issue in this case (the "Dolby Action"). On November 27, 2019, the Defendants filed the present Motion to Transfer the case to the United States District Court for the Northern District of California pursuant to 28 U.S.C. § 1404(a).

II. LEGAL AUTHORITY

Where venue in the district in which the case is originally filed is proper, the court may nonetheless transfer a case based on "the convenience of parties and witnesses" to another district where the case could 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*"). "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." 28 U.S.C. § 1400(b); *TC Heartland LLC v. Kraft Foods Grp. Brands LL*C, 137 S. Ct. 1514, 1519 (2017) ("§ 1400(b) 'is the sole and exclusive provision controlling venue in patent infringement actions.'" (quoting *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 229 (1957))). For purposes of § 1400(b), a domestic corporation resides only in its state of incorporation. *TC Heartland*, 137 S. Ct. at 1521.

Once the initial threshold of proving the proposed transferee district is one where the suit might have been brought is met, courts analyze both public and private factors relating to the

[1] An individual Complaint was filed in each action (Case Nos. 2:19-cv-265, 2:19-cv-266, 2:19-cv-267) before the Court consolidated these cases on October 21, 2019. (Dkt. No. 8).

convenience of parties and witnesses as well as the interests of particular 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., Ltd.*, 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 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. *Volkswagen I*, 371 F.3d at 203 (citing *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 241 n.6 (1981)). 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. *Id.* These factors are to be decided based on "the situation which existed when suit was instituted." *Hoffman v. Blaski*, 363 U.S. 335, 343 (1960). Though the private and public factors apply to most transfer cases, "they are not necessarily exhaustive or exclusive," and no single factor is dispositive. *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 314–15 (5th Cir. 2008) ("*Volkswagen II*").

While a plaintiff's choice of venue is not an express factor in this analysis, the appropriate deference afforded to the plaintiff's choice is reflected by the defendant's elevated burden of proof. *Id.* at 315. In order to support its claim for a transfer under § 1404(a), the moving defendant must demonstrate that the transferee venue is "clearly more convenient" than the venue chosen by the plaintiff. *Id.* Absent such a showing, however, the plaintiff's choice is to be respected. *Id.* Additionally, when deciding a motion to transfer venue under § 1404(a), the court may consider undisputed facts outside of the pleadings such as affidavits or declarations, but it must draw all reasonable inferences and resolve factual conflicts in favor of the non-moving party. *See Sleepy*

Lagoon, Ltd. v. Tower Group, Inc., 809 F. Supp. 2d 1300, 1306 (N.D. Okla. 2011); *see also Cooper v. Farmers New Century Ins. Co.*, 593 F. Supp. 2d 14, 18–19 (D.D.C. 2008).

III. ANALYSIS

a. This Action Could Have Been Brought in the Northern District of California

"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." 28 U.S.C. § 1400(b). The Defendants state that they each operate theatres in the Northern District of California that utilize DCI-approved equipment as accused in the Complaint. (Dkt. No. 28 at 7). Intertrust does not dispute such contentions. (Dkt. No. 45 at 2 n.2). As such, the Northern District of California is a proper transferee district. Having found that the threshold requirement for transfer under § 1404(a) has been met, the Court now turns to the public and private factors to determine if the Defendants have established that the Northern District of California is clearly more convenient.

b. Private Interest Factors

i. Relative Ease of Access to Sources of Proof

In considering the relative ease of access to proof, a court looks to determine where documentary evidence, such as documents and physical evidence, are stored. *Volkswagen II*, 545 F.3d at 316. For this factor to weigh in favor of transfer, the Defendants must show that transfer to the Northern District of California will result in more convenient access to such sources of proof. *See Diem LLC v. BigCommerce, Inc.*, No. 6:17-cv-186, 2017 WL 6729907, at *2 (E.D. Tex. Dec. 28, 2017).

