WILEY DECLARATION EX. 34

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

TSERA, LLC,	§	
	§	
Plaintiff,	§	
	§	
v.	§	**Civil Action No. 6:09cv312-LED-JDL**
	§	
APPLE, INC., et al.,	§	
	§	**JURY TRIAL DEMANDED**
Defendants.	§	

MEMORANDUM OPINION AND ORDER

Before the Court is Defendants Apple Inc. ("Apple"), Bang & Olufsen America, Inc. ("BOA"), Coby Electronics Corp. ("Coby"), Creative Labs, Inc. ("Creative"), Dane Electronics Corp. USA ("Dane"), Koninklijke Philips Electronics N.V. ("Philips N.V."), Philips Electronics North America Corporation ("Philips North America"), Microsoft Corp. ("Microsoft"), Samsung Electronics America, Inc. ("Samsung America"), and Samsung Electronics Co., Ltd. ("Samsung Co.")'s Joint Motion to Transfer Venue (Doc. No. 189) ("Motion"). Plaintiff Tsera, LLC ("Tsera") has filed a Response (Doc. No. 194) ("Response") and Surreply (Doc. No. 208) ("Surreply") in opposition to Defendants' Motion to Transfer. Defendants also support their Motion with a Reply (Doc. 205) ("Reply"). Having fully considered the parties' arguments and for the reasons set forth herein, the Defendants' Motion to Transfer Venue to the Northern District of California is **DENIED**.

BACKGROUND

Plaintiff Tsera filed suit against Defendants on July 29, 2009 alleging infringement of U.S. Patent No. 6,639,584 ("the '584 patent") (Doc. No. 1) ("Complaint"). The asserted patent is entitled "Methods and Apparatus for Controlling a Portable Electronic Device Using a Trackpad." Tsera

accuses Defendants of infringing the '584 patent with "portable electronic devices having touch-sensitive inputs." COMPLAINT at 7. The accused devices are portable music players, including Apple's iPod, Microsoft's Zune, Creative's Zen, and Philips' Go Gear. *See generally* COMPLAINT, FIRST AMENDED COMPLAINT (Doc. No. 8). Defendants now move to transfer venue to the United States District Court for the Northern District of California.

Tsera is a Texas limited liability corporation with an office, its principal place of business, in Tyler, Texas where it keeps all of its original documents and physical items relating to the conception, reduction to practice and prosecution of the '584 patent.[1] RESPONSE at 2 (relying on RESPONSE, EXH. 37, LIN-LI DECL. at ¶¶ 2–5) ("Lin-Li Decl."). Tsera also represents that the bank account from which it pays all corporate expenses, including rent for its Tyler office, is in this district. LIN-LI DECL. at ¶ 4. The inventor of the '584 patent, Chuang Li, was previously employed by the California company Actiontec Electronics, Inc., but Tsera represents that he currently spends the majority of his time in China. RESPONSE at 2–3 (relying on LIN-LI DECL. at ¶ 6). The inventor's wife, Jane Lin-Li, a manager of Tsera, represents that she currently lives in Saratoga, California but will be joining her husband in China on a full time basis in June 2010. LIN-LI DECL. at ¶ 6 (stating that Ms. Lin-Li has only remained in California this past year to assist her daughter in beginning college in the United States).

The ten remaining Defendants in this action have provided a table designating their

[1] Tsera represents that these documents include: inventor Chuang Li's handwritten notes relating to conception, the patent prosecution file for the '584 patent, the patent prosecution file for PCT/US/00/40318– the patent prosecution file for an unfiled Taiwanese patent application related to the inventions claimed in the '584 patent, purchase orders/invoices for MP3 parts obtained by Chuang Li, and inventor's product purchases. LIN-LI DECL. at ¶ 5.

respective headquarters.[2] MOTION at 12–13. Apple is a California Corporation with its headquarters located within the Northern District of California in Cupertino, CA. MOTION at 8, n.4. Creative is also located in the transferee district with its principal place of business in Milpitas, CA. *Id*. Dane maintains its headquarters in Irvine, CA, in the Central District of California. The remaining Defendants list their headquarters throughout the United States and the larger international community: BOA is located in Arlington Heights, IL; Coby is located in Lake Success, NY; Microsoft is located in Redmond, WA; Philips N.V. is located in Amsterdam, Netherlands; Philips North America is located in Andover, MA; Samsung Co. is located in Seoul, South Korea; and Samsung America is located in Ridgefield Park, N.J. *Id.*

LEGAL STANDARD

Defendants move to transfer pursuant to 28 U.S.C. § 1404(a), which provides that a court may transfer a civil action to any district in which it might have been brought "[f]or the convenience of the parties and witnesses" and "in the interests of justice." 28 U.S.C. § 1404(a). The goals of § 1404(a) are to prevent waste of time, energy, and money, and also to protect litigants, witnesses, and the public against unnecessary inconvenience and expense. *Van Dusen v. Barrack,* 376 U.S. 612, 616 (1964). Ultimately it is within a district court's sound discretion to transfer venue pursuant to 28 U.S.C. § 1404(a), but the court must exercise its discretion in light of the particular circumstances of the case. *Hanby v. Shell Oil Co.,* 144 F. Supp.2d 673, 676 (E.D.Tex. 2001); *Mohamed v. Mazda Corp.,* 90 F. Supp.2d 757, 768 (E.D. Tex. 2000). The party seeking transfer of venue must show good cause for the transfer. *In re Volkswagen of America, Inc.,* 545 F.3d 304, 315

[2] The majority of the Defendants in this action are Delaware corporations with principal places of business in an alternative location. *See* MOTION at 8, n 4.

