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United States District Court  
Northern District of California

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

GOOGLE INC.,  
Plaintiff,  
  
v.  
  
EOLAS TECHNOLOGIES  
INCORPORATED, et al.,  
Defendants.

Case No. 15-cv-05446-JST

**ORDER GRANTING MOTION TO  
DISMISS AS MODIFIED**

Re: ECF No. 37

Before the Court is Defendant Eolas Technologies, Inc.’s Motion to Dismiss. The Court will stay the case in light of a previously filed case in another district, and therefore grants the motion as modified.

**I. BACKGROUND**

**A. Factual Background**

**1. The Parties and the Patent-in-Issue**

Plaintiff Google Inc. (“Google”) sues Defendant Eolas Technologies Incorporated (“Eolas”) for a declaratory judgment of non-infringement of U.S. Patent No. 9,195,507 (“the ‘507 patent”), which Eolas owns. ECF No. 27 ¶ 1. The ‘507 patent involves methods of running applications on a distributed hypermedia computer network. Id. ¶ 22. As Google explains it, these are methods that allow users to interact with online video, music or audio clips, Internet search features, and maps and embedded applications in a browser. Id. ¶ 20.

Google is incorporated in Delaware, with its principal place of business in California. Id. ¶ 7. Eolas was incorporated in California between 1994 and 1999, but it has been incorporated and had its principal place of business in Texas since 2009. ECF No. 37-5 ¶¶ 3-4. Google alleges that Eolas was founded in California in 1994 to help commercialize an invention conceived at the University of California, San Francisco. ECF 53-3 at 8-9. The Regents of the University of

1 California (“the Regents”) was the initial owner of the patent application for the invention. ECF  
2 No. 27 ¶ 11. The Regents is a resident of California. Id. In 1995, Eolas and the Regents entered  
3 into an exclusive patent license agreement (“Exclusive License Agreement,” as amended in 2009),  
4 whereby the Regents granted an exclusive license to Eolas to the patent application and “any  
5 reissues, extensions, substitutions, continuations, divisions and continuations-in-part” based on  
6 and including any subject matter claim in or covered by that application. ECF No. 53-13 at 8, 10.

7 The Exclusive License Agreement imposed many continuing obligations on Eolas,  
8 including marketing and sale of patents, joint prosecution and defense of patent-related actions,  
9 indemnification of the Regents, regular recordkeeping, bookkeeping, accounting, and reporting to  
10 the Regents for patent-related activities, the payment of patent royalties to the Regents, and a duty  
11 of due diligence in all patent-related activities. Id. at 10, 13–17, 20–21, 23–26. On October 9,  
12 2015, Eolas and the Regents entered into a patent assignment agreement (“the Assignment”),  
13 under which the Regents assigned to Eolas certain patents and patent applications, and “all  
14 divisions, continuations, continuations-in-part, extensions, reissues and renewals” of such patents  
15 and patent applications, and “all United States and foreign patents which may be granted” on the  
16 patent applications. ECF No. 37-5 at 19. The Assignment explicitly terminated the Exclusive  
17 License Agreement. Id. at 14.

18 The patents and patent applications specifically mentioned in the Assignment are Patents  
19 Nos. 5,838,906 (“the ‘906 patent”), 7,599,985 (“the ‘985 patent”), 8,086,662 (“the ‘662 patent”),  
20 and 8,082,293 (“the ‘293 patent”), as well as U.S. Patent Application No. 13/292,434, from which  
21 the ‘507 patent eventually issued on November 24, 2015. Id. at 21-22. Google alleges that the  
22 ‘906, the ‘985, the ‘293, the ‘662, and the ‘507 patents are all directed to running applications on a  
23 distributed hypermedia computer. ECF No. 27 ¶¶ 19-22. According to Google, these patents are  
24 all related because they all issued as continuations of a single patent application, United States  
25 Patent Application No. 08/324,443 (“the ‘443 application”). Id.