The Defendants argue that this factor favors transfer because the relevant parties possessing technical documents are predominantly: Intertrust (which is headquartered in the Northern District

of California); the named inventors; Digital Cinema Initiative ("DCI"); and the Defendants' DCI equipment suppliers. (Dkt. No. 28 at 7–9). The Defendants also argue that most of the inventors are located in the Northern District of California. (*Id.* at 8). The Defendants argue that Intertrust's infringement contentions are largely mapped to the DCI standards and that DCI and its documents are located in California. (*Id.*). Further, the Defendants argue that Intertrust accuses their Image Media Block ("IMB") equipment of infringement which the Defendants receive from suppliers like Dolby and Sony Electronics who are located in California.[2] (*Id.*). The Defendants argue that Dolby's relevant technical, marketing, sales, research, design, and development-related witnesses and documents are centered in the Northern District of California. (*Id.*). The Defendants also claim that remaining potentially relevant DCI equipment vendors that could have pertinent witnesses and documents are located in California and Canada. (*Id.*). Lastly, the Defendants argue that no identified DCI vendor witnesses or documents have been located or maintained in the Eastern District of Texas. (*Id.* at 9).

Intertrust argues this factor does not favor transfer because all of the Defendants are either headquartered considerably closer to, or headquartered within, this District. (Dkt. No. 45 at 2). Cinemark is headquartered in Plano, Texas, AMC is headquartered in Leawood, Kansas, and Regal is headquartered in Knoxville, Tennessee. (*Id.*). Intertrust argues that the Defendants ignore their proximity to this District and argue instead that their locations are unimportant because the "technical documents and source code" reside with their vendors. (*Id.* at 3). However, Intertrust points out that other important categories of evidence, such as damages-related evidence, reside with the Defendants at their corporate headquarters. (*Id.*). Additionally, Intertrust notes that the

[2] On August 28, 2020, the Defendants filed a Notice of Supplemental Information Concerning Motion to Transfer Venue. (Dkt. No. 130). In the Notice, the Defendants represent that the parties have stipulated that Intertrust will not seek damages for or allege infringement by screens in Defendants' theaters using image media blocks provided by Sony Corporation and its subsidiaries. (Dkt. No. 118).

Defendants do not address its allegations that the Defendants infringe the asserted patent claims by constructing and using digital cinema systems to show films in an infringing manner. (*Id.*). As such, Intertrust argues that it is the Defendants, not the component manufacturers, who are responsible for configuring such components to construct the infringing systems and are thus most likely to have relevant documents regarding their configuration choices and installation. (*Id.*). Accordingly, Intertrust argues that the Defendants (not the vendors) have the relevant documents regarding how they use those systems to show films and, as such, this weighs against transfer. (*Id.*).

Intertrust argues that the Defendants reliance on Dolby is misplaced. This case is not solely about IMB's. (*Id.* at 4). Intertrust alleges that there are other equipment components that can meet numerous limitations of the asserted patent claims, like the Outboard Media Block ("OMB"), the link decryptor secure processing block, the screen management system, or theater management system which are all separate and distinct from the IMB. (*Id.*). Additionally, Intertrust argues that to the extent the IMB manufacturers' locations are important, the Defendants have failed to show that a substantial amount of the technical documents and source code are actually located in California. (*Id.* at 5). The record is unclear as to whether Dolby has relevant technical documentation and—if they do—whether any part of it is located in California. Dolby's design and development engineering team is located in California, France and Poland; its customer support team is located in California, France, the United Kingdom, and "in several locations in Asia"; and "[t]o the extent" Dolby has hard copy technical documents, those documents are located in California and France. (*Id.* at 5–6). However, nowhere do the Defendants specify what is in California and what is in Poland, France, or the United Kingdom. Lastly, Intertrust disputes that it will be a significant source of documentary evidence in this case, especially in comparison to the

Defendants. Also, Intertrust notes that it does not and will not contend that making its documents or evidence in the possession of its employees available in this District is inconvenient. (*Id.* at 6). Intertrust also argues that the Defendants have not identified what documents the inventors are expected to have which Intertrust does not already have. (*Id.*). The Defendants have not identified what documents the inventors would have that the prosecuting attorneys (located in Boston and Washington, D.C., and closer to Texas than California), would not also have. (*Id.*).