(5th Cir. 2008) (hereinafter "Volkswagen II"). To show good cause, the movant must demonstrate the proposed transferee venue is clearly more convenient. *Id.*

The Fifth Circuit has adopted the *Gilbert* factors, *see Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 507 (1947), for determining § 1404(a) venue transfer questions. *Id.* at 315 n.9. When deciding whether to transfer venue, a district court balances two categories of interests: the private interests, *i.e.*, the convenience of the litigants, and the public interests in the fair and efficient administration of justice. *Id.* The private interest factors weighed by the court include: "(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." *Id.* The public interest factors include: "(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.* This list is not exhaustive nor is any single factor dispositive. *Id.*

Several recent appellate opinions must be addressed in determining whether transfer is appropriate in this case. *Volkswagen* involved a products liability claim stemming from an automobile collision in Dallas, Texas. 545 F.3d at 307. On rehearing *en banc*, the Fifth Circuit granted a writ of mandamus requiring the Eastern District of Texas to transfer the case to the Northern District of Texas. *Id.* at 307. It found that the trial court had erred by giving inordinate weight to the plaintiff's choice of venue and by not giving appropriate weight to— among other things— the locations of proof, the cost of attendance of willing witnesses, the availability of compulsory process, and the localized interest of the fora. *Id.* at 318.

Shortly thereafter, the Federal Circuit— relying on *Volkswagen II*— granted a writ of mandamus requiring the Eastern District of Texas to transfer a patent case to the Southern District of Ohio. *In re TS Tech USA Corp.*, 551 F.3d 1315, 1322–23 (Fed. Cir. 2008) (hereinafter "TS Tech"). The Federal Circuit found that in the underlying case— *Lear Corp. v. TS Tech USA, Inc.*, No. 2:07-cv-406, 2008 U.S. Dist. LEXIS 105072 (E.D. Tex. Sept. 10, 2008)— the trial court erred by (1) giving too much weight to the plaintiff's choice of forum; (2) failing to recognize the cost of attendance of witnesses; (3) failing to recognize the ease of access to sources of proof; and (4) disregarding the Fifth Circuit precedent for analyzing the public interest in having localized interests decided at home. *Id.* More recently, the Federal Circuit also granted a writ of mandamus requiring the Eastern District of Texas to transfer a patent case to the Northern District of California. *In re Genentech, Inc.*, 566 F.3d 1338 (Fed. Cir. 2009) (hereinafter "Genentech"). It found that the trial court erred by (1) improperly applying the 100-mile rule; (2) improperly substituting its central proximity for a measure of the convenience of the witnesses and parties, and the relative ease of access to evidence; (3) failing to appropriately weigh the compulsory process factor; and (4) erroneously weighing two irrelevant considerations: whether the transferee court would have personal jurisdiction over the plaintiff, and the defendant's litigation history in the transferor district. *Id.* at 1348.

Most recently, the Federal Circuit has granted writs of mandamus in two more cases. In *In re Hoffman-La Roche Inc.*, 587 F.3d 1333 (Fed. Cir. 2009) (hereinafter "Hoffman-LaRoche"), the appellate court found the district court had erred by (1) improperly weighing the districts relative subpoena power; (2) considering sources of proof electronically transported to the transferor district; and (3) concluding the transferee district had no greater local interest in the resolution of the case.

Id. at 1336–38. In *In re Nintendo Co.*, 589 F.3d 1194 (Fed. Cir. 2009) (hereinafter "Nintendo"), the appellate court found "[t]he district court: (1) applied too strict of a standard to allow transfer; (2) gave too much weight to the plaintiff's choice of venue; (3) misapplied the *forum non conveniens* factors; (4) incorrectly assessed the 100-mile tenet; (5) improperly substituted its own central proximity for a measure of convenience of the parties, witnesses, and documents; and (6) glossed over a record without a single relevant factor favoring the plaintiff's chosen venue." These cases will be discussed in more detail below.

ANALYSIS

The Fifth Circuit has made clear that the first determination a district court must make is whether the claims might have been brought in the suggested transferee district. *Volkswagen II*, 545 F.3d at 312–13. The parties do not dispute that this claim could have been brought in the Northern District of California. The second determination a district court must make is to consider the convenience of the parties in both venues by weighing the private and public interest factors stated in *Volkswagen II*. 545 F.3d at 314–16.