26 Under the Assignment, the “purchase price” of the patent rights is listed as five percent of  
27 net revenues received pursuant to each license agreement that Eolas secures with third parties,  
28 which Eolas shall pay to the Regents on a calendar quarter basis. ECF No. 37-5 at 7. Like the

1 Exclusive License Agreement, the Assignment imposed continuing obligations upon Eolas and the  
2 Regents. These obligations include: (1) keeping accurate books and records accounting for all the  
3 amounts due from Eolas to the Regents, and maintaining “sufficient supporting documentation to  
4 substantiate the accuracy” of the payments due to the Regents; (2) making these books and records  
5 available for inspection by the Regents in order for the Regents to assess and determine Eolas’  
6 compliance with the terms of the Assignment; (3) requirements for the Regents to cooperate with  
7 Eolas in the enforcement, litigation, and licensing of the patents assigned; (4) Eolas’ obligation to  
8 provide counsel to the Regents should the Regents be named as a defendant in non-infringement  
9 declaratory suits; (5) Eolas’ obligation to notify the Regents of any licenses granted by Eolas to  
10 third parties (Article 3.7); (6) Eolas’ obligation to exercise due diligence and reasonable efforts to  
11 enter into license agreements; and (7) requirements that Eolas indemnify and hold harmless the  
12 Regents. Id. at 6-7, 8, 11, 12. The Assignment also explicitly selects California law as the  
13 governing law. Id. at 13-14.

14 In February 2016, after Google had commenced this action, Eolas and the Regents  
15 executed the First Amendment to Patent Assignment Agreement (“the Amendment”), which  
16 materially modified the Assignment. ECF No. 37-6. First, the Amendment removed Eolas’  
17 obligation to exercise due diligence and reasonable efforts to enter into license agreements with  
18 third parties. Id. at 2. Second, it removed the requirement that Eolas provide reports of the  
19 payments due the Regents. Id. Third, the Amendment removed the provision that selected  
20 California law as the governing law. Id. Lastly, it modified the Regents’ obligation to cooperate  
21 with Eolas’ efforts to enforce, litigate, and license the patents assigned. Id. Article 4 (“the  
22 Cooperation; Expenses article”) read:

23 4.1 In aid of the assignment . . . The Regents will provide assistance  
24 to Eolas from time-to-time [sic], as requested at Eolas’ expense for  
25 out of pocket costs, unless otherwise specified elsewhere in this  
Agreement, in:

26 4.1.1 Locating and providing copies of documents which relate to  
27 the Patent Rights that are reasonably requested by Eolas in  
28 connection with efforts to enforce the Patent Rights; . . .

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4.1.4 Cooperating in any litigation or licensing relating to the Patents by causing its employees and, to the extent reasonably feasible, former employees to execute and deliver documents and provide support and testimony relating to the Patents with representation for such employees and former employees to be provided by Eolas.

ECF No. 37-5 at 6-7.

Under the Amendment, Article 4 now reads:

4.1 In the event that The Regents provide assistance to Eolas in:

4.1.1 locating and providing copies of documents which relate to the Patent Rights in connection with efforts to enforce the Patent Rights;

4.1.2 executing and delivering any additional documents which are reasonably required in order to effectuate and perfect the assignment accomplished by this Agreement; and

4.1.3 any litigation or licensing relating to the Patents;

then Eolas shall pay to The Regents expenses for out-of-pocket expenses incurred.

ECF No. 37-6 at 2.

## 2. Previous Patent-Related Lawsuits Involving Google and Eolas

This action is one in a string of similar suits between Eolas and Google. In 2009, Eolas filed an action against Google and other companies in the Eastern District of Texas, alleging infringement of the '906 and the '985 patents. ECF No. 27 ¶ 25. Eolas added the Regents as plaintiff in the action. *Id.* Google and others proceeded to trial, and the jury returned a verdict finding the patents invalid and unenforceable. ECF No. 27 ¶ 26. The Federal Circuit affirmed the judgment in July 2013. *Id.*

In December 2013, after receiving cease-and-desist letters from Eolas regarding the '293 and the '662 patents, Google filed a complaint against Eolas and the Regents in this Court, asking for a declaratory judgment of noninfringement. ECF No. 37-4. At the time, the Regents owned the '293 and the '662 patents, and Eolas was the exclusive licensee of the patents. ECF No. 37 at 6. In that case, this Court determined that it had personal jurisdiction over Eolas. *Google, Inc. v. Eolas Techs. Inc.*, No. 13-CV-05997-JST, 2014 WL 2916621, at \*4 (N.D. Cal. June 24, 2014).

