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

DIETGOAL INNOVATIONS LLC,	§	
	§	
Plaintiff,	§	
	§	Civil Action No. 2:11-cv-00418-DF
v.	§	
	§	Jury Trial Demanded
ARBY'S RESTAURANT GROUP, INC., *et al.*,	§	
	§	
	§	
Defendants.	§	

PLAINTIFF DIETGOAL INNOVATIONS LLC'S RESPONSE IN OPPOSITION TO DEFENDANT EL POLLO LOCO, INC.'S MOTION TO SEVER AND IN ADDITION OR IN THE ALTERNATIVE TO DISMISS FOR IMPROPER VENUE OR TRANSFER TO THE CENTRAL DISTRICT OF CALIFORNIA

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Pending before the Court are several of the Defendants' separate and joint motions to dismiss for lack of personal jurisdiction and/or misjoinder and motions to transfer venue.[1] Collectively, the Defendants' motions seek to spread out this litigation across seven states, not including the Defendants who would remain in the present action in the Eastern District of Texas. In its response, Plaintiff DietGoal Innovations LLC ("DietGoal") addresses the Defendants' motions generally as well as the specific issues raised by each Defendant.

Accordingly, pursuant to 28 U.S.C. § 1404 and the Federal Rules of Civil Procedure 12(b)(3) and 21, DietGoal files this response and requests that the Court deny Defendant El Pollo Loco, Inc.'s ("EPL" or "CA Defendant I") Motion to Sever and in Addition Or in the Alternative to Dismiss for Improper Venue Or Transfer to the Central District of California ("EPL's Motion"). Dkt. 373.

[1] Defendants IAC, Daily Burn, and Food Network have filed a motion to dismiss for improper joinder (Dkt. 308) and a motion to transfer venue to the Southern District of New York (Dkt. 307); Defendant WAWA has filed a motion to dismiss for lack of personal jurisdiction (Dkt. 296) and a motion to transfer to the Eastern District of Pennsylvania (Dkt. 321); Defendants Google Inc. and Jimmy John's Franchise LLC have filed a motion to dismiss under FED. R. CIV. P. 12(b)(6) for failure to state a claim based on unpatentable subject matter (Dkt 300); Defendant QIP Holder LLC d/b/a Quizno's has filed a motion to dismiss or in the alternative to sever the claims and transfer venue to the District of Colorado (Dkt 294); Defendant Hearst Communications, Inc. has filed a motion to dismiss or in the alternative to sever and transfer to the Southern District of New York (Dkt 292); Defendant Wegmans Food Market, Inc. has filed a motion to dismiss for lack of personal jurisdiction and alternative motion to sever and transfer to the Southern District of New York (Dkt 287); Defendant Domino's Pizza, Inc. has filed a motion to sever the claims and transfer venue to the Eastern District of Michigan (Dkt 283); Defendant Rodale, Inc. has filed a motion to sever and transfer to the Eastern District of Pennsylvania (Dkt 230); Defendant Weight Watchers International, Inc. has filed a motion to dismiss or in the alternative to sever the claims and transfer venue to the Southern District of New York (Dkt 203); Defendants Tim Hortons Inc. and Tim Hortons USA Inc. have filed a motion to dismiss for lack of personal jurisdiction (Dkt 210); and Accord, Inc. d/b/a Taco Time Northwest has filed a motion for dismiss for lack of personal jurisdiction (Dkt 127); Defendant El Pollo Loco, Inc. has filed a motion to sever and in addition or in the alternative to dismiss for improper venue and to transfer to the Central District of California (Dkt. 373); Defendant Rubio's Restaurants, Inc. has filed a motion to dismiss for lack of personal jurisdiction (Dkt. 381).

Additionally, pursuant to L.R. 7(g), DietGoal requests the Court to schedule an oral hearing for this Motion and all other similar Motions raised by the Defendants discussed herein.

I. INTRODUCTION

Collectively, the Defendants seek to create twelve separate actions across at least seven judicial districts, shredding any notions of preserving judicial economy. Whether pleading in the alternative or as a direct request for relief, NY Defendants I (IAC, Daily Burn, and Food Network), NY Defendant II (Wegmans Food Markets, Inc.), NY Defendant III (Hearst Communications, Inc.), NY Defendant IV (Weight Watchers International, Inc.), PA Defendant I (Wawa, Inc.), PA Defendant II (Rodale, Inc.), CO Defendant (QIP Holder LLC d/b/a Quiznos), MI Defendant (Domino's Pizza, Inc.), CA Defendant I (El Pollo Loco, Inc.) all seek to sever their claims and transfer venue to the Southern District of New York, the Eastern District of Pennsylvania, the District of Colorado, the Eastern District of Michigan, or the Central District of California respectively. These Defendants also allege that they have been improperly joined under the Leahy-Smith America Invents Act Pub. L. 112-29, § 19, 125 Stat. 284 (2011) ("AIA") and/or FED. R. CIV. P. 20 and 21. Although Defendants Tim Horton, Taco Time, and Rubio's have not moved to transfer venue, if their motions to dismiss are granted DietGoal will be forced to pursue its claims against them in Delaware, Washington, and California respectively. Such severances and transfers are directly contrary to the purpose of 35 U.S.C. § 1404(a) and constitute an impermissive retroactive application of the AIA.