The Defendants attempt to downplay the significance of the relevant documents located at their headquarters is unavailing. Those headquarters are either within this District or significantly closer to this District than the Northern District of California. While the Court notes that some relevant documents may come from Dolby in California, this alone is not enough to tilt the scale in favor of transfer when significantly relevant documents and physical evidence are located either within this District or are much closer to this District than California. As the Federal Circuit has noted "the bulk of the relevant evidence usually comes from the accused infringer." *In re Genentech, Inc.*, 566 F.3d 1338, 1345 (Fed. Cir. 2009). Accordingly, this factor weighs against transfer.

ii. Availability of Compulsory Process

This factor instructs the Court to consider the availability of compulsory process to secure the attendance of witnesses, particularly non-party witnesses whose attendance may need to be secured by a court order. *Volkswagen II*, 545 F.3d at 316. A district court's subpoena power is governed by Federal Rule of Civil Procedure 45. For purposes of § 1404(a), there are three important parts to Rule 45. *See VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-cv-00011-JRG, 2014 WL 459719, at *4 (E.D. Tex. Jan. 31, 2014) (explaining 2013 amendments to Rule 45). First, a district court has subpoena power over witnesses that live or work within 100 miles of the

courthouse. Fed. R. Civ. P. 45(c)(1)(A). Second, a district court has subpoena power over residents of the state in which the district court sits—a party or a party's officer that lives or works in the state can be compelled to attend trial, and non-party residents can be similarly compelled as long as their attendance would not result in "substantial expense." Fed. R. Civ. P. 45(c)(1)(B)(i)–(ii). Third, a district court has nationwide subpoena power to compel a nonparty witness's attendance at a deposition within 100 miles of where the witness lives or works. Fed. R. Civ. P. 45(a)(2), 45(c)(1).

The Defendants argue this factor favors transfer because there are critical non-party witnesses within the subpoena power of the Northern District of California. (Dkt. No. 28 at 10). The Defendants claim that eleven of the fifteen inventors of the asserted patents are located in the Northern District of California.[3] (*Id.*). The Defendants note that several Intertrust licensees are located in the Northern District of California, including Apple; Dolby's witnesses are located in or substantially closer to the Northern District of California; and witnesses from DCI are located in California. (*Id.*). Also, the Defendants argue the remaining identified licensees, prosecution attorneys, and DCI vendors are not located within either California or Texas and that no material non-party witnesses have been identified in the Eastern District of Texas. (*Id.*).

Intertrust argues that this factor weighs against transfer. First, five of the eleven inventors allegedly located in the Northern District of California of the fifteen total inventors of the asserted patents are Intertrust employees. (Dkt. No. 45 at 7). Their residence should be afforded little, if any, weight because those inventors can be expected to appear for trial in either District. (*Id.*). A sixth inventor which the Defendants say resides in Northern California is, in fact, deceased. (*Id.*).

[3] The number of inventors is disputed depending on which patents are still being asserted in this case. (Dkt. No. 45 at 7). Nonetheless, the Court will perform its analysis as if all patents asserted in the Complaint are still being asserted.

Two more of the Defendants' asserted inventors are inventors of a patent that Intertrust did not include in its infringement contentions. (*Id.*). Accordingly, Intertrust argues there are only three relevant non-party inventors who are subject to compulsory process in the Northern District of California and that the Defendants do not identify or explain why they are likely to need their live testimony at trial. (*Id.*). On balance, three inventors are subject to process in the Northern District of California and five inventors are under Intertrust's direct control as its employees.

Additionally, Intertrust notes that the Defendants do not explain why, if at all, Intertrust's licensees are "critical" witnesses. (*Id.* at 8). In fact, the one licensee which the Defendants identify—Apple—does not operate in the DCI-compliant digital cinema space. (*Id.*). The ones that do—LG and Samsung—have their principal places of business in New Jersey, well beyond the reach of either District's subpoena power but much closer to Texas than California. (*Id.*). Furthermore, Intertrust argues that to the extent this testimony is somehow necessary, these witnesses' testimony can be presented by videotape deposition. (*Id.*). Intertrust also argues that Dolby is likely to make any witnesses under its control available because the Defendants are seeking indemnification from Dolby. (*Id.*). Those Dolby witnesses are, as a practical effect, party and not non-party witnesses.