1 The case was ultimately dismissed with prejudice, by stipulation of the parties. ECF No. 27-20.

2 **B. Procedural History**

3 On November 24, 2015, Eolas filed an infringement action against Google in the Eastern  
4 District of Texas (“the Texas Action”), claiming that Google has infringed the ‘507 patent. ECF  
5 No. 37-3. The next day, Google filed this action against Eolas and the Regents. ECF No. 1. The  
6 Texas Action is ongoing. ECF No. 37 at 5. On January 20, 2016, after Google had become aware  
7 that the Regents had assigned the application that issued as the ‘507 patent to Eolas, Google  
8 amended its complaint to remove the Regents as a defendant. ECF No. 27 ¶ 8 n.1.

9 Eolas has moved to dismiss Google’s complaint on two theories. First, Eolas contends that  
10 this Court lacks personal jurisdiction over Eolas under Rule 12(b)(2) of the Federal Rules of Civil  
11 Procedure. ECF No. 37 at 5. Second, Eolas argues that the Court should decline to exercise  
12 jurisdiction under the first-to-file rule because Eolas filed the Texas Action before Google filed  
13 this declaratory judgment action. *Id.* Alternatively, Eolas contends that the Court should stay this  
14 action or transfer it to the Eastern District of Texas. *Id.* n.1. Google has also filed a motion with  
15 the Eastern District of Texas to transfer the Texas Action to this District. ECF No. 53-44.  
16 Google’s motion is awaiting a ruling from the Texas court.

17 **II. LEGAL STANDARD**

18 Where a defendant moves to dismiss a suit for lack of personal jurisdiction pursuant to  
19 Federal Rule of Civil Procedure 12(b)(2), the plaintiff bears the burden of establishing this Court’s  
20 jurisdiction. *Boschetto v. Hansing*, 539 F.3d 1011, 1015 (9th Cir. 2008). In patent cases, the  
21 Court applies the law of the Federal Circuit to the issue of jurisdiction “because the jurisdictional  
22 issue is intimately involved with the substance of the patent laws.” *Avocent Huntsville Corp. v.*  
23 *Aten Int’l Co.*, 552 F.3d 1324, 1328 (Fed. Cir. 2008) (internal quotation omitted). Because the  
24 parties have not conducted discovery, Google must only make a prima facie showing that Eolas is  
25 subject to this Court’s jurisdiction. *Id.* At this stage, “the pleadings and affidavits are to be  
26 construed in the light most favorable to [Google].” *Avocent*, 552 F.3d at 1328–29 (citations  
27 omitted).

28

1 **III. PERSONAL JURISDICTION**

2 **A. Jurisdictional Standard**

3 The determination of personal jurisdiction over a non-resident defendant entails two  
4 inquiries: (1) whether the forum’s long-arm statute permits service of process on the defendant;  
5 and (2) whether jurisdiction complies with due process. Elecs. for Imaging, Inc. v. Coyle, 340  
6 F.3d 1344, 1349 (9th Cir. 2003) (citations omitted). Because California’s long-arm statute is co-  
7 extensive with due process, see California Code of Civil Procedure § 410.10, the Court analyzes  
8 whether Google has alleged sufficient contacts to satisfy due process. Coyle, 340 F.3d at 1350.  
9 “[D]ue process requires only that in order to subject a defendant to a judgment in personam, if he  
10 be not present within the territory of the forum, he have certain minimum contacts with it such that  
11 the maintenance of the suit does not offend traditional notions of fair play and substantial justice.”  
12 Int’l Shoe Co. v. Washington, 326 U.S. 310, 316 (1945) (internal quotation omitted).