A. The Private Interest Factors

1. The Relative Ease of Access to Sources of Proof

Access to sources of proof is a "meaningful factor" in the venue transfer analysis, even in the age of electronic discovery. *Volkswagen II*, 545 F.3d at 316. "In patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer. Consequently, the place where the defendant's documents are kept weighs in favor of transfer to that location." *Genentech*, 566 F.3d at 1345 (quoting *Neil Bros. Ltd. v. World Wide Lines, Inc.*, 425 F. Supp.2d 325, 330 (E.D.N.Y. 2006)).

Defendants argue that much of the evidence about the accused products is located in the Northern District of California and Defendants' overall proximity to the sources of proof weighs in favor of transfer. Defendants emphasize that Apple and Creative are located in the Northern District and Defendants Microsoft and Dane are located on the West Coast. REPLY at 3. Defendants further challenge the legitimacy of Tsera's assertion that it maintains its sources of proof in the Eastern District of Texas. Defendants not only contend that the Eastern District of Texas "lacks relevant business operations, likely witnesses, or physical evidence," but they further contend that Plaintiff's cognizable connections are predominantly to California. MOTION at 1–2. This argument is premised on facts establishing that Mr. Li lived and worked in the Northern District of California at the time the '584 patent was filed. Ultimately, Defendants allege that Plaintiff has only "putative connections" to Texas that are the result of Tsera's attempts to manipulate venue. MOTION at 5–6 (arguing that Tsera's decision to incorporate and file a lawsuit in the Eastern District of Texas is not legally cognizable in a transfer analysis); REPLY at 5–6.

Plaintiff responds that Defendants have not met their burden in establishing that the sources of proof favor transfer. In particular, Plaintiff argues that the various locations of the parties' documents weighs against transfer because all of Tsera's relevant documents are located in Tyler, and Defendants' documents are spread throughout the United States, Europe, and Asia without a centralized location in any one district. RESPONSE at 6–8. Tsera specifically details where relevant documents are likely to be stored for the BOA, Coby, Philips America, Samsung, Dane, and Creative Defendants, arguing that each of these companies stores its relevant documents great distances from the Northern District of California. *Id*. at 6–7.

While typically the place where an accused infringer's documents are kept weighs in favor of transfer, here the decentralized locations of Defendants' documents significantly lessens the weight given to transfer. It does not appear to be disputed that all eight Defendants will produce documents from their respective headquarters in Cupertino, CA (Apple), Miliptas, CA (Creative), Irvine, CA (Dane), Arlington Heights, IL (BOA), Lake Success, NY (Coby), Redmond, WA (Microsoft), Amsterdam, Netherlands (Philips N.V.), Andover, MA (Philips North America), Seoul, South Korea (Samsung Co.), and Ridgefield Park, N.J. (Samsung America). The parties also suggest additional locations that may contain relevant documents. For example, Defendants suggest Philips' in-house counsel is located in San Jose, CA and Coby has its Western distribution center in Rancho Dominguez, CA.[3] MOTION at 4–5. Tsera offers similar suggestions as to the location of additional documents, noting that BOA's parent corporation has its global headquarters in Struer, Denmark; Dane's parent corporation has its global headquarters in Bagnolet, France; and Creative's parent corporation has its global headquarters in Singapore, with manufacturing operations in China. RESPONSE at 6–7.

Thus, the idea that transfer of this case actually enhances access to documents is somewhat belied by the existence of documents in locations closer to the Eastern District of Texas than the Northern District of California. When additionally considering the presence of Plaintiff's documents in this district, transfer would, to some extent, only shift inconvenience from one party to the other. *See Aloft Media, LLC v. Yahoo!, Inc.*, No. 6:08-cv-509, 2009 WL 1650480, at *3 (E.D. Tex. June 10, 2009) (Love, M.J.) (hereinafter "Aloft II"); *Emanuel v. SPX/OTC Tools*, No. 6:09-cv-220, 2009

[3] It is disputed whether Coby actually maintains any documents at this location. *See* MOTION at 5; RESPONSE at 7, n.9.

WL 3063322, at *5 (E.D. Tex. Sept. 21, 2009) (Love, M.J.) (attributing weight to plaintiff's relevant sources of proof because "in light of the fact that all of the inventor's documents are only 200 miles away from the transferor forum, it would clearly be more convenient for the Plaintiff to transport this evidence to the Eastern District of Texas"); *All Voice Dev. U.S., LLC. v. Microsoft Corp.*, No. 6:09-cv-366, slip op. at 7 (E.D. Tex. Apr. 8, 2010) (Doc. No. 59) (Love, M.J.) (unpublished at this time) (hereinafter "All Voice"). Defendants urge the Court to read *Hoffman-LaRoche* as prohibiting the consideration of a recently incorporated plaintiff's location, such as Tsera, but the Court finds this analysis inapposite. *See All Voice,* slip op. at 7.

Weighing all of the competing considerations, the Court finds this factor neutral. While the location of certain Defendants' documents supports transfer, the location of Plaintiff's documents and the decentralized locations of Defendants' documents as a whole counterbalance the convenience gains that would be realized by transfer.

