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3 UNITED STATES DISTRICT COURT
4 NORTHERN DISTRICT OF CALIFORNIA
56
7 SAP AMERICA, INC.,

8 Plaintiff,

No. C 11-4601 PJH

9 v.

ORDER TRANSFERRING CASE

10 PURPLE LEAF, LLC, et al.,

11 Defendants.
12 _____/

13 The present action was filed by plaintiff SAP America, Inc. ("SAP"), on September
14 16, 2011. Defendants are Purple Leaf LLC ("Purple Leaf Delaware" – a Delaware limited
15 liability company), Purple Leaf LLC ("Purple Leaf Texas" – a Texas limited liability
16 company), and Rani Yadev-Ranjan ("Yadev-Ranjan"), an individual residing in San Jose.
17 SAP seeks a declaratory judgment of invalidity and non-infringement as to U.S. Patent No.
18 7,603,311 B1 ("the '311 patent"), and U.S. Patent No. 8,027,913 B1 ("the '913 patent),
19 which is a continuation of the '311 patent. Yadev-Ranjan is named as the inventor on both
20 patents.

21 On May 31, 2011, three and a half months before the present action was filed,
22 Purple Leaf Texas filed a complaint in the Eastern District of Texas, alleging infringement of
23 the '311 patent, against six defendants, including SAP. The court finds that the present
24 action must be transferred to the Eastern District of Texas pursuant to the first-to-file rule.

25 In applying the first-to-file rule, a court looks to three factors – "(1) the chronology of
26 the two actions; (2) the similarity of the parties, and (3) the similarity of the issues." Z-Line
27 Designs, Inc. v. Bell'O Int'l LLC, 218 F.R.D. 663, 665 (N.D. Cal. 2003). If the first-to-file rule
28 does apply to a suit, the court in which the second suit was filed may transfer, stay or

1 dismiss the proceeding in order to allow the court in which the first suit was filed to decide
2 whether to try the case. Alltrade, Inc. v. Uniweld Products, Inc., 946 F.2d 622, 622 (9th Cir.
3 1991). “Circumstances under which an exception to the first-to-file rule typically will be
4 made include bad faith, anticipatory suit and forum shopping.” Id. at 628 (internal citations
5 omitted).

6 Another exception to the first-to-file rule is when “the balance of convenience weighs
7 in favor of the later-filed action.” Ward v. Follett Corp., 158 F.R.D. 645, 648 (N.D. Cal.
8 1994). This is analogous to the “convenience of parties and witnesses” under a transfer of
9 venue motion, 28 U.S.C. § 1404(a). Genentech, Inc. v. GlaxoSmithKline LLC, 2010 WL
10 4923594 at *2 (N.D. Cal., Dec. 1, 2010); Intuitive Surgical, Inc. v. California, 2007 WL
11 1150787 at *2 (N.D. Cal., April 18, 2007).

12 It is the court with the first-filed action that should normally weigh the balance of
13 convenience and any other factors that might create an exception to the first-to-file rule.
14 See Alltrade Inc., 946 F.2d at 628; Intuitive Surgical, 2007 WL 1150787 at *3.

15 Here, the Texas action was filed in May 2011, and the present case was filed three
16 and a half months later, in September 2011. Thus, the “chronology” requirement is met.

17 With regard to the similarity of the parties, Purple Leaf Texas and SAP are parties to
18 both actions, while Yadav-Rajan and Purple Leaf Delaware are parties only in the present
19 action, and there are also five additional defendants in the Texas action (three of which
20 have made no appearance to date). Thus, that factor is partially met.¹

21 With regard to the similarity of the issues, the plaintiffs in the Texas case assert a
22 claim of infringement of the ‘311 patent against (among others) SAP, while in the present
23 action, SAP seeks a declaratory judgment of invalidity and non-infringement as to the ‘311
24 patent and as to the ‘913 patent, which is a continuation of the ‘311 patent. Thus, the court
25 finds that the issues are sufficiently similar to warrant transfer.

26

27 ¹ It is not clear, however, whether all defendants in the Texas action were properly
28 joined.

1 SAP argues that various exceptions to the first-to-file rule are applicable here. The
2 court finds, however, that that determination should be made by the Texas court, in
3 accordance with the above-stated authority. The court finds in addition that it is for the
4 Texas court to determine whether Purple Leaf Texas did or did not have standing at the
5 time the complaint was filed in the Texas action, or whether Purple Leaf Texas did or did
6 not act in bad faith in filing the suit in the first place. As for the question of forum-shopping,
7 SAP could just as easily have filed an answer and a counterclaim in the Texas action
8 seeking a declaratory judgment of non-infringement and invalidity, rather than filing a
9 second action in this district.

10 Accordingly, the court finds that this action should be TRANSFERRED to the
11 Eastern District of Texas.

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13 **IT IS SO ORDERED.**

14 Dated: January 9, 2012



PHYLLIS J. HAMILTON
United States District Judge