13 Personal jurisdiction can be either general or specific. Daimler AG v. Bauman, 134 S.Ct.  
14 746, 754 (2014). To establish general jurisdiction, a plaintiff must prove that the defendant’s  
15 contacts with the forum are so continuous and systematic that the defendant is virtually “at home”  
16 in the forum. Id. at 751 (citing Goodyear Dunlop Tires Operations, S.A. v. Brown, 131 S.Ct. 2846  
17 (2011)). This showing is generally only satisfied by the defendant having been incorporated in the  
18 forum state, or maintaining its principal place of business there. Daimler, 134 S.Ct. at 760–61.

19 Google does not contend that general jurisdiction over Eolas is appropriate here. Rather, it  
20 contends that the exercise of specific jurisdiction is proper given Eolas’ connection with  
21 California. ECF No. 53-3 at 17. “Accordingly, we focus our analysis on specific jurisdiction,  
22 under which [Google] must make a prima facie showing that [Eolas] purposefully directed its  
23 activities at residents of the forum, and that [Google’s] declaratory judgment action arises out of or  
24 relates to those activities.” See Avocent, 552 F.3d at 1338 (internal quotations omitted).

25 To determine specific jurisdiction, the Court applies a three-prong test, which looks to  
26 “whether (1) the defendant purposefully directed its activities at residents of the forum state, (2)  
27 the claim arises out of or relates to the defendant’s activities with the forum state, and (3) asserting  
28 personal jurisdiction is reasonable and fair.” Coyle, 340 F.3d at 1350 (citations omitted). “While

1 the plaintiff bears the burden to establish minimal contacts, upon this showing, defendants must  
2 prove that the exercise of jurisdiction is unreasonable.” Id. at 1344. Therefore, Google, as the  
3 declaratory judgment plaintiff, must demonstrate that the first two prongs have been satisfied—  
4 i.e., it must establish “minimum contacts” with the forum. If it does so, the burden shifts to Eolas,  
5 who must disprove the reasonableness and fairness of the Court’s assertion of jurisdiction.

6 With regard to the second prong of the specific jurisdiction test, the Federal Circuit has  
7 held that not all activities related to the patents-in-suit are relevant jurisdictional contacts.  
8 Avocent, 552 F.3d at 1332–33. For example, due to “policy considerations unique to the patent  
9 context,” courts cannot assert jurisdiction on the sole basis of cease-and-desist letters sent into the  
10 forum state. Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc., 148 F.3d 1355, 1359 (Fed. Cir.  
11 1998). Instead, “[f]or the exercise of personal jurisdiction to comport with fair play and  
12 substantial justice, there must be ‘other activities’ directed at the forum and related to the cause of  
13 action besides the letters threatening an infringement suit.” Silent Drive, Inc. v. Strong Indus.,  
14 Inc., 326 F.3d 1194, 1202 (Fed. Cir. 2003) (emphasis added). “Examples of these ‘other  
15 activities’ include initiating judicial or extra-judicial patent enforcement within the forum, or  
16 entering into an exclusive license agreement or other undertaking which imposes enforcement  
17 obligations with a party residing or regularly doing business in the forum.” Avocent, 552 F.3d at  
18 1334.

19 Accordingly, the Federal Circuit has held that

20 an action for a declaratory judgment arises out of or relates to the  
21 activities of the defendant patentee in enforcing the patent or patents  
22 in suit, and . . . the relevant inquiry for specific jurisdiction is to  
23 what extent . . . the defendant patentee purposefully directed such  
24 enforcement activities at residents of the forum and the extent to  
25 which the declaratory judgment claim arises out of or relates to  
26 those activities. Thus, only those activities of the patentee that  
27 relate to the enforcement or defense of the patent can give rise to  
28 specific personal jurisdiction for such an action.