2. The Availability of Compulsory Process

Rule 45(b)(2) of the Federal Rules of Civil Procedure governs the places where a subpoena may be served. A court's subpoena power is subject to Rule 45(c)(3), which protects non-party witnesses who live or work more than 100 miles from the courthouse. *Volkswagen II*, 545 F.3d at 304. In *Volkswagen II*, the Fifth Circuit ruled on a fact scenario in which the transferee venue enjoyed "absolute subpoena power"[4] over all possible witnesses. *Id.* at 316–17. In *Hoffman La-Roche*, the Federal Circuit applied *Volkswagen II*, finding that this factor should weigh in favor of

[4] As the Federal Circuit has made clear, "absolute subpoena power" refers to subpoena power "for both depositions and trial" and does not mean the authority to compel the attendance of all relevant and material non-party witnesses within a particular court. *Hoffman La-Roche*, 587 F.3d at 1338 (citing *Volkswagen II*, 545 F.3d at 316); *see also Genentech*, 566 F.3d at 1345.

transfer where the transferor district had absolute subpoena power over no witnesses and the transferee district had "absolute subpoena power over at least four non-party witnesses." *Hoffman-La Roche*, 587 F.3d at 1338.

Based on the representations that have been made to this point in the litigation, the Court faces substantial difficulties in determining the relevant witnesses that will actually testify in this case.[5] Defendants identify potential witnesses associated with asserted prior art[6] to argue that the Northern District of California is the predominant location for witnesses who can testify regarding the scope and functionality of the prior art. *See* MOTION at 9. Defendants further suggest that former Apple employees in the Northern District of California may have knowledge regarding the development and marketing of the accused product. *Id.* at 11. Despite the representation that "fully 18 of the 24 identified third party witnesses with knowledge of the '584 and/or accused products are located in the Northern District," however, Defendants' Initial Disclosures raise doubt about the consistency of Defendants' proffered witness list.[7] Specifically, in Plaintiff's Surreply, Tsera points

[5] Further complicating the application of this factor is the speculativeness of whether any given witness will be unwilling to testify. Consideration is given to the availability of compulsory process for unwilling witnesses, but in this case, the parties have not presented which witnesses, if any, are unwilling to testify. *See BNSF Ry. Co. v. OOCL (USA), Inc.*, 667 F. Supp.2d 703, 711 (N.D. Tex. 2009); *Ternium Intern. U.S.A. Corp. v. Consolidated Sys., Inc.*, No. 3:08-cv-816, 2009 WL 464953, at *3 (N.D. Tex. Feb. 24, 2009).

[6] The four prior art witnesses in the Northern District of California specifically identified by Defendants are: (1) David W. Gillepsie, (2) William S. Herz, (3) Marcus K. Bryan, Jr., and (4) Alexander J. Limberis. MOTION at 9.

[7] Tsera complains that in Defendants' Initial Disclosures, certain representations are misleading. The Court expresses particular concern as to the following apparent discrepancies:

- Creative uses its corporate address for three witnesses, but at least one of these witnesses is a third party who is not feasibly located at Creative's California address. Additionally, a second Creative witnesses listed at the Creative California address is reported on Creative's website to work for ZiiLABS in London. SURREPLY at 4.
- All of the witnesses listed for Samsung Co. are listed as being in Asia but the Samsung Initial Disclosures only provide its outside counsel's address in San Francisco for those same witnesses. *Id.*
- Apple's Initial Disclosures do not identify a single current employee with any knowledge regarding the

out that Defendants may be misidentifying the locations of potential third party witnesses in order to "create the false impression" that the majority of witnesses are located in the Northern District of California. SURREPLY at 4.

While the Court need not resolve the accuracy of each party's third party witness list at this time, the disputed identities and locations of these individuals demonstrate the difficulties the Court has in determining the need for the exercise of subpoena power in this case. Additionally, unlike *Volkswagen II*, this case presents a situation where no one district will have the power to subpoena deposition testimony and trial testimony from all non-party witnesses. Of the potential non-party witnesses envisioned by the parties, it is probable that they will be located all over the United States and possibly as far as the Netherlands and South Korea. Neither this district, nor the Northern District of California, will be able to compel testimony from all non-party witnesses. In short, the most likely reality is that no matter where this case is tried, there will be witnesses who will have to travel a long distance. *See MedioStream, Inc v. Microsoft Corp.*, No. 2:08-cv-3690, 2009 WL 3161380, at *4 (E.D. Tex. Sept. 30, 2009); *Personal Audio, LLC v. Apple, Inc. et al.*, No. 9:09-cv-111, 2010 WL 582540, at *5 (E.D. Tex. Feb. 11, 2010) (noting that few modern patent cases involve witnesses from only one state, or even one region or country).

> research, design, development, manufacture, operation or sales of the accused iPod product. Instead, Apple maintains that this information should be obtained exclusively from third party witnesses (presumably former employees) located in the Northern District of California. *Id*. at 5. This representation suggests at least the possibility of disingenuous attempts to "increase the number of non-party witnesses" present in the Northern District of California. *See Personal Audio*, 2010 WL 582540, at *4.

The Court recognizes that misleading disclosures are a problem that is common to both plaintiffs and defendants. Often both sides unnecessarily expand their party and non-party witness lists to include witnesses that are unlikely to actually testify in an effort to bolster their respective positions when arguing a motion to transfer venue.

Finally, while federal courts have traditionally preferred live testimony, the Court recognizes the availability of videotaped deposition testimony of a witness who is beyond subpoena power. *Personal Audio*, 2010 WL 582540, at *5; *see also Symbol Tech., Inc. v. Metronomic Instruments, Inc*., 450 F. Supp. 2d 676, 679 (E.D. Tex. 2006). "Given the international scope of intellectual property development, modern video equipment used by skilled operators under the direction of experienced counsel provides a reasonable and cost-efficient alternative for presenting testimony from which a jury or judge can make valid determinations of facts and even credibility." *Personal Audio*, 2010 WL 582540, at *5. The facts and geographic circumstances contemplated in this case present no reason why video depositions of non-parties would somehow cause Defendants hardship at trial.

Taken as a whole, this factor weighs slightly in favor of transfer to the Northern District of California, where there is a greater likelihood that the Court would enjoy compulsory process over a greater number of non-party witnesses. The speculative nature of the locations of potential non-party witnesses, the lack of any one district that can compel deposition and trial testimony from all non-party witnesses, and the availability of videotaped deposition testimony, however, mitigates the ultimate weight the Court affords this factor. *See Emanuel*, 2009 WL 3063322, at *6 (finding this factor weighs in favor of the transferee forum based on a relative comparison between the two districts, but recognizing the pragmatic realities that dilute the emphasis given to this factor); *MedioStream*, 2009 WL 3161380, at *4 (declining to give this factor dispositive weight where there is a lack of specificity as to where the majority of the witnesses reside).

3. Convenience of the Parties and Witnesses and Cost of Attendance for Willing Witnesses

This factor requires a court to carefully consider the convenience of all parties and witnesses. *TS Tech*, 551 F.3d at 1320; *Genentech*, 566 F.3d at 1338. In *Volkswagen I*, the Fifth Circuit established the "100-mile" rule, which states that "[w]hen 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 the convenience to the witness increases in direct relationship to the additional distance to be traveled." *In re Volkswagen AG*, 371 F.3d 201, 204–05 (5th Cir. 2004) (hereinafter "Volkswagen I").

The convenience of non-party witnesses weighs most heavily when considering this factor. *Amini Innovation Corp. v. Bank & Estate Liquidators, Inc*., 512 F. Supp.2d 1039, 1043 (S.D. Tex. 2007) (internal citations omitted); *Gundle Lining Const. Corp. v. Fireman's Fund Ins. Co*., 844 F. Supp. 1163, 1166 (S.D. Tex. 1994) (citing 28 U.S.C. § 1404(a)) ("It is the convenience of non-party witnesses, rather than that of employee witnesses, however, that is the more important factor and is accorded greater weight."). There are apparently four non-party witnesses with knowledge of relevant prior art that Defendants identify in the Northern District of California.[8] Tsera also identifies two potential witnesses with knowledge of prior art in Plano, Texas[9] and suggests non-party prior art witnesses in New York and Illinois. RESPONSE at 13–14. Tsera asserts that because it does not have relationships with third parties relevant to infringement, it is unable to identify all non-party witnesses by name at this time. It does suggest, however, that non-party witnesses with knowledge of the microcontroller used in some of the accused products are located in Austin, Texas. RESPONSE at 13, n.18. A review of Tsera's Initial Disclosures further lists non-party witnesses with possible

[8] *See* prior art witnesses previously identified at page 10, n.4, *supra.*

[9] As pointed out by Tsera, Plano is located in the Eastern District of Texas. RESPONSE at 14.

knowledge of Tsera's licensing strategies in California and Washington. *See* REPLY at 3 (attaching Tsera's Initial Disclosures, REPLY, EXH. B, VON DER AHE SUPP. DECL.).

As discussed earlier, it is very difficult to tell who the non-party witnesses are and which witnesses will be called at trial. Nonetheless, at least as it concerns non-party witnesses at this time, this factor would favor transfer— but only slightly— due to the lack of clarity in the identification of non-party witnesses.

Defendants do not identify or enumerate party witnesses in the briefing. Instead, Defendants present a table detailing the distances and approximate travel times from each Defendant's headquarters to courthouses in both the Eastern District of Texas and the Northern District of California. MOTION at 12–13. This table is intended to illustrate Defendants' contention that the Northern District of California provides more convenient travel times for the majority of Defendants. In addition to arguing that the Northern District of California is more convenient and cost-effective for Defendants, they also suggest that the Northern District would actually be more convenient for Tsera. *Id*. at 5–6. Defendants argue that Tsera conceived the claimed invention and reduced it to practice in the Northern District of California, making the Northern District more convenient for five of the seven Tsera witnesses with knowledge of the '584 patent. REPLY at 3.

Tsera argues that its decision to file suit here should be presumed to deem the present forum convenient for its witnesses. RESPONSE at 15 (citing *Aloft I*, 2008 WL 819956, at *6). However, Tsera does not cite any of its witnesses who reside or work in or near the Eastern District of Texas. Tsera only identifies Mr. Li and Ms. Lin-Li, who reside or will reside in China. Furthermore, Tsera notes that party witnesses for Defendants in this case lack a localized forum as they are located in

California, Illinois, Massachusetts, New Jersey, New York, Washington, Amsterdam, China, France, and South Korea. RESPONSE at 15.

Based on these representations, the Court cannot conclusively identify the identity and location of party witnesses likely to be called to testify at trial. In addition, the Court cannot assess who will be a "key witness" at trial. *See Genentech*, 566 F.3d at 1343. The Court, therefore, assumes that party witnesses will hale from each Defendant's respective principal place of business and applies the 100-mile rule to the locations identified in Defendants' table of approximate travel times. *See* MOTION at 12–13. Under this rationale, the Northern District of California would be presumptively more convenient for Apple, Creative, Microsoft, and Dane— those Defendants with a discernible presence on the West Coast— but would not be more convenient for remaining Defendants BOA, Coby, Phillips North America, and Samsung America. Despite the geographic proximity that would be enjoyed by some Defendants in the event of transfer, the decentralized locations of Defendants' witnesses somewhat offsets this convenience when Defendants are evaluated as a whole.

While Tsera submits declarations attesting to the convenience of this district for both Mr. Li and Mrs. Lin-Li, *see* RESPONSE at 15, n.15, the Court will not presume that this district is more convenient for Plaintiff's witnesses simply because Tsera filed suit here. Similar arguments for a plaintiff's presumed convenience were rejected in *Odom v. Microsoft*, where an Oregon inventor and patent owner asserted that this district was more convenient by virtue of Mr. Odom's decision to bring suit in Tyler. In that case, the Court found the 100-mile rule to control despite plaintiff's representations that distance did not diminish the convenience of its witnesses. *Odom v. Microsoft Corp.*, 596 F. Supp.2d 995, 1002 (E.D. Tex. 2009) (Love, M.J.) (finding that this factor weighed in

favor of transfer because plaintiff's witnesses would need to travel approximately 1700 miles to reach Tyler). Therefore, since Tsera does not identify any witnesses residing in or close to this district, any presumed convenience in filing here will not weigh against transfer. Further, where, as here, no witnesses are in or near the Eastern District of Texas, the convenience of Mr. Li and Ms. Lin-Li as overseas witnesses is largely irrelevant. *See Genentech*, 566 F.3d at 1344–45 (cautioning against consideration of overseas witnesses where witnesses are identified in the transferee district and no witnesses have been identified in the transferor district).

Weighing all of the above considerations, this factor favors transfer, but only slightly.

4. Other Factors Relevant in Conducting an Expeditious and Inexpensive Trial

The parties dispute the timeliness of Defendants' Motion to Transfer. Tsera contends that Defendants' delay in filing the instant Motion will cause significant prejudice to Plaintiff if the Motion is granted. *See* RESPONSE at 16. At the close of the parties' submissions, Tsera notes that "Defendants have still offered no credible explanation for their unreasonable delay in filing this Motion, and do not dispute that transfer of the this action to the Northern District of California will derail the schedule in place and significantly delay this litigation." SURREPLY at 2, n.3. In response, Defendants contend that they did not delay too long in bringing this Motion because it was timely filed within six months of service of the First Amended Complaint on all Defendants and less than a month after the initial case management conference. REPLY at 2. Defendants additionally argue that this Motion was filed in conjunction with the exchange of initial disclosures because key facts relating to the transfer analysis were confirmed through these disclosures. *Id*.

Unlike a rule 12 motion based on improper venue, § 1404(a) sets no time limit for bringing a motion to transfer thereunder. *Mohamed v. Mazda Motor Corp.*, 90 F. Supp. 2d 757, 759 (E.D.

Tex. 2000) (noting difference and that § 1404(a) motion to transfer "can technically be made at *any* time"). However, the Fifth Circuit has held that a motion to transfer venue under § 1404(a) should be made with "reasonable promptness." *Peteet v. Dow Chemical Co.*, 868 F.2d 1428, 1436 (5th Cir. 1989). Thus, if the party opposing transfer can show that the § 1404(a) transfer motion would result in prejudice solely due to the delay in bringing the motion or that the motion is a dilatory tactic, then the movant has failed to show "reasonable promptness." *Mohamed*, 90 F. Supp. 2d at 760 (citing *Peteet*, 868 F.2d at 1436).

This case is in an intermediate stage. Defendants filed the instant Motion on February 3, 2010– well over six months after Tsera's original Complaint was filed and almost exactly six months after the First Amended Complaint was filed on July 29, 2009.[10] After receiving extensions of time, all Defendants answered the Amended Complaint by October 27, 2009, a full three months before bringing this Motion. At this time, Tsera has served its preliminary infringement contentions and production and Defendants have served their preliminary invalidity contentions and production. The Court has additionally entered discovery and docket control orders and scheduled a firm date for the *Markman* hearing and trial. The *Markman* hearing is approximately five months away, and trial is set to take place in June 2011.