Lastly, Intertrust argues that this factor weighs against transfer because Mr. Doug Darrow, the head of Dolby's Cinema Business Group which "comprises all parts of Dolby's businesses that support the entertainment industry, including . . . Dolby Screen Server and Dolby Integrated Media Block (IMB) products," resides in Allen, Texas. (*Id.* at 9 (internal citations omitted)). The Defendants contend that Mr. Darrow has a principal office in San Francisco, but nonetheless, he resides in Allen, Texas, which is within the Eastern District of Texas. (Dkt. No. 46 at 5). Intertrust argues that Mr. Darrow's relevance to this case is not limited to his role at Dolby, but also extends

more broadly to his participation in the development of digital cinema technology and security architecture related to the DCI architecture. (Dkt. No. 45 at 9). This is especially true given his extensive background at Texas Instruments, where he directly contributed to the exhibition industry's transition to digital cinema. (*Id.*). Furthermore, Intertrust argues that the Defendants do not identify a single witness from DCI that is located in California, and as such the presence of some unnamed DCI and studio witnesses in southern California is materially outweighed by the availability and compulsory process in this District over identified witnesses with knowledge of the development of the DCI standard, such as Mr. Darrow. (*Id.* at 9–10).

While some of the inventors, Dolby, and DCI witnesses may be subject to compulsory process in the Northern District of California, the Defendants have failed to identify any specific individuals whose testimony will be necessary for trial and for whom the subpoena power of the Northern District of California may be actually useful. This is countered by the availability and compulsory process within this District over identified witnesses such as Mr. Darrow who have personal knowledge of the development of the DCI standard. However, to the extent that compulsory process might be needed to secure the attendance of non-party witnesses, the raw number of potential witnesses in California over those in Texas somewhat balances the scales. Accordingly, the Court concludes that this factor is, at most, neutral.

iii. Cost of Attendance for Willing Witnesses

The third private interest factor focuses on the cost of attendance for willing witnesses. When considering this factor, the court should consider all potential material and relevant witnesses. *See Alacritech Inc. v. CenturyLink, Inc.*, No. 2:16-cv-693, 2017 WL 4155236, at *5 (E.D. Tex. Sept. 19, 2017). "When 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 travelled." *Id.* at 1343 (citing *Volkswagen II*, 545 F.3d at 317). However, as other courts applying Fifth Circuit venue law have noted, the convenience of party witnesses is given little weight. *See ADS Sec. L.P. v. Advanced Detection Sec. Servs., Inc.*, No. A-09-CA-773-LY, 2010 WL 1170976, at *4 (W.D. Tex. Mar. 23, 2010), *report and recommendation adopted* in A-09-CA-773-LY (Dkt. No. 20) (Apr. 14, 2010) ("[I]t is unclear whether Defendant is contending that the transfer would be more convenient for non-party witnesses or merely for their own employee witnesses. If the Defendant is referring to employee witnesses, then their convenience would be entitled to little weight."); *see also Frederick v. Advanced Fin. Sols., Inc.*, 558 F. Supp. 699, 704 (E.D. Tex. 2007) ("The availability and convenience of party-witnesses is generally insignificant because a transfer based on this factor would only shift the inconvenience from movant to nonmovant.").

The Defendants argue this factor also favors transfer. (Dkt. No. 28 at 11). As previously described, the Defendants argue that a substantial number of party witnesses and potentially willing non-party witnesses live in the Northern District of California—eleven of fifteen inventors, as well as Dolby witnesses and Intertrust witnesses, are located in the Northern District of California. (*Id.*). The Defendants also state that DCI and other vendors and Intertrust licensee witnesses are located in California. (*Id.*). Additionally, the Defendants also argue that Dolby is already challenging allegations against its equipment in the Dolby Action in the Northern District of California, and failure to transfer would impose duplicative costs on Dolby. (*Id.*). By contrast, the Defendants argue that that the only potential party witnesses from the Eastern District of Texas may include Cinemark's Rule 30(b)(6) corporate representatives, depending on the issues that arise in this case. (*Id.*).

Intertrust argues for the same reasons listed above, that this factor weighs against transfer. (Dkt. No. 45 at 10–11). Intertrust again points out that all of the Defendants are considerably closer to this District than to the Northern District of California, and trial in this District will be more convenient and less costly for them. (*Id.* at 11). Intertrust all but says that the Defendants want to be known as residents of Texas, Tennessee, and Kansas when it helps them, but they want to ignore these facts when attempting to move a case from within the district of one of the Defendants' headquarters to California.