EPL requests to sever its claims due to improper joinder under the AIA pursuant to FED. R. CIV. P. 20 and in addition to or in the alternative to dismiss for improper venue or to be transferred to the Central District of California, even though it maintains eight restaurants in the State of Texas. Dkt. 373. Its grounds for severance, transfer, and dismissal are unfounded.

II. BACKGROUND

DietGoal commenced the present action on September 15, 2011, when it filed its complaint for infringement of U.S. Patent No. 6,585,516 ("the '516 Patent") against EPL and other Defendants. Dkt. 1. EPL has eight restaurants within the state of Texas. *See* Motion at 2, n. 2. Its website, www.elpolloloco.com, which has a computerized meal planning interface at http://www.elpolloloco.com/nutrition.aspx, falls squarely within the claimed method and system of the '516 Patent.

The '516 Patent is directed towards "[a] system and method for computerized visual behavior analysis, training, and planning. The system includes a User Interface (UI), a Meal Database, a Food Database, a Picture Menus, and a Meal Builder." Exhibit A, '516 Patent, at Abstract. Dr. Alabaster is the inventor of the '516 Patent, and DietGoal is its exclusive licensee. Dr. Alabaster is the Founder, President, and CEO of DietFit, Inc. ("DietFit") and is also a clinical professor of medicine at George Washington University. *See* www.dietfit.com. In 1999, he founded DietFit after spending more than 20 years conducting scientific research at the National Cancer Institute in Maryland and at George Washington University. *Id.* He became interested in the relationship between diet and health and founded the Institute for Disease Prevention in the mid-1980s and is currently the Vice-Chairman and Scientific Director of the Cancer Research Foundation of America. *Id.* The '516 Patent is one of the many ways in which Dr. Alabaster has contributed to field of health and medicine.

DietGoal has filed the present action in order to protect Dr. Alabaster's invention from the infringing activities of others, such as those conducted by the Defendants. It is incorporated in the State of Texas and complies with all corporate formalities according to Texas State law.

As with other such cases filed in the Eastern District of Texas, the present action has proceeded according to the Federal Rules of Civil Procedure as well as the Local Civil and Patent Rules. Joining all Defendants in this action in one venue has preserved judicial economy and allowed for effective management of a complex patent litigation matter.

III. EPL'S WEBSITE

EPL's website, www.elpolloloco.com, provides a variety of interactive pages that a user can access through the home page that beacon the user to click and play. Exhibit D. Central on the homepage are six hypermedia images that take the user to the "News & Media – Promotions" tab that provides additional information about each advertised feature. Exhibit E.

From the homepage, the "Nutritional Information" link is prominently displayed on the lower left hand corner of the screen and is also accessible through the first displayed tab, "Food & Nutrition." Clicking on either link takes the user to the highly interactive meal planning interface. Exhibit F. The user is presented with an empty tabletop image with a banner of EPL's menu items running across the top supported by a list of the different meal options on the left hand side and a nutritional calculator on the right hand side. *Id.* Depending on the user's choice from the meal options on the left hand side, a different set of food items is presented across the banner. *See, e.g.*, Exhibit G. The user may then select any and all of the food items to create a unique meal. The nutritional information of each uniquely created meal is displayed to the user on the right hand side. *See, e.g.*, Exhibit H. The user may further customize a meal by modifying certain food items. *See, e.g.*, Exhibit I, Mash Potatoes w/Gravy Option. At any point, the user may select the "Start Over" button to delete all meals selected or to delete individual food items by clicking the "Delete" button from the "Meal List" tab on the right hand side of the displayed tabletop. *See, e.g.*, Exhibit J. The user may also receive a unique breakdown of each

customized meal by selecting the "Nutritional Information" tab above the chosen meal. *See*, *e.g.*, Exhibit K.

The "Food & Nutritional" tab also provides other interactive features and sub-menus. For example, any East Texas user may select the "Recipes" sub-tab and further select a recipe to rate and comment on. Exhibit L. The user may also print, email, and share the recipe on Facebook, Twitter, and Digg. Through links on EPL's website, the user may also participate in the "Lindora Clinic" that "teaches a multi-faceted approach to weight loss" and further view nutritional information on the "Healthy Dining finder" website. Exhibit M, N, and O.

Other interactive features of the EPL website are accessible through the other menu tabs. For example, the user may view videos that display featured menu items and promotional events. Exhibit P. The user may interact with these videos by playing, pausing, forwarding, and rewinding them. Any East Texas resident, especially those who may be thinking about making the move or commute to a El Pollo Loco restaurant within Texas or elsewhere, may also apply for a position by filing out an on-line form that allows for users to indicate an East Texas city or town as their place of residence. Exhibit Q. Users may also email and share current openings to a friend or relative. Exhibit R.

Any East Texas user may also purchase gift cards through the EPL website. These gift cards may be purchased for personal use or to be given to friends or relatives who live near an EPL restaurant. Exhibit S. Users may also choose to give such gift cards as corporate incentives or add EPL to their "Scrip card program." Exhibit T. Users may also register with EPL in order to place online catering orders for any event. Exhibit U.

EPL has not provided any information, through declaration or otherwise, indicating the number of East Texas internet users who have visited its website, including its meal planning

interface, or those who have purchased any gift cards or placed orders for events from this District. Additionally, EPL has not provided any information regarding any other contacts with the Eastern District of Texas.