At this stage in the case, the Court finds prejudice to all parties, and Plaintiff in particular, should this case be transferred to another court that would not adhere to this trial schedule. *See generally Konami Dig. Entm't Co., Ltd. v. Harmonix Music Sys., Inc*., No. 6:08-cv-286, 2009 WL 781134, at *7 (E.D. Tex. Mar. 23, 2009) (Love, M.J.) (denying transfer based in part on the fact that Defendants filed their motion six months after the complaint was filed and offered no legitimate

[10] All Defendants were named in this suit at the time the first Amended Complaint was filed.

excuse for the delay). Should the Court transfer this case to the Northern District of California, the current trial settings would likely be lost with resulting difficulty, delay, and costs for both parties. *See id.*; *Realtime Data, LLC v. Packeteer, Inc.*, No. 6:08-cv-144, slip op. at 14–15 (E.D. Tex. Mar. 5, 2009) (Doc. No. 239) (unpublished) (hereinafter "Realtime"); *Aloft I*, 2008 WL 819956, at *8. Citing to a study conducted by PriceWaterhouseCoopers in 2008, Tsera asserts that the median time to trial for patent infringement cases in the Northern District is 2.87 years, while the median time to trial in the Eastern District of Texas is 1.79 years. RESPONSE at 17 (citing RESPONSE, EXH. 32 at 17, OLIVER DECL.) (hereinafter "PWC Study"). Crediting this study as reliable evidence that patent cases go to trial as much as a year more quickly in this district, the Court concludes that the parties would suffer prejudice in the form of delay if this case were transferred. Accordingly, while certainly not determinative, this factor weighs slightly against transfer.

B. The Public Interest Factors

1. The Administrative Difficulties Flowing From Court Congestion

"[T]he speed with which a case can come to trial and be resolved may be a factor the court can consider." *Personal Audio*, 2010 WL 582540, at *6 (quoting *Genentech*, 566 F.3d at 1347). The prompt resolution of claims is an important consideration under §1404(a), but the possibility that transfer may somewhat delay the ultimate resolution of a case cannot, in the absence of other factors weighing against transfer, justify retaining a case. *Henderson v. AT&T Corp.*, 918 F. Supp. 1059, 1067 (S.D. Tex. 1996).

As discussed previously, the PWC study submitted by Plaintiff approximates the median time to trial in the Northern District of California is over a year longer than the time to trial in the Eastern District of Texas. RESPONSE at 17 (citing PWC STUDY). While this study is by no means an exact

methodology for determining the length to trial in a patent case, it creates at least a reasonable inference of greater docket congestion in the Northern District of California. *See Realtime,* slip op. at 16 (finding this factor to weigh against transfer because plaintiff provided reliable evidence supporting the inference that docket congestion in the Northern District of California is a direct cause for the increased time to trial). Thus, this factor weighs slightly against transfer.

2. The Local Interest in Having Localized Controversies Decided at Home

This factor considers the interest of the locality of the chosen venue in having the suit resolved there. *Volkswagen I*, 371 F.3d at 205–06. This consideration is based on the principle that "[j]ury duty is a burden that ought not to be imposed upon the people of a community [that] has no relation to the litigation." *Id*. (citing *Gilbert*, 330 U.S. at 508–09). This factor may weigh in favor of transfer where none of the operative facts occurred in the division and where the division has no particular interest in the outcome of the case. *MedIdea*, 2010 WL 796738, at *4 (citing *Volkswagen II*, 545 F.3d at 318). When the accused products are sold in every district in the country, this factor will be neutral unless a district has identifiable connections to the events giving rise to the suit. *See Hoffman-La Roche*, 587 F.3d at 1338. For example, local interest may be strong where "the cause of action calls into question the work and reputation of several individuals residing in or near that district and who presumably conduct business in that community." *Id.* at 1336.

Defendants argue that the Eastern District of Texas has little or no interest in the outcome of this litigation and challenge the legitimacy of Plaintiff's choice to incorporate and file suit in this district. MOTION at 1–2; REPLY at 2–6. Relying on recent Federal Circuit decisions, Defendants conclude that Plaintiff's choice of venue is not considered in a § 1404(a) transfer analysis. *See* MOTION at 2 (citing *Nintendo*, 589 F.3d 1194, 1199–1200 (Fed. Cir. 2009)). In particular,

Defendants characterize Tsera, LLC as a "made for litigation" entity which falls within the scope of "prohibited activities" discussed in *Hoffmann-LaRoche*. *See* MOTION at 6 (citing 587 F.3d at 1337).

As a preliminary matter, the Court does not read *Hoffmann-La Roche* to support Defendants' position that Plaintiff's decision to incorporate in Tyler shortly before filing suit is within the scope of disfavored activities. In *Hoffman-La Roche*, the plaintiff's counsel had converted 75,000 pages of documents into electronic format and transferred them to litigation counsel in Texas. 587 F.3d at 1336–37. The Federal Circuit found "the assertion that these documents are 'Texas' documents is a fiction which appears to be have been [sic] created to manipulate the propriety of venue." *Id.* at 1337. As previously acknowledged, however, "unlike transporting 75,000 pages of documents, a business opens its doors in a particular location for a number of considerations, including the cost of rent, market profitability, cost of doing business, and tax benefits." *MedIdea*, 2010 WL 796738, at *2. The Court is not persuaded that Tsera's decision to incorporate in a particular location is analogous to litigation counsel's transfer of electronic copies of certain documents to the transferor forum. *See Hoffman-La Roche*, 587 F.3d at 1336–37.