While the Defendants argue that this factor weighs in favor of transfer because Dolby may incur additional costs in providing witnesses for this case, there is no evidence showing Dolby employees are *willing* witnesses. The Defendants themselves are seeking indemnification from Dolby, but this does not mean Dolby is willing to provide witnesses in this case and incur certain costs to travel to the Eastern District of Texas. The extent and terms of Dolby's indemnification duties are not explained or presented by the Defendants. To the extent any of Intertrust's DCI-compliant licensees are necessary witnesses, which the Defendants' have not shown, those witnesses are located closer to Texas than California. Apple, although located in the Northern District of California, is not a DCI-compliant licensee and the Defendants have not shown that Apple witnesses would be willing or even relevant. Furthermore, although convenience of party witnesses is given little weight, it is noteworthy that all of the Defendants' corporate representatives are likely to be from either closer to or actually within this District. Intertrust has affirmatively stated that travel from California to Texas is not inconvenient for it. All of these considerations taken together lead the Court to find that this factor weighs slightly against transfer or is (in the worst case) neutral.

iv. All Other Practical Problems

The Defendants argue that other practical factors favor transfer as well because they claim transferring this case to the Northern District of California would avoid having two courts litigate the same issues. (Dkt. No. 28 at 11–12).

Intertrust argues that this is incorrect because these cases are not merely alleging infringement by Dolby's IMB. These cases allege that the theaters, by installing, configuring, and using DCI-compliant systems to show movies and other content, are infringing Intertrust's mostly method claims.[4] (Dkt. No. 45 at 11). In contrast, Dolby alleges in its case that it is responsible for only a single component manufactured by a single manufacturer. (*Id.*). As such, Intertrust argues that the level of commonality between these cases and the Dolby action are limited and at best relate to claim construction issues and, within some of the Defendants' systems, the operation of Dolby's IMB. (*Id.* at 11–12). Intertrust also argues that any judicial economies to be achieved by transfer are offset by the delay that would be caused by transferring and then integrating these cases with the Dolby action. (*Id.* at 12). Intertrust argues this factor is neutral.

Although there may be some commonalities between this case and the Dolby Action, the allegations set forth in this case are different from those in the Dolby Action in significant ways. Accordingly, the Court finds that this factor is only neutral.

c. Public Interest Factors

i. Administrative Difficulties Flowing From Court Congestion

The Defendants argue that this factor is neutral. (Dkt. No. 28 at 12). Intertrust argues that court congestion weighs against transfer because the mean time to disposition and trial are shorter

[4] Intertrust asserts thirty-nine method claims and only one independent apparatus claim with its dependents. (Dkt. No. 45 at 4 n.7).

here than in the Northern District of California, and that transfer of the cases to California will cause substantial delays. (Dkt. No. 45 at 12–13).

"To the extent that court congestion is relevant, the speed with which a case can come to trial and be resolved may be a factor." *In re Genentech*, 566 F.3d at 1347. The time to trial for patent cases is, on average, many months faster in this district. Considering the time already invested in this case, it is unlikely a transferee court could assume responsibility for this case without additional delays. That said, the Court is aware that this is not a deciding factor alone, and that when "several relevant factors weigh in favor of transfer and others are neutral, then the speed of the [ ] district court should not alone outweigh all of those other factors." *Id.* Nonetheless, this factor fairly weighs against transfer.

ii. Local Interest in Having Localized Interests Decided at Home

The Defendants argue this factor favors transfer because Intertrust is based in the Northern District of California, Dolby is a long-time resident of the Northern District of California, and the majority of party and non-party witnesses are in the Northern District of California. (Dkt. No. 28 at 12–13). Further, the Defendants argue that their theater presence and sales in the Eastern District of Texas do not impact this factor because, even though the Defendants have theaters and generate revenues in this District, they each do the same in the Northern District of California. (*Id.* at 13). Intertrust argues this factor weighs against transfer or is neutral because this District has a strong local interest in adjudicating allegations of infringement against a corporation headquartered within its boundaries. (Dkt. No. 45 at 13).

