

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

GOOGLE, INC., a Delaware corporation,)
Plaintiff,)
vs.)
TRAFFIC INFORMATION, LLC, a Texas corporation,)
Defendant.)

Case No. CV09-642-HU
FINDINGS AND
RECOMMENDATION

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5 HUBEL, Magistrate Judge:

6 This is an action brought by Google, Inc. (Google) against
7 Traffic Information, Inc. (Traffic), seeking a declaration of
8 noninfringement or patent invalidity of two patents owned by
9 Traffic (the '862 Patent and the '606 Patent, collectively the
10 Traffic Patents). Google alleges that in the course of patent
11 litigation against T-Mobile and other defendants, Traffic has
12 asserted that Google Maps infringes the Traffic Patents. Google
13 alleges that it has an objectively reasonable apprehension¹ that
14 Traffic will bring a patent infringement action asserting that
15 Google's Maps traffic feature infringes the Traffic Patents.

16 Traffic moves to dismiss for lack of subject matter
17 jurisdiction or, alternatively, to transfer the case to the Eastern
18 District of Texas, where Traffic has filed several other actions
19 claiming infringement of the Traffic Patents.

20 **Factual Background**

21 This action was triggered after Traffic told Google's business
22 partner, T-Mobile, that Google's software product, Google Maps for
23 Mobile (GMM) infringes the Traffic Patents when used on a T-Mobile

24 ¹ In MedImmune v. Genentech Inc., 549 U.S. 118 (2007), the
25 Supreme Court rejected the "reasonable apprehension of suit"
26 prong of a two-part test for jurisdiction under the Declaratory
27 Judgment Act in patent cases that had been applied in the Federal
Circuit. Sandisk v. STMicroelectronics, Inc., 480 F.3d 1372, 1379
(Fed. Cir. 2007).

1 cell phone. At the time, Traffic and T-Mobile were engaged in
2 litigating a patent infringement case brought by Traffic against T-
3 Mobile in the Eastern District of Texas. The assertion was made in
4 an e-mail to T-Mobile's attorney that Traffic marked "confidential"
5 and "for settlement purposes only, subject to FRE 408." T-Mobile
6 disclosed the contents of the e-mail to Google. Traffic asserts
7 that it did not consent to any disclosure of this communication,
8 and that T-Mobile never told Traffic it was going to, or had, made
9 the disclosure to Google.

10 **Standard**

11 In an action brought under the Declaratory Judgment Act, 28
12 U.S.C. § 2201(a), the standard for determining whether the action
13 is justiciable is whether the facts alleged, under all the
14 circumstances, show that there is a substantial controversy, between
15 parties having adverse legal interests, of sufficient immediacy and
16 reality to warrant the issuance of a declaratory judgment.
17 MedImmune, 549 U.S. at 127. In SanDisk, the Federal Circuit
18 concluded, in light of the MedImmune decision rejecting the
19 "reasonable apprehension of suit" test, that "Article III
20 jurisdiction may be met where the patentee takes a position that
21 puts the declaratory judgment plaintiff in the position of either
22 pursuing arguably illegal behavior or abandoning that which he
23 claims a right to do." 480 F.3d at 1381. In Teva Pharm. USA, Inc.
24 v. Novartis Pharm. Corp., 482 F.3d 1330, 1339 (Fed. Cir. 2007), the
25 Federal Circuit held that an actual controversy, in the context of
26 the Declaratory Judgment Act,

1 requires only that a dispute be "definite and concrete,
2 touching the legal relations of parties having adverse legal
3 interests; and that it be real and substantial and admit[t] of
4 specific relief through a decree of a conclusive character, as
distinguished from an opinion advising what the law would be
upon a hypothetical set of facts." (Quoting MedImmune, 549 U.S.
at 127).

5 **Discussion**

6 1. Motion to dismiss

7 Traffic asserts that a "confidential" communication between
8 Traffic and T-Mobile fails to satisfy the "definite and concrete"
9 requirement of justiciability, arguing that Google's allegation in
10 the complaint of "reasonable apprehension" has to be grounded on
11 some act by Traffic directed at Google. Traffic cites SanDisk, 480
12 F.3d at 1380-81 ("jurisdiction generally will not arise merely on
13 the basis that a party learns of the existence of a patent owned by
14 another or even perceives such a patent to pose a risk of
15 infringement, without some affirmative act by the patentee.")
16 Traffic argues that in this case, Google's apprehension of suit was
17 caused by T-Mobile's disclosure of information Traffic considered
18 confidential, not by any affirmative act by Traffic, and therefore
19 that Google's apprehension is not "fairly traceable" to Traffic.
20 Traffic cites Prasco, LLC v. Medicis Pharm. Corp., 537 F.3d 1329,
21 1335 (Fed. Cir. 2008) (case or controversy must be based on injury
22 that is "caused by the defendants"). See also Dep't of Commerce v.
23 U.S. House of Representatives, 525 U.S. 316, 332 (1999) ("traceable
24 connection" between facts forming basis for declaratory relief and
25 threatened harm to plaintiff).

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1 Google counters that Traffic has made a strategic decision to
2 sue Google's customers who use GMM on T-Mobile cell phones, rather
3 than confront Google directly, and that Google filed this action to
4 prevent Traffic from initiating piecemeal litigation in Texas
5 against each GMM business partner.

6 Google points out that Traffic does not deny its claim against
7 T-Mobile that GMM infringes the Traffic Patents, and does not deny
8 that the claim is "traceable" to Traffic. In response to Traffic's
9 assertion that there is no justiciable harm to Google merely because
10 Traffic "whisper[s] in the ears of Google's business partner,"
11 Google cites the court to Arrowhead Indus. Water Inc. v. Ecolochem, Inc.,
12 846 F.2d 731, 735 n. 4 (Fed. Cir. 1988) (fact that a statement
13 was "nonpublic" is irrelevant when patent holder does not deny its
14 belief that defendant was infringer).

15 Google argues that there is no unfairness to Traffic in using
16 the e-mail as a basis for a declaratory judgment lawsuit, because
17 the e-mail was unilaterally labeled as confidential by Traffic, and
18 there is no confidentiality agreement between Traffic and T-Mobile.
19 Google contends that Rule 408 of the Federal Rules of Civil
20 Procedure is not a confidentiality provision and does not provide
21 a blanket exclusion of any use of information designated as a
22 settlement communication. Google relies on the SanDisk rejection of
23 the argument that materials marked as Rule 408 communications during
24 licensing negotiations could not be used to establish
25 justiciability:

26 To avoid the risk of a declaratory judgment action,
27 [defendant] could have sought [plaintiff's] agreement to the

1 terms of a suitable confidentiality agreement. The record
2 before us reflects that the parties did not enter into such an
3 agreement. Rather, [defendant] sought to condition its open
4 licensing discussions and the infringement study on adherence
5 to [Rule] 408. That rule expressly relates to evidence of
efforts toward compromising or attempting to compromise a
claim in litigation and does not prevent [plaintiff] from
relying on the licensing discussions and infringement study to
support its claims.

6 480 F.3d at 1375. Google points out that Rule 408 provides for the
7 confidentiality of settlement negotiations "when offered to prove
8 liability for, invalidity of, or amount of a claim that was disputed
9 as to validity or amount, or to impeach through a prior inconsistent
10 statement or contradiction," but does not bar such evidence when
11 "offered for [other] purposes ... [such as] proving a witness's bias
12 or prejudice." Google argues that using the e-mail to establish a
13 threat sufficient to satisfy the jurisdictional requirements for
14 declaratory relief is "perfectly acceptable under Rule 408," quoting
15 Dean Rhoades v. Avon Products, Inc., 504 F.3d 1151, 1161 (9th Cir.
16 2007).

17 In reply, Traffic argues that SanDisk supports Traffic's motion
18 because the Federal Circuit held in that case that the risk of a
19 declaratory judgment action could be avoided through a
20 confidentiality agreement. 480 F.3d at 1375 n. 1. I do not find this
21 argument persuasive because the record in this case contains no
22 evidence even of an implied confidentiality agreement between T-
23 Mobile and Traffic. There is nothing inherently confidential about
24 a statement accusing a third party's product of patent infringement.
25 Traffic should reasonably have anticipated--and perhaps even
26 intended--that its claim of infringement by Google's product would

1 be communicated to Google--how better for T-Mobile to refute
2 Traffic's infringement claim than by seeking Google's help in
3 explaining GMM? The communication was an affirmative act fairly
4 traceable to Traffic; the fact that the email was marked
5 "confidential" does not affect the justiciability analysis.

6 Traffic acknowledges that it has recently filed a large number
7 of actions alleging infringement of the Traffic Patents. According
8 to the Declaration of Kevin Russell, one of the lawyers for Traffic,
9 five patent actions have been filed by Traffic in the Eastern
10 District of Texas, Marshall Division, for infringement of one or
11 both of the Traffic Patents, three of which are still pending:
12 Traffic Information, LLC v. American Honda Motor Co. et al., 07-391-
13 TJW (closed); Traffic Information, LLC v. Alpine Electronics of
14 America, Inc. et al., 08-7-TJW-CE (closed); Traffic Information, LLC
15 v. AT & T Mobility LLC et al. 09-83-TJW-CE (pending), Traffic
16 Information LLC v. HTC USA, Inc. et al., 08-404-TJW (pending); and
17 Traffic Information LLC v. Sony Electronics Inc. et al. 09-191-TJW-
18 CE. See Russell Declaration ¶ 3.

19 The test for justiciability, as articulated by the Federal
20 Circuit in SanDisk and Teva, is that the patentee take a position
21 that puts the alleged infringer in the dilemma of risking a lawsuit
22 or abandoning its product, and that the dispute be "definite and
23 concrete, touching the legal relations of parties having adverse
24 legal interests," and that it be "real and substantial and admi[t]
25 of specific relief through a decree of a conclusive character." All
26 these requirements are met here. When the statement made to T-Mobile
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1 about GMM is put in the context of Traffic's aggressive patent
2 enforcement in Texas, it becomes a "definite and concrete" action
3 that touches upon the legal relations of parties--Google and
4 Traffic-- having adverse legal interests, and a declaration of
5 infringement or noninfringement would not be an opinion "advising
6 what the law would be upon a hypothetical set of facts."

7 I recommend that the motion to dismiss be denied.

8 2. Traffic's alternative motion to transfer

9 Pursuant to 28 U.S.C. § 1404, courts have discretion to
10 transfer an action when another venue would serve the convenience
11 of the parties and witnesses and the interests of justice. Jones v.
12 GNC Franchising, Inc., 211 F.3d 495, 498 (9th Cir. 2000). The
13 statute requires that the proposed transferee district be one where
14 the action "might have been brought," and that the transfer be for
15 the "convenience of parties and witnesses" and "in the interest of
16 justice." 28 U.S.C. § 1404(a). The parties do not dispute that this
17 action might have been brought in the Eastern District of Texas. The
18 question to be considered, therefore, is whether a transfer would
19 serve the convenience of parties and witnesses and be in the
20 interest of justice.

21 When deciding whether to transfer a case, the court must
22 "balance the preference accorded the plaintiff's choice of forum
23 with the burden of litigating in an inconvenient forum." Gherebi v.
24 Bush, 352 F.3d 1278, 1302 (9th Cir. 2003). The defendant must "make
25 a strong showing of inconvenience to warrant upsetting the
26 plaintiff's choice of forum." Id. See also Telephone Management

1 Corp. v. The Goodyear Tire & Rubber Co., 5 F. Supp. 2d 896 (D. Or.
2 1998).

3 The court must consider both private and public interest
4 factors affecting the convenience of the forum. Private factors
5 include the relative ease of access to sources of proof,
6 availability of compulsory process for attendance of unwilling
7 witnesses, the cost of obtaining attendance of willing witnesses,
8 the possibility of a premises view, and "all other practical
9 problems that make the trial of a case easy, expeditious and
10 inexpensive." Gulf Oil v. Gilbert, 330 U.S. 501, 508 (1947). Public
11 factors include the administrative difficulties arising from court
12 congestion, the interest in having localized controversies decided
13 locally, the court's familiarity with the applicable law, avoidance
14 of unnecessary conflict of law problems, and the unfairness of
15 burdening citizens in an unrelated forum with jury duty. Piper
16 Aircraft Co. v. Reyno, 454 U.S. 235, 241 n. 6 (1981).

17 Traffic argues that the decisive factor is the presence in the
18 Eastern District of Texas of several other lawsuits involving the
19 Traffic Patents. Traffic's argument is that 1) the "interest of
20 justice" factor can outweigh all the others in some circumstances,
21 citing United States ex rel. Swan v. Covenant Care, Inc., 1999 WL
22 760610 (N.D. Cal. Sept. 21, 1999); 2) the Eastern District of Texas
23 is already familiar with the patents at issue, citing Allen v.
24 Scribner, 812 F.2d 426, 436-37 (9th Cir. 1987) (affirming denial of
25 motion to transfer in view of court's "familiarity with the case
26 after three and one half years"); and therefore 3) the existence of
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1 the other actions in Texas should be the "paramount consideration,"
2 citing In re Volkswagen of Am., Inc., 566 F.3d 1349, 1351 (Fed. Cir.
3 2009) ("existence of multiple lawsuits involving the same issues is
4 a paramount consideration when determining whether a transfer is in
5 the interest of justice").

6 Traffic contends that other factors listed in § 1404(a) also
7 favor transfer; judicial economy is served by trying the case in a
8 court already familiar with the issues, and with a less congested
9 docket than the District of Oregon, and the convenience of witnesses
10 and parties is served because Traffic is a Texas company conducting
11 its primary business in Marshall, Texas, and Google has litigated
12 other patent cases in the Eastern District of Texas.² Traffic
13 acknowledges that ordinarily, courts give "great weight" to a
14 plaintiff's choice of forum, but argues that in this instance,
15 Google's choice is entitled only to minimal weight because of the
16 extent of Traffic and Google's contacts with the Eastern District
17 of Texas. Traffic cites Inherent.com v. Martindale-Hubbell, Lexis/Nexis Inc., 420 F. Supp.2d 1093, 1100 (N.D. Cal. 2006) ("the
19 degree to which courts defer to the plaintiff's chosen venue is
20 substantially reduced when the plaintiff's choice is not its
21 residence or where the forum lacks a significant connection to the
22 activities alleged in the complaint.") Traffic notes that Google
23 does not have its headquarters in Oregon, and that the only
24 connection to the District of Oregon is the presence of two
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26 ²See Marshall Declaration Exhibit 3 (listing 53 cases in the
27 Eastern District of Texas in which Google is or has been a party
between 2003 and 2009).

1 inventors of the Traffic Patents in Oregon. Traffic gives the latter
2 circumstance little weight because the action is not against the
3 inventors personally. And finally, Traffic argues that litigation
4 costs will be lower if the case is transferred because only one
5 court will construe the terms of the patents. Traffic also points
6 out that relative congestion of this court and the Eastern District
7 of Texas supports transfer, citing statistics showing lower
8 caseloads per judge in Texas and an average of six months longer
9 getting to trial in Oregon.

10 Google argues that its choice of forum is entitled to
11 deference, despite being a non-resident of Oregon, when the
12 defendant is located in the forum state and most of the events
13 relevant to the case took place there. Google cites Home Indem. Co.
14 v. Stimson Lumber Co., 229 F. Supp.2d 1075, 1085-86 (D. Or. 2001).
15 Google asserts that the District of Oregon was chosen because it is
16 the forum most convenient to Google, and also to Traffic's
17 principals, who are the inventors of the Traffic Patents, and the
18 attorney who prosecuted the applications for the Traffic Patents.

19 Google asserts that private factors also weigh against
20 transfer, because 1) development of Google's accused product, GMM,
21 took place in Northern California and Washington; 2) GMM is operated
22 from Northern California and Washington; 3) inventors of the Traffic
23 Patents reside in Oregon and the invention that became the Traffic
24 Patents was likely conceived and reduced to practice in Oregon
25 and/or Washington; and 4) the Traffic Patents were prosecuted from
26 Oregon.

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1 Consequently, Google argues, the documents and physical
2 evidence relevant to both GMM and the Traffic Patents are much
3 closer to Oregon than to Texas. Google cites a Western District of
4 Washington case:

5 [I]n patent infringement cases, it is well-recognized that the
6 preferred forum is "that which is the center of gravity of the
7 accused activity." Amazon.com v. Cedant Corp., 404 F. Supp.2d
8 1256, 1260 (W.D. Wash. 2005)... The district court ought to be
9 as close as possible to the milieu of the infringing device
10 and the hub of activity centered around its production.
11 [internal quotation and citation omitted] Additionally, a
12 court should consider the location of the product's
13 development, testing, research and production. [internal
14 quotation and citation omitted] Also relevant is the place
15 where the marketing and sales decisions occurred, not just the
16 location of any particular sales activity.

17 Data Retrieval Technology, LLC v. Sybase, Inc., 2009 WL 960681 (W.D.
18 Wash. April 8, 2009) at *3.

19 Google asserts that Oregon is the "hub of activity" because its
20 own documents relating to the development of GMM are located in
21 Northern California and Washington, and access to Google's source
22 code is only available in Northern California or Washington, citing
23 Tse v. Apple Computer, Inc., 2006 WL 2583608 at *3 (hub of activity
24 is where accused software and products were designed and produced;
25 location of source code, technical specifications, schematics, and
26 technical operations documentation also relevant to hub of
27 activity). Google points out that the documentation relating to the
28 Traffic Patents is likely located in this District because the
attorney who prosecuted the applications leading to the Traffic
Patents is located in Portland.

Google argues that the availability of compulsory process also
favors this forum, Traffic does not deny that two witnesses it has

1 identified, inventors and principals Kevin Russell and Bruce DeKock,
2 reside in Oregon.³ On Google's side, the individuals who created,
3 developed and support the GMM product are located in Northern
4 California and Washington. Google contends that Traffic has not
5 identified a single non-party witness residing or working within the
6 Eastern District of Texas's subpoena power.

7 Google argues that despite Traffic's representation that
8 Russell and DeKock would be "willing" to travel to the Eastern
9 District of Texas, it has not represented that a third inventor of
10 the Traffic Patents, Qian, would also be willing.

11 Google dismisses Traffic's argument that the Eastern District
12 docket is less congested:

13 [W]hile the Eastern District of Virginia may dispose of cases
14 more quickly than the District of Oregon, Oregon's docket is
15 relatively fast compared with other districts and the schedule
16 set for this case anticipates a trial within twelve months of
filing the case. The difference in time between the two
districts is not enough to warrant upsetting plaintiff's
choice of forum or to disregard the first to file rule.

17 CollegeNET, Inc. v. Apply Yourself, Inc., 2002 WL 33962845 at *5 (D.
18 Or. July 26, 2002). Google points out that the court has issued a
19 scheduling order in this case, while no scheduling order has issued
20 in the non-Google Eastern District of Texas cases.⁴

21 And finally, Google disputes Traffic's contention that the
22 Eastern District's accumulated knowledge of the patents at issue and

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24 ³ The residence of a third inventor, Richard Qian, is not
revealed in the record before the court.

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26 ⁴ I note that the Eastern District of Texas has seven
district judges, no active senior district judges, and seven
magistrate judges. The District of Oregon has six district
judges, four active senior judges, and six magistrate judges.

1 the parties in the other pending cases generates enough judicial
2 efficiency to require the court to transfer, arguing that Traffic's
3 analysis ignores the fact that these various lawsuits involve
4 separate and unrelated parties, and, other than one of several
5 allegedly infringing products distributed by T-Mobile, products that
6 are separate from and unrelated to the product accused in this case.
7 Google argues that the central issue--whether the accused product
8 is infringing Traffic's patents--is likely to be unique with regard
9 to each of the lawsuits.

10 I recommend that Traffic's motion to transfer this case to the
11 Eastern District of Texas be denied. Because at least two of the
12 Traffic Patents' inventors and Traffic principals are situated in
13 Oregon, the attorney who prosecuted the Traffic Patents is in
14 Oregon, GMM is operated from Northern California and Washington, and
15 relevant source code for GMM is available in Northern California or
16 Washington, I am persuaded that this court is closer to the milieu
17 of GMM, the allegedly infringing device, and to the activity
18 centered around the production of both GMM and the Traffic Patents,
19 than the Eastern District of Texas. I am not persuaded that the
20 presence of other patent litigation initiated by Traffic in the
21 Eastern District of Texas, or Google's presence as a party in other
22 cases in the Eastern District of Texas, trumps Google's effort to
23 locate this case in a district closer to the hub of activity
24 pertinent to this case and to key witnesses.

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Conclusion

2 I recommend that Traffic's motion to dismiss and the
3 alternative motion to transfer to the Eastern District of Texas
4 (doc. # 8) be DENIED.

Scheduling Order

6 These Findings and Recommendation will be referred to a
7 district judge. Objections, if any, are due February 22, 2010. If
8 no objections are filed, then the Findings and Recommendation will
9 go under advisement on that date. If objections are filed, then a
10 response is due March 11, 2010. When the response is due or filed,
11 whichever date is earlier, the Findings and Recommendation will go
12 under advisement.

Dated this 2nd day of February, 2010.

/S/ Dennis James Hubel

Dennis James Hubel
United States Magistrate Judge