The Court recently rejected arguments similar to those presented by Defendants on this issue. In *All Voice*, Microsoft argued that the Eastern District of Texas has no real interest in a case where a plaintiff incorporates in Texas to "manipulate venue." *All Voice,* slip op. at 7. In that case, the Court concluded that "when a party has its principal place of business in a given district, that district has a local interest in adjudication of the case." *Id*. (citing *BNSF Ry. Co. v. OOCL (USA), Inc*., 667 F. Supp.2d 703, 712 (N.D. Tex. 2009) (hereinafter "BNSF")). This finding is consistent with the

holdings of other district courts in this Circuit applying *Volkswagen* in a non-patent context,[11] where a district maintains a local interest in deciding disputes at home when a litigant's lives in or maintains a principal place of business within the district.

In this case, the Eastern District's local interest in the dispute results from Tsera's business decision to open an office in this particular location. Tsera, LLC became a valid legal entity on the date of its incorporation, and it is common for a business to incorporate in a particular state for specific business purposes. *MedIdea*, 2010 WL 796738, at *2; *Personal Audio*, 2010 WL 582540, at *3, n.2. The Court is not aware of any binding authority holding that "strategic" incorporation should be held against a corporation when analyzing venue or jurisdiction, and therefore, declines to scrutinize Plaintiff's business decision to incorporate here. *See Personal Audio*, 2010 WL 582540, at *3, n.2 (noting, *inter alia*, that Delaware corporations incorporate in Delaware in order to take advantage of that state's corporate tax laws and its courts' specialized experience). In forming an entity under Texas law and designating Tyler as its principal place of business, public policy supports subjecting East Texas residents to jury service, if necessary, to adjudicate this dispute. *See Principal Tech. Eng., Inc. v. SMI Companies*, No. 4:09-cv-316, 2009 WL 4730609, at *8 (E.D. Tex. Dec. 8, 2009) ("The Federal Circuit recognized in *TS Tech* that the presence of a party's office within a district should be considered in evaluating a public interest in the litigation.") (citing 551 F.3d at 1321).

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[11] *See, e.g., Principal Tech. Eng., Inc. v. SMI Companies*, No. 4:09-cv-316, 2009 WL 4730609, at *8 (E.D. Tex. Dec. 8, 2009) (affording a local interest to both plaintiff and defendant in a breach of contract dispute based on the location of the parties' principal places of business); *BNSF*, 667 F. Supp.2d at 712 (denying transfer in a breach of contract action in part because plaintiff had its principal place of business within the Northern District of Texas); *Hunkin v. Cooper/T.Smith Stevedoring Co., Inc.*, No. 6:08-0456, 2008 WL 4500392, at *4 (E.D. La. Sept. 29, 2008) (denying defendant's motion to transfer a personal injury suit out of plaintiff's home district, noting that it is "well-established" that there is a local interest in deciding local issues at home).

The local interest deriving from Tsera's incorporation in this district will be weighed alongside the local interests of other fora in which Defendants maintain a principal place of business. Essentially, both the Eastern District and the transferee district have local interests in the resolution of this case. Defendants Apple and Creative have their principal offices in the Northern District of California, affording that district a local interest in the case. Similarly, other Defendants located in the Central District of California (Dane), the Western District of Washington (Microsoft), the Northern District of Illinois (BOA), the Eastern District of New York (Coby), the District of Massachusetts (Philips North America), and the District of New Jersey (Samsung North America) afford those districts a local interest. The diversified local interests result in no forum having a greater stake in the outcome of the litigation. *Cf. MedioStream*, 2009 WL 3161380, at *5 (finding that this factor favors transfer after weighing the local interest of each district in which a party maintained its principal place of business).

With no forum having a greater local interest, Defendants have not met their burden of establishing that this factor supports transfer. *See All Voice*, slip op. at 7–8. As such, this factor is neutral.

3. The Familiarity of the Forum with the Law that will Govern the Case

Since both this Court and the Northern District of California are equally capable of applying patent law to the infringement claims, this factor is neutral as to transfer.

4. The Avoidance of Unnecessary Problems of Conflict of Laws

As in most patent cases, this factor is neutral. *See Aloft II*, 2009 WL 1650480, at *6; *J2 Global Commc'ns, Inc. v. Protus IP Solutions*, No. 6:08-cv-211, 2008 WL 5378010, at *6 (E.D. Tex. Feb. 20, 2009).

CONCLUSION

The Court concludes that Defendants have failed to show that the Northern District of California is a clearly more convenient forum for adjudicating this case. Private interest factor 4 and public interest factor 1 weigh slightly against transfer. Private interest factors 2 and 3 weigh slightly in favor of transfer, and the remainder of the private and public interest factors are neutral. Defendants' Motion to Transfer is **DENIED**.

So ORDERED and SIGNED this 12th day of May, 2010.

JOHN D. LOVE
UNITED STATES MAGISTRATE JUDGE