While Intertrust is located in the Northern District of California, as are some potential witnesses, the Defendants are located either in this District or in districts significantly closer to this District. Accordingly, the Court finds that this factor is neutral.

iii. Familiarity of the Forum with Governing Law

The Court agrees with the parties that this factor is neutral. (Dkt. No. 28 at 13); (Dkt. No. 45 at 15 n.14).

iv. Avoidance of Unnecessary Conflicts of Law

The Court agrees with the parties that this factor is neutral. (Dkt. No. 28 at 13); (Dkt. No. 45 at 15 n.14).

v. Other Issues

Lastly, the Defendants argue that the public interest underlying the first-to-file rule favors transfer because Intertrust's later-filed cases are duplicative of the Dolby Action. (Dkt. No. 28 at 13–15). Under the first-to-file rule, "the first-filed action is preferred, even if it is declaratory, unless considerations of judicial and litigant economy, and the just and effective disposition of disputes, require otherwise." *Commc'ns Test Design, Inc. v. Contec, LLC*, 952 F.3d 1356, 1362 (Fed. Cir. 2020) (internal citations omitted). Application of the first-to-file rule does not require identity of parties, only that the cases "involve closely related questions or subject matter or the core issues substantially overlap." *AmberWave Sys. Corp. v. Intel Corp.*, No. 2:05-cv-321, 2005 WL 2861476, at *1 (E.D. Tex. Nov. 1, 2005). The Defendants argue that because the issues to be decided in both cases are the same, this case should be transferred to the Northern District of California. (Dkt. No. 28 at 14). Additionally, the Defendants argue that even if the first-to-file rule does not apply, the customer-suit exception applies. (*Id.* at 15). Specifically, the Defendants argue that here, Dolby supplies the vast majority of DCI-approved IMBs to each of the Defendants. (*Id.*). The Defendants argue that Dolby has a greater interest in defending its products against Intertrust's allegations than they do, and the Dolby Action should take priority. (*Id.*). Accordingly, the Defendants argue that the interests of the public favor transfer.

Intertrust argues that these are not "customer suits" because the Defendants' liability does not rise and fall with Dolby's infringement. (Dkt. No. 45 at 14). Intertrust accuses the Defendants of directly infringing method and apparatus claims based on their own configuration, installation, maintenance and use of complex systems to exhibit digital content in their theaters. (*Id.* at 15). Intertrust argues that Dolby is but one of several suppliers of the components used by the Defendants. (*Id.* at 1). Many the Defendants' systems do not use any Dolby equipment. (*Id.*). In fact, Intertrust argues these cases are not about Dolby, and that the Defendants' effort to shift focus from their own headquarters (within or substantially closer to this District) to Dolby's California headquarters is inappropriate and grounded more in strategy than anything else. (*Id.*). Furthermore, Intertrust also argues that applying the customer-suit exception is not appropriate because the determination regarding induced or contributory infringement by the manufacturer, Dolby, does not conclusively resolve the customer's liability. (*Id.* at 15). Intertrust further contends that numerous limitations of the asserted claims in this case can be met by components other than the IMB, and that as such, the Dolby action will shed no light on whether those limitations can be met by these other components. (*Id.*). Intertrust argues the customer-suit exception does not support transfer. (*Id.*).

Additionally, Intertrust argues the first-to-file rule does not apply because the common features between the Dolby Action and these cases are limited to some of the Defendants' systems and the operation of Dolby's equipment within those systems. (*Id.* at 1). Neither the parties, nor the infringement, is the same. (*Id.*). There is no privity between Dolby and the Defendants. (*Id.* at 14). The Defendants are accused of infringing primarily method claims by their configuration, installation, use, and maintenance of complex digital cinema systems comprising components sourced from multiple suppliers to exhibit movies and other digital content. In contrast, the Dolby

Action addresses Dolby's liability for making and selling specific components used in only some of the Defendants' systems. (*Id.*). Intertrust also argues that the accused infringers, alleged infringement, and damages bases are not the same. (*Id.* at 1). As such, Intertrust argues that neither judicial economy nor the first-to-file rule requires transfer. (*Id.* at 14).

The Court agrees with Intertrust. While there are some Dolby products at issue in this case which are at issue in the Dolby Action, there is not an identity of parties or infringement allegations. The Defendants' alleged infringement does not completely coincide with that of Dolby and the resolution of the Dolby Action will not moot the issues presented here. Accordingly, the Court finds that the "interests of the public"—namely the customer-suit exception and the first-to-file rule—as put forward by the Defendants do not support or require transfer in this case. This factor is neutral.

IV. CONCLUSION

In light of the foregoing, the Defendants have not proven that the Northern District of California is a clearly more convenient forum. Accordingly, the Defendants' Motion to Transfer Venue to the Northern District of California (Dkt. No. 28) is **DENIED**.

So ORDERED and SIGNED this 30th day of September, 2020.

RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE