

December 30, 2008

US Federal Circuit Court Revives Venue Transfer Rule for Patent Defendants

Areas of Interest
Intellectual Property
United States

On December 29, 2008, the Federal Circuit Court of Appeals [granted a writ of mandamus](#) and vacated Judge T. John Ward's denial of a venue transfer motion brought by TS Tech USA Corporation (TS Tech) in a patent infringement case involving automobile seat headrests. The Federal Circuit's ruling revives the previously-believed futile venue transfer motion as an option for patent defendants in the Eastern District of Texas, and may well loosen that court's vise-grip on defendants sued in the Eastern District.

Judge Ward—author of the Eastern District's patent rules, and assigned jurist for the majority of the district's patent cases—had rejected TS Tech's motion for venue transfer to the Southern District of Ohio. Judge Ward reasoned that the inconvenience of the parties and witnesses failed to outweigh the deference given to the plaintiff's choice of forum. Judge Ward also concluded that the Eastern District of Texas had a "substantial interest in whether acts of patent infringement have occurred in this District and in the State of Texas."

Relying on the Fifth Circuit's *en banc* holding of [In re Volkswagen](#), 545 F.3d 304 (2008), the Federal Circuit found Judge Ward's application of the "private" and "public" venue transfer factors to be a "clear" abuse of discretion: "[T]he district court clearly abused its discretion in denying transfer from a venue with no meaningful ties to the case." The Federal Circuit zeroed-in on four distinct errors made by the district court:

1. Giving inordinate weight to the plaintiff's choice of venue;
2. Failing to properly assess the inconvenience and cost to witnesses to travel to the district for trial;
3. Inadequately weighing the fact that all of the physical and documentary evidence was located outside of Texas; and
4. Improperly assuming that Eastern District residents had a "substantial interest" in the case merely because several infringing instrumentalities had been sold in the district.

The Federal Circuit's rejection of Judge Ward's venue transfer rationale suggests that venue transfer motions under 28 U.S.C. 1404(a) are no longer futile for defendants sued in "plaintiff-friendly" venues with no ostensible connection to the litigation. Accordingly, the case provides defendants with strong ammunition to battle forum-shopping patent trolls, and may provide a greater opportunity to engage in pre-litigation dialogue with patent-holders and less concern over the race to the courthouse.

If you have any questions about this decision or its implications, please contact [Brandon Baum](#) at +1 650 331 2080 or [Sharon Israel](#) at +1 713 238 2630, or the Mayer Brown lawyer with whom you normally communicate.

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