26 Radio Sys. Corp. v. Accession, Inc., 638 F.3d 785, 788-89 (Fed. Cir. 2011) (emphasis added)  
27 (internal quotation marks and citations omitted). Therefore, the Court must “examine the  
28 jurisdictional facts for conduct whereby the patentee ‘may be said to purposefully avail itself of

1 the forum and to engage in activity that relates to the validity and enforceability of the patent.”  
2 Autogenomics, Inc. v. Oxford Gene Tech. Ltd., 566 F.3d 1012, 1020 (Fed. Cir. 2009).

3 **B. 2014 Order**

4 This case is unlike most cases involving jurisdictional analysis because, as noted above,  
5 this Court has previously adjudicated a jurisdictional dispute between the parties. In its 2014  
6 order, the Court reasoned that Eolas maintained minimum contacts with California in the form of  
7 its “continuing obligations to the Regents under the licensing agreement,” which included the  
8 “marketing and sale of the patent,” “joint prosecution and defense of patent-related actions,” and  
9 other obligations including indemnification, payment of royalties, and accounting and  
10 bookkeeping. Google, Inc. v. Eolas Techs. Inc., No. 13-CV-05997-JST, 2014 WL 2916621, at \*3  
11 (N.D. Cal. June 24, 2014). The Court also found that those contacts made the exercise of specific  
12 jurisdiction over Eolas reasonable and fair. Id. at \*4.

13 At this point, a clarification is in order. Google asserts that this Court previously found it  
14 had jurisdiction over Eolas in part due to non-enforcement-related obligations and connections,  
15 such as the fact that Eolas sent cease-and-desist letters, was created and incorporates in California  
16 and that it consented to a California choice of law provision. ECF No. 53-3 at 17-19. While it is  
17 true that the Court previously referenced these factors in exercising jurisdiction over Eolas in  
18 2014, its order made clear that the crux of its jurisdictional analysis was the existence of an  
19 exclusive licensing agreement or evidence of some other continuing obligation. See, e.g., Google,  
20 2014 WL 2916621, at \*3 (identifying other factors that “when coupled with an exclusive licensing  
21 agreement,” had been held sufficient to confer jurisdiction). Here, too, the Court must focus on  
22 whether Eolas continues to retain connections to California through its enforcement-related  
23 activities.

24 Eolas argues that under the new Assignment, it no longer possesses the same obligations  
25 that conferred this Court’s jurisdiction over it in 2014. For one, the Assignment grants the  
26 Regents a non-exclusive license, while the Exclusive License Agreement gave an exclusive  
27 license to Eolas. Google argues that because the ‘507 patent at issue here is closely related to the  
28 earlier members of the ‘443 patent previously asserted by Eolas against Google, this Court may

1 consider “this case’s connection to Eolas’ patent-related activities in California before relocating  
2 to Texas.” ECF No. 53-3 at 23 (citations omitted). However, it offers no case law suggesting the  
3 Court may expand its jurisdictional scope in this way. In the absence of this, the Court turns to the  
4 Assignment, and considers whether it establishes sufficient connections to confer jurisdiction.

5 **C. The Assignment**

6 As an initial matter, the 2016 Amendment, which further modified and reduced the  
7 obligations held by Eolas in the Assignment, is not relevant to this Court’s analysis. That is  
8 because the Amendment became effective on February 5, 2016, after Google had commenced this  
9 action. ECF No. 37-6 at 2. The U.S. Supreme Court has stated that “the jurisdiction of the court  
10 depends upon the state of things at the time of the action brought.” Grupo Dataflux v. Atlas Global  
11 Grp., L.P., 541 U.S. 567, 570-71 (2004) (citation omitted); see also Steel v. United States, 813  
12 F.2d 1545, 1549 (9th Cir. 1987) (“courts must examine the defendant’s contacts with the forum at  
13 the time of the events underlying the dispute when determining whether they have jurisdiction”).

14 For its part, Google argues that several obligations from the Exclusive License Agreement  
15 remain in the Assignment: “[o]bligations related to payment of ongoing royalties” as the  
16 “purchase price” for the patents assigned; due diligence obligations; the requirement that Eolas  
17 provide reports to the Regents on a quarterly basis; obligations related to the defense of patent-  
18 related actions; cooperation between Eolas and the Regents with respect to, among others,  
19 document discovery–related activities, to be paid for by Eolas; indemnification obligations  
20 imposed on Eolas; and the selection of California law as the governing law. ECF No. 53-3 at 19-  
21 20.

