

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

SEIKO EPSON CORPORATION, a Japan
corporation; EPSON AMERICA, INC.,
a California corporation; and
EPSON PORTLAND, INC., an Oregon
corporation,

09-CV-477-BR

OPINION AND ORDER

Plaintiffs,

v.

ABACUS 24-7 LLC, an Arizona
limited liability company; EFORCITY
CORPORATION, dba EFORCITY.COM, a
California corporation, R& L IMAGING
GROUP, INC., formerly known as IEM
CONSUMABLES, INC., a California
corporation; XP SOLUTIONS, LLC, dba
CLICKINKS.COM, a Florida limited
liability company; CLICKINKS.COM, LLC,
a Florida limited liability company;
GLOBAL BUSINESS SUPPORT SYSTEMS, INC.,
dba PRINTCOUNTRY.COM, a Delaware
corporation; GREEN PROJECT, INC.,
a California corporation; and
JOSEPH WU, an individual,

Defendants.

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and Joseph Wu

BROWN, Judge.

This matter comes before the Court on the Motion (#61) to Sever and Transfer Venue filed by Defendants Green Project, Inc., and Joseph Wu. For the following reasons, the Court **DENIES** the Motion in its entirety.

STANDARDS

1. Motion to Sever.

Under Federal Rule of Civil Procedure 21, the court has "broad discretion whether to sever a claim." *Rice v. Sunrise Express, Inc.*, 209 F.3d 1008, 1016 (7th Cir. 2000). "[W]here certain claims in an action are properly severed under Fed. R. Civ. P. 21, two separate actions result [and the] district court may transfer one action while retaining jurisdiction over the other." *Chrysler Cred. Corp. v. Country Chrysler, Inc.*, 928 F.2d 1509, 1519 (10th Cir. 1991)(citing *Wyndham Assoc. v. Bintliff*, 398 F.2d 614, 618 (2d Cir. 1968)).

2. Motion to Transfer.

"For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." 28 U.S.C. § 1404(a). Relevant factors for the Court to consider include (1) the state that is most familiar with the governing law, (2) the plaintiff's choice of forum, (3) the respective parties' contacts with the forum, (4) the contacts relating to the plaintiff's cause of action in the chosen forum, (5) the differences in the costs of litigation in the two forums, and (6) the availability of compulsory process to compel attendance of unwilling nonparty witnesses. *Jones v. GNC Franchising, Inc.*, 211 F.3d 495 498-99 (9th Cir. 2000).

DISCUSSION¹

Plaintiffs (collectively referred to as Seiko Epson) assert a single claim under 35 U.S.C. § 271 in which they allege Defendants Green Project, Inc., and Joseph Wu (collectively referred to as Green Project) and others have infringed multiple patents for ink-jet printer cartridges issued to Plaintiffs.

Green Project moves to sever Seiko Epson's § 271 claim and its own Counterclaims from the remainder of this case and transfer the § 271 Claim and Counterclaims to the United States District Court for the Central District of California, Western Division, where Green Project's principal place of business is located. Green Project contends severance is appropriate because it is the only party in this case that exclusively sells recycled ink-jet cartridges. Accordingly, it has a defense to Plaintiffs' patent-infringement claims based on patent exhaustion that none of the other Defendants share and that may cause confusion in the minds of the jury and thereby prejudice Green Project.

In addition, Green Project asserts transfer of the severed Claim to California is appropriate because Green Project has few

¹ Plaintiffs have filed seven other cases in this District that involve similar patent-infringement claims: *Seiko Epson Corp. v. Print-Rite Holdings Ltd*, 01-CV-500-BR; *Seiko Epson Corp. v. Multi-Union Trading Co., Ltd.*, 01-CV-550-BR; *Seiko Epson Corp. v. Armor S.A.*, 05-567; *Seiko Epson Corp. v. Glory South Software Mfg, Inc.*, 06-CV-236-BR and 06-CV-477-BR; *Seiko Epson Corp. v. E-Babylon, Inc.*, 07-CV-896-BR; and *Seiko Epson Corp. v. Inkjetmadness.com, Inc.*, 08-CV-452-BR.

contacts with the District of Oregon and its witnesses are all located in California, which makes it inconvenient to defend this action in Oregon.

Finally, Green Project contends its Counterclaims for Declaratory Relief, Misappropriation of Trade Secrets, Trespass, and Unfair Competition based on alleged misconduct by Seiko-Epson's investigator are unique to Green Project.

Seiko Epson, on the other hand, disputes that its patent claims against Green Project and Green Project's defense of patent exhaustion to those Claims are wholly unique and distinct from the claims and defenses involving other defendants either in this case or in the numerous related cases pending before this Court. Seiko Epson also offers evidence of a connection between Green Project's principal, Defendant Wu, and other defendants in this case relating to the sale and distribution of allegedly infringing ink cartridges world-wide. In addition, Seiko Epson offers evidence that other defendants in this case and in the related cases have sold some of the recycled cartridges (remans) produced by Green Project as well as remans produced by others. Moreover, some of the defendants in both this case and the related cases have asserted a patent-exhaustion defense to Seiko Epson's infringement claims that is substantially the same as the patent-exhaustion defense asserted by Green Project.

For example, Defendant Global Business Support Systems, Inc., dba Print Country.com, alleges patent exhaustion/first sale doctrine in support of its First Affirmative Defense:

1. As to any products accused of infringement which were first sold by Plaintiffs or others prior to refilling, reconstruction, refurbishing, importing, marketing, or selling by Defendant, any claims of infringement are barred by the *first sale doctrine*.²

(Emphasis added.) See Answer, Affirmative Defense, and Counterclaim at 4.

On this record, the Court concludes Defendants Green Project, Inc., and Joseph Wu have failed to establish good reason for this Court to exercise its discretion to sever the claims against them in order to facilitate the transfer to another district of a wholly separate action that, in actuality, involves closely related and complex patent claims and defenses that have been and continue to be litigated in multiple cases in this district for nine years. This Court's long-standing familiarity with each of the related cases militates against a transfer, particularly in light of the commonality of many of the issues including the issues relating to the alleged sale of Seiko Epson's recycled ink cartridges. Moreover, the Court does not

² Patent exhaustion is commonly referred to by the term "first sale doctrine." See, e.g., *ExcelStor Technology, Inc. v. Papst Licensing GMBH & Co., KG*, 541 F.3d 1373, 1374 (Fed. Cir. 2008).

foresee any likelihood of confusion or prejudice to Defendants Green Project or Wu regarding their separate Counterclaims alleging misconduct by Plaintiffs' investigator that would be sufficient to justify transfer of the case to another district.

CONCLUSION

For these reasons, the Court **DENIES** in its entirety the Motion (#61) to Sever and Transfer Venue filed by Defendants Green Project, Inc., and Joseph Wu.

IT IS SO ORDERED.

DATED this 15th day of December, 2009.

/s/ Anna J. Brown

ANNA J. BROWN
United States District Judge

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DATED this 15th day of December, 2009.

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