IV. EPL WAS PROPERLY JOINED

EPL's arguments regarding Rule 20(a)(2)(A) ignore this Court's holding in *MyMail, LTD v. America Online, Inc.*, 223 F.R.D. 455, 474-475 (E.D. Tex. Sept. 2, 2004) and instead urge a contrary outcome that would retroactively apply the AIA. Motion at 3-4. The AIA, codified at 35 U.S.C. § 299, applies only to a "civil action commenced **on or after** the date of the enactment of [the] Act," namely, September 16, 2011. 35 U.S.C. § 299(e) (emphasis added). This fact is explicitly clear and undisputed. The Defendant cannot and does not contest that this action commenced *prior to* enactment of the AIA and that it was a named defendant in the original complaint that was filed on September 15, 2011. Yet, it asks for a holding that applies the AIA retroactively to this Court's interpretation of Rule 20 in order to overturn *MyMail*.

However, "the joinder provision [of the AIA] is not retroactive." *Ganas, LLC v. Sabre Holdings Corp.*, Civil Action No. 2:10-CV-320, Dkt. 405, at 15-16 (E.D. Tex. Oct. 19, 2011) (J. Folsom). "Retroactivity is not favored in the law" and as such "congressional enactments and administrative rules will not be construed to have retroactive effect unless their language requires this result." *Landgraf v. Usi Film Prods.*, 511 U.S. 244, 264 (U.S. 1994). "[C]lear congressional intent" favoring retroactive application of a newly enacted statute is required. *See, e.g., Martin v. Hadix*, 527 U.S. 343, 354 (1999). "Presumably, if Congress had intended to apply the new joinder provision [of the AIA] retroactively, Congress could have done so, as it did with the new false marking provision." *Ganas*, No. 2:10-CV-320, at 16.

Even if Defendant is correct in its assessment as to the reasons for enactment of the joinder provision of the AIA, it cannot point to any clear, express provision in the Act that would justify dismissal. *See Softview LLC v. Apple Inc.*, Civil Action No. 10-389-LPS, 2011 U.S. Dist. LEXIS 140540 (D. Del. Dec. 7, 2011) (denying defendants' motion for reconsideration based on the AIA and holding that "even crediting Defendants' argument that the new statutory provision 'clarifies' the application of Rule 20(a)(2)(A) in circumstances such as those presented here, the provision is not 'an intervening change in controlling law'").

As such, *MyMail* still applies to this case and addresses any concerns over whether this court may properly join defendants in patent cases under Rule 20. *See id.* at 457 (finding that an argument against joining defendants who have infringed the same patent "is a hyper-technical [interpretation] that perhaps fails to recognize the realities of complex, and particularly patent, litigation"). The Defendant's authority for its misguided contention are cases in other districts that do not follow this Court's holding in *MyMail*. Motion at 4. Defendant's sole citation to an Eastern District decision involved a motion to bifurcate for trial purposes and is inapplicable to this case. *Id.* (citing *Reid v. Gen. Motors Corp.*, 240 F.R.D. 260 (E.D. Tex. 2007)).

Additionally, the Defendant cannot show prejudice in being properly joined. It has not shown that the products or methods at issue are "so different that determining infringement in one case is less proper or efficient than determining infringement in multiple cases." *See Eolas Technologies, Inc. v. Adobe Systems, Inc.*, Civil Action No. 6:09-CV-446, 2010 U.S. Dist. LEXIS 104125 (E.D. Tex. Sept. 28, 2010), at *15-16 (citing FED. R. CIV. P. 42(b)). Each of the Defendants in this case, including EPL, infringe the '516 Patent through their respective websites that include a computerized meal planning interface - constituting substantially similar products and methods of infringement. *See id.; MyMail*, 223 F.R.D. at 474-75. As with other multi-

defendant patent litigation cases, issues such as claim construction, discovery, scheduling, and protective orders are also equally shared by all Defendants. Any minor prejudice that EPL may seemingly suffer does not justify severance or dismissal of this case.

V. VENUE IS PROPER BECAUSE THE EASTERN DISTRICT OF TEXAS MAY PROPERLY EXERCISE PERSONAL JURISDICTION

Venue in a patent action against a corporate defendant exists wherever there is personal jurisdiction. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583 (Fed. Cir. 1990) (holding that 28 U.S.C. §§ 1400 and 1391(c) must be read together such that in patent litigation "a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced"); *see also Trintec Industries, Inc. v Pedre Promotional Products, Inc.*, 395 F.3d 1275, 1280 (Fed. Cir. 2005) ("quickly dispatch[ing]" defendant's motion to dismiss for improper venue because "the venue point is a non-issue"). "In a State which has more than one judicial district and in which a defendant that is a corporation is subject to personal jurisdiction at the time an action is commenced, such corporation shall be deemed to reside in any district in that State within which its contacts would be sufficient to subject it to personal jurisdiction if that district were a separate State." 28 U.S.C. § 1391(c). In patent litigation "the injury occurs at the place where the infringing activity directly impacts on the interests of the patentee." *Id.*

Here, given the fact that ELP has eight stores within the State of Texas establishes personal jurisdiction for the State. The only remaining question is whether venue is proper in the Eastern District of Texas, as opposed to another district within Texas. As shown below, the Eastern District of Texas has personal jurisdiction, and ELP's infringing activities in the Eastern

District of Texas has directly impacted DietGoal's interest, as the exclusive licensee of the patent-in-suit.

A. General Principles Governing Personal Jurisdiction

A plaintiff need merely "present sufficient facts as to make out only a *prima facie* case supporting jurisdiction." *Alpine View Co. Ltd. v. Atlas Copco AB*, 205 F.3d 208, 215 (5th Cir. 2000). The court must accept as true all of the plaintiff's uncontested allegations and construe all of the facts and pleadings in a light most favorable to the plaintiff. *Id.*

The determination of the exercise of personal jurisdiction in patent infringement cases is "intimately related to patent law" such that Federal Circuit law governs the issue. *AdvanceMe, Inc. v. Rapidpay LLC*, 450 F. Supp. 2d 669, 673 (E.D. Tex. Feb. 16, 2006) (quoting *Silent Drive, Inc. v. Strong Indus., Inc.*, 326 F.3d 1194, 1201 (Fed. Cir. 2003)). To determine if the exercise of personal jurisdiction is appropriate, the court must undertake a two-step analysis. *McFadin v. Gerber*, 587 F.3d 753, 759 (5th Cir. 2009). The first step requires the court to assess the scope of the forum state's long-arm statute. *Id.* The second step is to determine if the exercise of personal jurisdiction comports with the Due Process Clause of the Fourteenth Amendment. *Id.* Because the Texas long-arm statute "reaches as far as the federal constitutional requirements of due process," the analysis "collapses into the federal due-process inquiry." *AdvanceMe*, 450 F. Supp. 2d at 673; *McFadin*, 587 F.3d at 759; *Moncrief Oil Int'l, Inc. v. OAO Gazprom*, 481 F.3d 309, 311 (5th Cir. 2007).

The requirement for due process is met if: (1) the defendant has "purposefully availed [itself] of the benefits and protections of the forum state by establishing "minimum contacts with the forum state," and (2) exercising personal jurisdiction "does not offend traditional notions of

fair play and substantial justice." *Asahi Metal Indus. Co. v. Superior Court*, 480 U.S. 102, 105 (1987); *Paz v. Brush Eng'r Materials, Inc.*, 445 F.3d 809, 813 (5th Cir. 2006).

1. Minimum Contacts

Minimum contacts with the forum state may be established either through "general personal jurisdiction" or "specific personal jurisdiction." *Wilson v. Belin*, 20 F.3d 644, 647 (5th Cir. 1994). General personal jurisdiction exists when the defendant has "continuous and systematic" contacts with the forum. *Mieczkowski v. Masco Corp.*, 997 F. Supp. 782, 785 (E.D. Tex. Mar. 18, 1998) (quoting *Bearry v. Beach Aircraft Corp.*, 818 F.2d 370, 374 (5th Cir. 1987)). Specific jurisdiction exists where a plaintiff alleges that "a controversy is related to or 'arises out of' a defendant's contacts with the forum." *Wilson v. Belin*, 20 F.3d 644, 647 (5th Cir. 1994). The plaintiff satisfies the due process inquiry for specific jurisdiction when (1) the defendant purposefully directs its activities at residents of the forum state, and (2) the claim "arises out of" or "relates to" those activities. *Powerhouse Prods., Inc. v. Widgery*, 564 F. Supp. 2d 672, 678 (E.D. Tex. March 26, 2008) (quoting *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 472 (1985)); *see also Silent Drive*, 326 F.3d at 1202 (noting that a third factor sometimes listed, "whether assertion of personal jurisdiction is 'reasonable and fair,'" actually corresponds to the "fair play and substantial justice" prong of the due process analysis). Specific jurisdiction "can exist even if the defendant's contacts are isolated and sporadic." *Silent Drive, Inc. v. Strong Indus., Inc.*, 326 F.3d 1194, 1200 (Fed. Cir. 2003). The "Due Process Clause may not readily be wielded as a territorial shield to avoid interstate obligations that have been voluntarily assumed." *Burger King*, 471 U.S. at 472-73.

When dealing with personal jurisdiction of a non-resident defendant due to the use of its website, the court must analyze the website based on the site's "nature and quality of commercial

activity," the Fifth Circuit standard first set forth in *Mink*. *Mink v. AAAA Development, L.L.C.*, 190 F.3d 333, 336 (5th Cir. 1999) (adopting *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119, 1124 (W.D. Pa. 1997)). Under the *Mink/Zippo* standard, the level of a website's commercial activities is categorized and described as follows:

> At one end of the spectrum are situations where a defendant clearly does business over the Internet. If the defendant enters into contracts with residents of a foreign jurisdiction that involve the knowing and repeated transmission of computer files over the Internet, personal jurisdiction is proper.
>
> At the opposite end are situations where a defendant has simply posted information on an Internet Web site which is accessible to users in foreign jurisdictions. A passive Web site that does little more than make information available to those who are interested in it is not grounds for the exercise personal jurisdiction.
>
> The middle ground is occupied by interactive Web sites where a user can exchange information with the host computer. In these cases, the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the Web site.

Mink, 190 F.3d at 333 (quoting *Zippo*, 952 F. Supp. at 1124). In website cases, the *Mink/Zippo* standard applies to the analysis of both general and specific jurisdiction. *Carrot Bunch Co., Inc. v. Computer Friends, Inc.*, 218 F. Supp. 2d 820, 826 (N.D. Tex. Aug. 14, 2002); *see also American Eyewear, Inc. v. Peeper's Sunglasses and Accessories, Inc.*, 106 F. Supp. 2d 895, n. 10 (N.D. Tex. 2000).

2. Traditional Notions of Fair Play and Substantial Justice

Once the plaintiff shows that there are sufficient minimum contacts to satisfy due process, it becomes the defendant's burden to present a "compelling case that the presence of some other consideration would render jurisdiction unreasonable." *Elecs. for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1351-52 (Fed. Cir. 2003). In making this determination, the court must consider the following five factors:

> (1) The burden on the defendant; (2) the interests of the forum state; (3) the plaintiff's interest in obtaining relief; (4) the interstate judicial system's interest in obtaining the most efficient resolution of controversies; and (5) the shared interests of the several states in furthering fundamental substantive social policies.

Paz v. Brush Eng'r Materials, Inc., 445 F.3d 809, 814 (5th Cir. 2006); *Elecs. for Imaging*, 340 F.3d at 1351.

It is "rare" for a defendant to establish that where the requirements for minimum contacts are met the exercise of jurisdiction would be unreasonable. *Id*. at 1352. These considerations may "serve to establish the reasonableness of jurisdiction upon a lesser showing of minimum contacts that would otherwise be considered." *Burger King*, 471 U.S. at 477; *Guidry v. United States Tobacco Co.*, 188 F.3d 619, 631 (5th Cir. 1999). Because "modern…communications have made it much less burdensome for a party sued to defend himself in a State where he engages in economic activity, it usually will not be unfair to subject him to the burdens of litigation in another forum for disputes relating to such activity." *Burger King*, 471 U.S. at 474.

B. EPL has Purposefully Availed Itself of the Benefits and Protections of Texas by Establishing Minimum Contacts

This Court's exercise of personal jurisdiction over EPL is proper under *Mink/Zippo* standard for both general and specific personal jurisdiction. The website www.elpolloloco.com clearly falls within the *Mink/Zippo* middle ground and its level of interactivity and commercial nature meets the requisite standard. In website cases where this Court has found that personal jurisdiction was proper, the level of interactivity and the commercial nature of the site were similar to one at issue here. *See AdvanceMe*, 450 F. Supp. 2d at 673; *Powerhouse*, 564 F. Supp. 2d at 679; *Versata Software, Inc. v. Internet Brands, Inc.*, No. 2:08-CV-313, 2009 BL 209239 (E.D. Tex. Sept. 30, 2009) (finding that "case law demonstrates that operation of an interactive website similar to the defendant's is sufficient to establish personal jurisdiction over out-of-state

defendants"). For example, in *AdvanceMe, Inc. v. Rapidpay LLC*, 450 F. Supp. 2d 669, 673 (E.D. Tex. Feb. 16, 2006), the defendant's website allowed a potential customer to calculate the amount of cash it could receive from the defendant, the site had a drop-down menu that allowed the potential customer to identify its state, and provided the option of filling out an on-line form in order to apply for the defendant's services through its website. Because of these features, the court determined that the interactivity and commercial nature of the website were sufficient to establish minimum contacts. *Id.* at 673-74.

Similarly, in *Powerhouse*, the defendant's website provided for purchase of the defendant's clothing and promotional gear, it prompted users to provide an email address and sign up for the defendant's services, and solicited user input so that marketing materials could be mailed to residents of Texas. *Powerhouse*, 564 F. Supp. 2d at 679. In that case, this Court found that the defendant intentionally directed its activities at Texas residents through its website, availing itself of this forum. *Id.*

Likewise, in this case, EPL has conducted the minimum contacts necessary for the establishment of personal jurisdiction. For example, EPL's online employment application form, its individualized user accounts, and online purchase of its gift cards are open to East Texans. The on-line forms provide space where users may enter in any East Texas city or town as their place of residence, demonstrating that EPL recognizes that its website users and customers reside in East Texas. EPL's site solicits potential employees and customers from all over Texas, including the Eastern District. EPL provides East Texas residents an opportunity to place catering orders for events occurring near an EPL restaurant and purchase gift cards for relatives or friends. EPL's meal planning interface, the accused instrumentality that infringes the patent-

in-suit, is fully interactive and invites any user to create unique meals, to receive the nutritional breakdown for each, and to meet customized eating goals.

For any East Texan who has recently visited any of the EPL restaurants in Texas or elsewhere or who wishes to place a catering order for events occurring near an EPL restaurant, such activities on its website are not as far-fetched as EPL likes to assert. It solicits residents of East Texas through its website, which is anything but passive. EPL, however, has failed to provide **any** website analytics data that would conclusively demonstrate that there are in fact **no** East Texas website visitors or customers who have purchased gift cards, placed catering orders through its site, or accessed the meal planning interface. Instead, it simply provides a declaration with unsupported legal conclusions. *See* Motion at Dec. of Mark Hardison. Such declarations are "wholly conclusory" and "devoid of facts" and fail to provide the evidence necessary for the affiant to reach any proper conclusion. *Collins v. Northern Telecom Ltd.*, 216 F.3d 1042, 1046 (Fed. Cir. 2000); *see also Intellectual Science and Tech., Inc. v. Sony Elecs., Inc.*, 589 F.3d 1179, 1184 (Fed. Cir. 2009).

The only presumption available is that these numbers exist given the fact that EPL is located in Texas. The Court should then draw all inferences in favor of DietGoal and deny EPL's motion. *See Silent Drive*, 326 F.3d at 1201. Alternatively, DietGoal should be permitted to conduct expedited discovery from EPL regarding the number of East Texas website visitors and its other activities that amount to additional minimum contacts with East Texas, such as purchase of products, advertisements, property, plans of expansion, contracts, employee residents, and offices in the Eastern District. Without such evidence, DietGoal is simply unable to provide further evidence to the Court as it is not in control of this information and has no way of obtaining it.

C. Established Case Law Compels Denial of EPL's Motion

To support its contention that there is no general personal jurisdiction, EPL relies on *QR Spex, Inc. v. Motorola, Inc.*, 507 F. Supp. 2d 650 (E.D. Tex. June 18, 2007). In that case, however, the court's analysis did not depend on whether minimum contacts were satisfied through general and specific jurisdiction, but on the "stream of commerce theory." *Id.* at 655. The court chose that analysis because there the scenario was one where "the defendant's contacts [were] the result of establishing a distribution network in the forum State for the sale of [its] products." *Id.*

There, the defendant had distributed marketing samples of its products to sales representatives in Texas and a private investigator for the plaintiff had successfully purchased defendant's products over the telephone. 507 F. Supp. 2d at 654 (emphasis added). The defendant took affirmative steps to divest the court of jurisdiction by making it clear on its website that its products would not be offered for sale in Texas and asking for the distributed samples to be returned. *Id.* Unlike the website in this case that constitutes the accused instrumentality that infringes the patent-in-suit, the existence of defendant's website in *QR Spex* was tangential to the "stream of commerce" analysis for establishing personal jurisdiction and a "collateral matter" in the court's analysis of whether jurisdiction was appropriate for two subsidiaries of the defendant. *Id.* at 662. Here, EPL has taken no affirmative steps to divest the Court of jurisdiction and there are no issues of jurisdiction related to its subsidiaries. In addition, this Court's analysis does not rest on the "stream of commerce theory" but on the *Mink/Zippo* standard. *See Mink*, 190 F.3d at 336 ("Courts addressing the issue of whether personal jurisdiction can be constitutionally exercised over a defendant look to the 'nature and quality of commercial activity that an entity conducts over the Internet'").

EPL also relies on *Revell v. Lidov*, 317 F.3d 467 (5th Cir. 1998), however, *Revell* involved a defamation action where the activities did not arise out of solicitation of subscriptions or applications but by alleged activities posted on an internet bulletin board. *Id.* at 472. Unlike the site in *Revell*, EPL's entire site is a solicitation tool aimed at luring potential customers through different avenues, regardless of where they reside. All of the linked pages on www.elpollolloco.com solicit purchase of products or customer loyalty in the hopes of leading to present and future purchases. Its meal planning interface is particularly designed to promote its menu and encourage future visits to its website.

EPL fails to analyze the *Mink* middle ground scenario. "In these cases, the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the Web site." *Mink*, 190 F.3d at 333. EPL's website is highly interactive and commercial in nature. Users do not merely collect passive information, but instead supply information and receive information specifically tailored to their inputs, such as building customized meals and receiving unique nutritional information. EPL's website is commercial in nature because it offers products for sale, such as gift cards and placement of catered meals, and entices user to visit EPL restaurants. This interactivity is at least comparable to the level of interactivity that was sufficient to support jurisdiction in *Versata Software* in which the "CarsDirect.com" website allowed customers, including residents of this district, to compare and price locally available vehicles. *Versata Software, Inc. v. Internet Brands, Inc.*, No. 2:08-CV-313, 2009 BL 209239 (E.D. Tex. Sept. 30, 2009); *see also Hsin Ten Enter. USA, Inc. v. Clark Enters.*, 138 F. Supp. 2d 449, 456 (S.D.N.Y. 2000) ("Generally, an interactive website supports a finding of personal jurisdiction over the defendant."); *The Ansel Adams Publishing Rights Trust v. PRS Media Partners*, No. C 10-03740, 2010 U.S. Dist. LEXIS 126791, at *4-5

(N.D. Cal. Dec. 1, 2010) (finding venue proper because the defendants advertised posters and prints through a website that was accessible by consumers in the district in question).

By opening its doors to East Texas residents through the internet on the World Wide Web in a manner that invokes this Court's jurisdiction, EPL has chosen to avail itself of the laws of East Texas. Such knowing and intentional actions support a finding of personal jurisdiction. *See World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980) ("When a corporation 'purposefully avails itself of the privilege of conducting activities within the forum State,' [citation omitted], it has clear notice that it is subject to suit there, and can act to alleviate the risk of burdensome litigation by procuring insurance, passing the expected costs on to customers, or, if the risks are too great, severing its connection with the State.").

Thus, the exercise of general and specific jurisdiction under the *Mink/Zippo* test for a finding of minimum contacts is well supported given the level of interactivity and the commercial nature of EPL's site.

D. The Exercise of Personal Jurisdiction Over EPL Is in Accordance with Traditional Notions of Fair Play and Substantial Justice

Once minimum contacts are established, "the interests of the forum and the plaintiff justify even large burdens on the defendant." *McFadin*, 587 F.3d at 764 (finding the defendant did not meet its burden in disestablishing that the exercise of jurisdiction was fair and reasonable) (quoting *Guidry v United States Tabacco Co.*, 188 F.3d 619, 628 (5th Cir. 1999)). Here, EPL cannot meet its high burden of showing that this Court's exercise of personal jurisdiction would violate traditional notions of fair play and substantial justice.

It is unlikely that efficient resolution of this case would be disserved by resolution in Texas as opposed to another state. Given that this case involves patent infringement, subject to

the same federal laws, this Court's exercise of jurisdiction will not be unfair or substantially unjust. *See Elecs. for Imaging*, 340 F.3d at 1352 (holding that there is "no conflict between the interest of California and Nevada in furthering their own respective laws, as the same body of federal patent law would govern the parent invalidity claim irrespective of forum").

Additionally, East Texas has an interest in protecting its residents' property rights and providing a convenient forum for its residents to resolve their disputes. *See e.g.*, *McFadin v. Gerber*, 587 F.3d 753, 763 (5th Cir. 2009). DietGoal also has an obvious interest in securing relief as quickly and as efficiently as possible. Finally, unlike cases that involve large amounts of physical and immobile evidence, the evidence at issue here likely requires little physical transportation, if any, and would not present a significant burden on the court in hearing this case in East Texas.

VI. SEVERING THE CLAIMS AND TRANSFERRING JURISDICTION WASTES JUDICIAL RESOURCES

The Plaintiff's choice of forum "places a significant burden on the movant to show good cause for the transfer" proposed. *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (*en banc*) ("*Volkswagen II*"). To support a finding that another forum would be "clearly more convenient," the movant must show that the private and public interest factors favor transfer. *Red River Fiber Optic Corp. v. Verizon Services Corp.*, 2010 U.S. Dist. LEXIS 27827, at *5 (E.D. Tex. March 23, 2010); *see also QR Spex, Inc. v. Motorola, Inc.*, 507 F. Supp. 2d 650, 664 (E.D. Tex. 2007) (holding that in a motion to transfer venue under § 1404(a), the moving party bears a heavy burden of demonstrating why the factors "clearly favor such a change"). "[U]nless the balance is strongly in favor of the defendant, the plaintiff's choice of forum should

rarely be disturbed." *Volkswagen II*, 545 F.3d at 315 (citing *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508 (1947)).

The private factors, which relate to the convenience of the litigants, include: (1) the relative ease of access to the sources of proof; (2) the availability of compulsory process to secure attendance of witnesses; (3) the cost of attendance of willing witnesses; and (4) all other practical problems that make trial of a case easy, expeditious and inexpensive. *In re Volkswagen*, 371 F.3d 201, 203 (5th Cir. 2004) ("*Volkswagen I*").

The public factors, which reflect the "public interest in the fair and efficient administration of justice," consist of: (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 of the application of foreign law. *Volkswagen I*, 371 F.3d at 203.

A district court has broad discretion in deciding whether or not to order a transfer under 35 U.S.C. § 1404(a). *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (*en banc*) ("*Volkswagen II*"). Here, the Court should exercise its discretion in preserving judicial economy and deny EPL's motion as it falls short of meeting its burden.

A. The Private Interest Factors Weigh Against Transfer

1. Severing the claims against each defendant and transferring venue wastes judicial resources and creates unnecessary problems that make trial difficult and expensive

Practical problems include those that are rationally based on judicial economy. *In re Volkswagen of Am., Inc.*, 566 F.3d 1349, 1351 (Fed. Cir. 2009) ("*Volkswagen III*").[2] Particularly, the existence or creation of duplicative suits in different courts involving the same

[2] Because the AIA is not applicable, analysis under *Volkswagen III* is proper. *See supra.*

or similar issues may create practical difficulties that weigh heavily in favor of or against transfer. *Id.*

The recent *In re Volkswagen* decision of the Court of Appeals for the Federal Circuit found that "the existence of multiple suits involving the same issues is a paramount consideration when determining whether a transfer is in the interest of justice" and that "a situation in which two cases involving precisely the same issues are simultaneously pending in different District Courts leads to wastefulness of time, energy, and money that § 1404(a) was designed to prevent." *Volkswagen III*, 566 F.3d at 1351; *see also Ganas, LLC v. Sabre Holdings Corp.*, Civil Action No. 2:10-CV-320, Dkt. 405, at 15-16 (E.D. Tex. Oct. 19, 2011) (J. Folsom); *SIPCO LLC v. Amazon.com, Inc*., Civil Action No. 2:08-CV-359, Dkt. No. 232 (E.D. Tex. June 4, 2009).

The Defendants' collective motions are not simple requests for transfer to a more convenient venue. Here, the Defendants together seek to create twelve separate actions across at least seven judicial districts[3] in addition to the one in this District with the remaining non-moving Defendants. These additional suits that would be generated involve the same patent, the same basic technology and accused products, and thus many of the same issues, which *Volkswagen III* indicates would be directly contrary to the purposes of § 1404(a). EPL's arguments regarding the AIA are inapposite as that statute does not apply in this case.[4] This factor therefore weighs heavily against transfer. *Volkswagen III*, 566 F.3d at 1351; *SynQor, Inc. v. Ericsson Inc.*, No. 2:11-cv-00054, slip op. 9, 12 (E.D. Tex. Feb. 6, 2012) (Folsom, J.) (denying defendant's motion to transfer venue because "judicial economy weighs heavily against transfer"

[3] Although Defendants Taco Time, Tim Hortons, and Rubio's do not move to transfer, their dismissal and DietGoals' subsequent pursuit of its claims in Washington, Delaware, and California respectively adds to the number of unnecessary suits that will be created in this case.
[4] *See supra* and DietGoal's Responses to other Defendants' motions to dismiss regarding joinder.

and "divorcing related cases in [the manner suggested by defendants] would be directly contrary to the purposes of Section 1404(a)").

2. The other private factors are neutral, making the totality of the private factors weigh against transfer

As far as the availability of the compulsory process to secure the attendance of witnesses is concerned, this "factor weigh[s] the heaviest in favor of transfer when a transferee venue is said to have 'absolute subpoena power.'" *Eolas Technologies, Inc. v. Adobe Systems, Inc.*, Civil Action No. 6:09-CV-446, 2010 U.S. Dist. LEXIS 104125, at *24 (E.D. Tex. Sept. 28, 2010) (citing *Volkswagen II*, 545 F.3d at 316). "Absolute subpoena power" is subpoena power for both depositions and trial. *In re Hoffman-La Roche Inc.*, 587 F.3d at 1338. Witnesses such as the prosecuting attorney, the principals of DietGoal, and the inventor of the '516 Patent reside on the East Coast, meaning that neither this District nor the proposed transferee districts have absolute subpoena power over these witnesses - making this factor neutral. *See Eolas*, 2010 U.S. Dist. LEXIS 104125 at *24.

Additionally, the cost of attendance of willing witnesses cannot be simply analyzed by applying a rigid 100 mile radius rule. *Eolas*, 2010 U.S. Dist. LEXIS 104125, at *26 (*citing In re Genentech*, 566 F.3d at 1344). "When a particular witness will be required to travel a significant distance no matter where they testify, then that witness is discounted for purposes of the '100 mile rule' analysis." *Id.* DietGoal's witnesses reside on the East Coast and would have to travel a greater distance to California then to the Eastern District of Texas. Additionally, as the time for trial has not yet been set, there is no degree of certainty that the witnesses Defendant has identified will all continue to reside in their present residence.

Moreover, although access to the source of proof must be considered, the reality of this case is that the accused infringing products are all websites and most if not all relevant documents will be in electronic form that can be transferred with ease. Thus, all of these factors are neutral, making the totality of the private factors weigh against transfer.

B. The Totality of the Applicable Public Interest Factors Weigh Against Transfer[5]

1. The amount of court congestion in both Districts is the same

Contrary to EPL's contention, this factor is neutral.[6] The difference in median time for cases to proceed to resolution in the Eastern District of Texas and the Central District of California is only four months. *Compare* Exhibit B, Court Statistics in the Eastern District of Texas, *with* Exhibit C, Court Statistics in the Central District of California.

2. The Eastern District has a localized interest that should be decided at home

The Defendant makes much ado about the length of time DietGoal has been in business prior to filing of this case. However, there is no "time-based litmus test" for how long a plaintiff must reside in a particular district before it brings suit there. *See Eolas*, 2010 U.S. Dist. LEXIS 104125 at *22. Although DietGoal is newly incorporated, there is no indication that its business will not or cannot grow and mature here.

In patent litigation, the injury occurs at the place where "the infringing activity directly impacts on the interests of the patentee." *Trintec*, 395 F.3d at 1280. As EPL has conducted infringing activities in the Eastern District of Texas through its website, the residents of this District have an interest in determining the outcome of this litigation. EPL claims that California

[5] The "avoidance of unnecessary problems of conflict of laws of the application of foreign law" is not applicable to this case as only the Federal Rules apply, and Defendants have not identified it as an issue.

[6] DietGoal reserves the right to further investigate this factor and present evidence regarding the same.

has a greater interest because its principal place of business is in California. Motion at 16. By this logic, only citizens of a corporation's home residence should ever determine whether that corporation's tortuous acts conducted elsewhere create any liability. This argument ignores all venue rules. *See, e.g.*, 28 U.S.C. 1391(a), (b), (e), (f), and (g) (venue is proper "in a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred"). As the injury in this patent case has occurred here, the citizens here as well as DietGoal have an interest in the outcome of the case.

3. The Eastern District of Texas is more familiar with the laws that will govern this case

This Court is much better suited to manage a large complex patent litigation matter than that of the Central District of California. An obvious indicator as to a proposed forum's ability to deal with patent cases is the existence of local patent rules. Unlike this District, the Central District of California has ***no*** local rules dealing specifically with patent matters. This Forum has well developed rules that define specialized procedures and timelines specific to patent suits as compared to general civil matters that do not deal with the same complex set of issues, such as a *Markman* hearing and all of its associated procedures. These specialized rules allow for efficient and predictable management of patent cases that benefit all parties and reflect this District's familiarity with the laws that will govern this case.

VII. CONCLUSION

For the reasons stated above, the Court should deny Defendant EPL's motion to sever and in addition or in the alternative to dismiss for improper venue or transfer to the Central District of California.

Dated: March 7, 2012

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a) on this 7th day of March, 2012. Any other counsel of record will be served by facsimile transmission and first class mail.

/s/ Niky Bukovcan
Niky Bukovcan