22 These obligations, however, do not “relate to the enforcement or defense of the patent.”  
23 See Radio Sys., 638 F.3d at 788-89. Instead, they relate primarily to the payments that Eolas pays  
24 in exchange for acquiring the patents from the Regents. Therefore, these obligations alone cannot  
25 support a finding of jurisdiction.

26 Nevertheless, the Assignment does impose on the Regents enforcement obligations with  
27 regard to the patents at issue in this case. Article 4, the “Cooperation; Expenses” article, explicitly  
28 requires the Regents to cooperate with Eolas “in connection with [Eolas’] efforts to enforce the

1 Patent Rights” and “in any litigation or licensing relating to the Patents.” ECF No. 37-5 at 6-7.  
2 To the extent that Article 4 leaves the Regents no discretion, and instead requires the Regents to  
3 cooperate with Eolas’ enforcement, litigation, and licensing efforts, Article 4 imposes “continuing  
4 obligations” upon the Regents, a California resident. These “continuing obligations” ensure that  
5 Eolas’ dealings with its non-exclusive licensee the Regents go “beyond royalty or cross-licensing  
6 payment.” Avocent, 552 F.3d at 1334.

7 Eolas cites extensively to Xilinx, Inc. v. Papst Licensing GMBH & Co.KG, 113 F. Supp.  
8 3d 1027 (N.D. Cal. 2015) as an analogous case suggesting that jurisdiction is lacking here. Xilinx,  
9 however, is distinguishable. In that case, two companies sued a German patentee in the Northern  
10 District of California for a declaratory judgment of non-infringement. Id. at 1031. The court  
11 analyzed a clause in the defendant’s non-exclusive licenses, which provided that “in the event that  
12 [the defendant] requests Rambus’ expertise during interference, priority, infringement, or other  
13 court proceedings, and Rambus performs those services, [the defendant] must compensate Rambus  
14 for reasonable costs incurred.” Id. at 1042 (emphasis added). The court found that the clause was  
15 an insufficient basis for the court to exercise jurisdiction over the defendant because “the  
16 agreement neither establishe[d] ‘continuing obligations’ between [the defendant] and Rambus nor  
17 ‘impose[d] enforcement obligations with a party residing or regularly doing business in the  
18 forum.”” Id. (citing Avocent, 552 F.3d at 1334). The court also noted that the clause expressly  
19 stated that “nothing set forth in this Agreement shall create an obligation for [Rambus] to provide  
20 assistance or otherwise perform services.” Id. at 1043.

21 Here, by contrast, Article 4 of the Assignment explicitly imposes on the Regents an  
22 obligation to cooperate with Eolas in Eolas’s efforts to enforce the patents in the Agreement,  
23 including the ‘507 patent. In fact, clause 4.1.4 requires the Regents to cooperate in litigation and  
24 licensing of the patents “by causing its employees and, to the extent reasonably feasible, former  
25 employees to execute and deliver documents and provide support and testimony relating to the  
26 Patents,” with representation provided by Eolas. ECF No. 37-5 at 6-7. Through these clauses,  
27 Eolas has entered into an “agreement or other undertaking which imposes enforcement obligations  
28 with a party residing or regularly doing business in the forum.” Avocent, 552 F.3d at 1334.

1 Eolas also emphasizes that the Regents are a non-exclusive licensee, and contends that this  
2 distinction renders case law regarding exclusive licensees, and cited by this Court in its prior  
3 order, inapposite. It is true that exclusive licenses have been held to confer personal jurisdiction  
4 upon defendant patentees, see Silent Drive, 326 F.3d at 1202; Avocent, 552 F.3d at 1335, and “[a]  
5 number of courts have drawn a distinction between exclusive license agreements and non-  
6 exclusive license agreements,” Adobe Sys. Inc. v. Tejas Research, LLC., No. C-14-0868 EMC,  
7 2014 WL 4651654, at \*6 (N.D. Cal. Sept. 17, 2014) (compiling cases). However, the Federal  
8 Circuit has never held that non-exclusive licenses excuse parties from jurisdiction. While under  
9 certain circumstances an exclusive license may be sufficient to establish jurisdiction, it is by no  
10 means necessary. Rather, the inquiry, as stated before, is whether the non-exclusive license  
11 between Eolas and the Regents imposes enforcement obligations on a resident of the relevant  
12 forum. Those enforcement obligations exist here by virtue of the Regents’ required cooperation in  
13 Eolas’s patent enforcement activities.

14 **D. Reasonableness and Fairness**

15 The Court further concludes that the exercise of personal jurisdiction over Eolas would be  
16 reasonable and fair. Google points to Eolas’ longstanding relationship with and significant  
17 obligations to the Regents (a California resident), Eolas’ past patent commercialization, licensing,  
18 and enforcement efforts in California, its prosecution activities conducted from California, its  
19 creation and origin in California, and its continuing relationship with two inventors who are still  
20 California residents. ECF No. 53-3 at 25-26. As for Eolas’s remaining arguments, the Court  
21 addresses them in the section below.

22 **IV. FIRST TO FILE**

23 Accordingly, the Court concludes that it may exercise personal jurisdiction over Eolas.  
24 However, that does not end the inquiry. Eolas has also argued that the Court should decline to  
25 exercise jurisdiction through the first-to-file rule. As noted, Eolas filed an infringement action on  
26 November 24, 2015, the day before this action was filed, in the Eastern District of Texas, claiming  
27 that Google has infringed the ‘507 patent.

28 The “first-to-file” rule is a ‘generally recognized doctrine of federal comity which permits

1 a district court to decline jurisdiction over an action when a complaint involving the same parties  
2 and issues has already been file[d] in another district.’ EMC Corp. v. Bright Response, LLC, No.  
3 C-12-2841 EMC, 2012 WL 4097707, at \*1 (N.D. Cal. Sept. 17, 2012) (quoting Pacesetter Sys.,  
4 Inc. v. Medtronic Inc., 678 F.2d 93, 94-95 (9th Cir. 1982). Thus, “[w]hen two actions involving  
5 nearly identical parties and closely related patent infringement questions are filed in separate  
6 districts, which happens with some frequency in contemporary litigation, the general rule is that  
7 the case first filed takes priority, and the subsequently filed suit should be dismissed or transferred  
8 or stayed.” Id. (quoting 14D Wright, A. Miller & M. Kane, Fed. Prac. & Proc. Juris. § 3823 (3d  
9 ed. 2011)). However, the first-to-file rule “is not a rigid or inflexible rule to be mechanically  
10 applied, but rather is to be applied with a view to the dictates of sound judicial administration.”  
11 Pacesetter Sys., Inc. v. Medtronic, Inc., 678 F.2d 93, 95 (9th Cir. 1982) While it “should not be  
12 disregarded lightly,” courts should consider “(w)ise judicial administration, giving regard to  
13 conservation of judicial resources and comprehensive disposition of litigation” in making their  
14 determinations. Id. (citations omitted). Ultimately, “[t]he most basic aspect of the first-to-file rule  
15 is that it is discretionary; an ample degree of discretion, appropriate for disciplined and  
16 experienced judges, must be left to the lower courts.” EMC Corp., 2012 WL 4097707 at \*2  
17 (citations omitted).

18 “Three factors should be considered in deciding whether to apply the first-to-file rule:  
19 (1) the chronology of the two actions; (2) the similarity of the parties; and (3) the similarity of the  
20 issues.” EMC Corp., 2012 WL 4097707, at \*1. Here, the second and third factors support  
21 application of the first-to-file rule. Both the Texas Action and this action involve the same parties  
22 and the same issue – whether or not Google has infringed the ‘507 patent. Google contends that  
23 the first factor is in their favor because the Texas Action was filed just one day before this action,  
24 and cites to EMC Corp for the proposition that courts decline “to apply the [first-to-file] rule  
25 where the time between the actions is relatively short.” ECF No. 53-3 at 27 (quoting EMC Corp.,  
26 2012 WL 4097707, at \*2 n.1). It further argues that the Court should decline to apply the rule  
27 under the forum-shopping exception. ECF No. 53-3 at 28.

28 The short amount of time between the two cases is indeed a factor that weighs in Google’s

1 favor, but this is only one of many equitable concerns to be considered by the Court. See EMC  
2 Corp., 2012 WL 4097707 at \*2 n.1 (holding that “the temporal proximity between the two cases  
3 may weigh against applying it if other equitable considerations are present” (emphasis added)).  
4 As for forum shopping, Google argues for this exception primarily by arguing that the factors for  
5 measuring the convenience of a change of venue under 28 U.S.C. § 1404(a) support adjudicating  
6 the case in this district.

7 Weighing against these considerations are concerns of judicial efficiency and  
8 administration. The doctrine behind the first-to-file rule is “designed to avoid placing an  
9 unnecessary burden on the federal judiciary, and to avoid the embarrassment of conflicting  
10 judgments. Church of Scientology of California v. U.S. Dep't of Army, 611 F.2d 738, 750 (9th  
11 Cir. 1979). Here, for example, there seems to be little point in asking multiple courts to resolve  
12 the myriad of issues involving in determining whether Google did or did not infringe on Eolas’s  
13 patent. See Pacesetter Sys., Inc., 678 F.2d at 96 (“[P]ermitting multiple litigation of these  
14 identical claims could serve no purpose of judicial administration, and the risk of conflicting  
15 determinations as to the patents' validity and enforceability was clear.”).

16 Indeed, this motion itself is a demonstration of the reason for this doctrine. Google’s  
17 argument against application of the first-to-file rule is based primarily on its contention that the  
18 convenience factors under § 1404(a) support hearing the case in California. Yet as both Google  
19 and Eolas acknowledge, Google has presented these same arguments to the Eastern District of  
20 Texas in a Motion to Transfer the Texas Action to this district. See ECF No. 53-3 at 28 n.6; ECF  
21 No. 57 at 10. The parties have informed the Court that the motion to transfer was heard by the  
22 Texas court on May 12, 2016 and is currently under submission. Asking two courts to  
23 simultaneously conduct the same analysis under § 1404(a) quite obviously creates judicial  
24 inefficiency and the risk of conflicting determinations. Moreover, “normally the forum non  
25 conveniens argument should be addressed to the court in the first-filed action.” Pacesetter Sys.,  
26 Inc., 678 F.2d at 96.

27 Accordingly, though the Court acknowledges that the Texas Action was filed only one day  
28 prior to this action, it concludes that considerations of judicial efficiency support applying the

1 first-to-file rule. The close temporal proximity of the two cases does not erase the fact that  
2 simultaneous adjudication of this matter by two courts would be inefficient and burdensome. The  
3 Court will therefore stay proceedings in this case until the motion to transfer has been resolved in  
4 the Texas Action.<sup>1</sup>

5 **CONCLUSION**

6 Defendants' motion to dismiss is granted as modified. All proceedings in this case are  
7 hereby stayed until further order of this Court. The parties shall file a notice with this Court  
8 within five days of receiving an order from the Eastern District of Texas in regards to Google's  
9 Motion to Transfer in the Texas Action. A further Case Management Conference is scheduled for  
10 Wednesday, September 21, 2016 at 2:00 p.m. No Case Management Statement need be filed.  
11 Upon receipt of an order in regards to Google's Motion to Transfer, the parties may request to  
12 advance or vacate the Case Management Conference.

13 **IT IS SO ORDERED.**

14 Dated: June 16, 2016

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17 JON S. TIGAR  
United States District Judge

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28 <sup>1</sup> Though Eolas moved for the Court to dismiss the case rather than stay or transfer it under the  
first-to-file rule, it does not explain why dismissal is the better option. The Court concludes that  
staying the case is the most appropriate remedy under these circumstances.