
WilmerHale Eastern District of Texas Newsletter: September 2016

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Data shows that although transfer motion filings in the Eastern District of Texas decreased 50% year-over-year from 2014 to 2015 (from 135 to 63), the percentage of successful motions increased from 34% to 43%. According to Docket Navigator, although transfer requests have ticked back up so far in 2016 (with 45 motions filed as of May 2016), the success rates have climbed even higher, with nearly 57% of motions granted. In this edition, we explore the case law underlying these trends.

Among the eight factors considered by courts in the Fifth Circuit, three are the most outcome determinative: (1) relative ease of access to sources of proof, (2) compulsory process to secure the attendance of witnesses, and (3) the cost of attendance of willing witnesses. In all of the “grant” motions in 2016, the court found at least two of these factors strongly favor transfer. By contrast, all of the “denied” motions had at least one of these factors weighing against transfer.

The court's determination of whether these three factors weigh in favor or against transfer directly relates to the level of specificity provided in the parties' briefing. For example, the court has found the “ease of access to sources of proof” factor to weigh in favor of transfer when the movant showed that its documents (e.g., the location of the data server or source code review facility) or employees with relevant information were located in the proposed forum and provided a specific description of the relevancy of the documents and information. Under the “compulsory process” factor, the availability of specifically identified third-party witnesses (in the original vis-à-vis the target forum) often carries the most weight. A party may effectively establish such availability by providing declarations from cooperative third parties describing in detail the information they will provide and the burdens associated with production. Finally, to establish the cost of attendance of willing witnesses, it is critical to identify the specific personnel, such as engineers and business personnel, who will need to testify at trial, rather than simply refer to a broad class of employees. Here, again, the cost of attendance of third-party witnesses often is the focus of the court's consideration.

The next three factors, i.e., (4) judicial economy, (5) the administrative difficulties flowing from court congestion, and (6) the local interest (e.g., the impact to the defendant employees' local reputation) can generally be persuasive, but are not typically outcome determinative. Finally, the impacts of

factors (7) the familiarity of the forum with the law that will govern the case, and (8) the avoidance of unnecessary problems of conflict of laws) appear to be minimal. The court found these factors to be neutral in nearly every recent transfer decision.

[View EDTX 2016 "Grant" and "Denied" opinions.](#)

The recent transfer decisions involving *Chrimar Systems Inc.* and *Chrimar Holding Company, LLC* (together “Chrimar”) demonstrate the interplay of the various factors. In 2015, Chrimar sued TP-Link, D-Link, Juniper Network, Netgear, and Ruckus Wireless—among other entities—for patent infringement in the Eastern District of Texas. The plaintiff was a Michigan corporation, its holding company maintaining a single office in EDTX with one full-time employee. All five defendants maintained principal places of business in California, and all moved to transfer their cases to the Northern District of California. The court granted transfer in the Juniper, Netgear, and Ruckus cases but denied transfer in the TP-Link and D-Link cases. In each case where it granted transfer, the court found “a strong showing in favor of transfer” on “the location of sources of proof” and “the convenience of willing witnesses” factors. By contrast, the court denied TP-Link and D-Link’s motions because neither entity had identified specific documents, evidence, or individuals with relevant information in the Northern District of California. Although the court acknowledged that considerations of judicial economy counseled against transfer because of the other *Chrimar* cases pending in Texas, it found that the benefits of judicial economy did not outweigh a defendant’s showing that the proposed forum is clearly more convenient.

While the likelihood of winning a motion to transfer in EDTX is at an all-time high, this appears to be because defendants have been filing more robust and well-supported motions, not because the court has applied a lower standard. A closer look at all transfer motions filed in EDTX this year reveals that, without a detailed explanation of the associated burdens, defendants are almost certain to lose. Defense counsel must know what factors are most important to the court. Familiarity with how the court applies the factors helps assess the likelihood of winning a motion to transfer in the Eastern District of Texas.

Dispositive Motions & Jury Verdicts

- *Flexuspine, Inc. v. Globus Medical, Inc.*, 6:15-cv-00201-JRG-KNM (August 19, 2016) – Jury found that Globus did not infringe either asserted patent. Invalidity not decided.
- *Imperium IP Holdings (Cayman) Ltd. v. Samsung Electronics Co., Ltd. et. al*, 4:14-cv-317 (August 24, 2016) – On post-trial motion for enhanced damages, finding that Samsung’s conduct warranted treble damages under the Supreme Court’s decision in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923, 1925 (2016). In rendering its decision, the court considered evidence that Samsung had copied the plaintiff’s technology, that Samsung “never undertook any serious investigation to form a good-faith belief as to non-infringement or invalidity” and that Samsung had made “multiple material misrepresentations under oath” and had “failed to produce relevant documents” regarding their knowledge of the plaintiff’s patents.
- *Core Wireless Licensing S.A.R.L. v. LG Elecs., Inc.*, 2:14-cv-00911-JRG-RSP (Sept. 16, 2016) – Jury found that LG willfully infringed claims of two patents and that those claims

had not been proven to be invalid. The jury awarded running royalty damages of \$2.28 million.

Federal Circuit Cases Reviewing E.D. Tex. Decisions

— None

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