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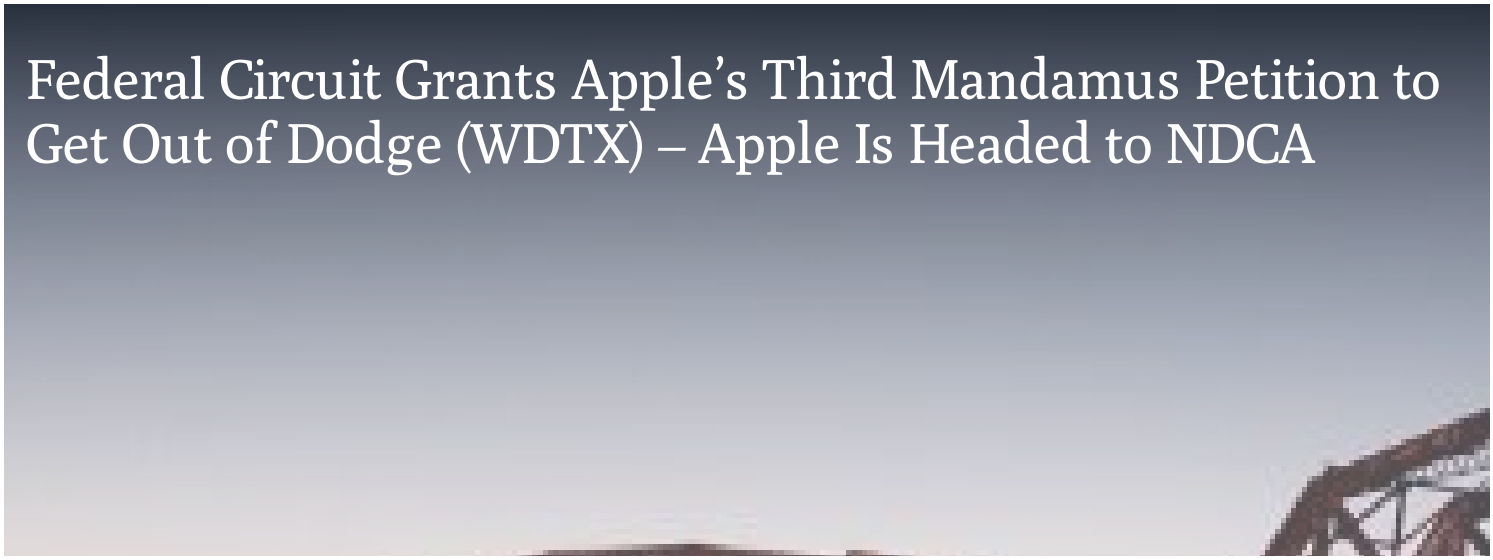
BLOG

Federal Circuit Grants Apple's Third Mandamus Petition to Get Out of Dodge (WDTX) – Apple Is Headed to NDCA



NOVEMBER 12, 2020

In Re Apple, Inc., No. 2020-135

In May, Judge Albright orally denied Apple's § 1404(a) motion to transfer the case filed by Uniloc to the Northern District of California. "After the hearing, but before issuing a written order, the court held a *Markman* hearing, issued its claim construction order, held a discovery hearing regarding the protective order in the case, and issued a corresponding discovery order." In response to the case advancing, Apple filed its petition for mandamus based on the oral denial. (See Winston's related article here.) The petition was argued on September 22, 2020 before a hot panel. On November 9, 2020, with Chief Judge Prost writing for the majority and with Judge Moore dissenting, the Federal Circuit issued its decision granting Apple's motion, directing the Western District of Texas to transfer the case to the Northern District of California.

Of import to all jurisdictions – since time to decision for transfer decisions vary greatly by jurisdiction and judge, with some transfer decisions taking upwards of seven months to issue – the Federal Circuit made clear that "once a party files a transfer motion, disposing of that motion should unquestionably take top priority." The court cited numerous cases for this proposition, including *In re Horseshoe*, 337 F.3d 429, 433 (5th Cir. 2003) (for the proposition that "transfer motions should take 'top priority' in the handling of a case"); *McDonnell Douglas Corp. v. Polin*, 429 F.2d 30, 30 (3d Cir. 1970) (for its holding that "to undertake a consideration of the merits of the action is to assume, even temporarily, that there will be no transfer before the transfer issue is decided. Judicial economy requires that another district court should not burden itself with the merits of the action until it is decided that a transfer should be effected."); and *In re Nintendo Co.*, 544 F. App'x 934, 941 (Fed. Cir. 2013) (which explained that "[a] trial court must first address whether it is a proper and convenient venue before addressing any substantive portion of the case").

As to the merits of the transfer decision, the Federal Circuit found numerous errors in the decision and reversed. The court stepped through each transfer factor in turn.

First, the court concluded that the district court should not consider "witnesses as 'sources of proof' for purposes of the first private interest factor" – relative ease of access to sources of proof. The court concluded that "[t]his factor relates to the ease of access to non-witness evidence, such as documents and other physical evidence; and the third private interest factor – the cost of attendance for willing witnesses – relates to the convenience of each

forum to witnesses." The court reasoned that "[i]f witness convenience is considered when assessing both the first and third private interest factors, witness convenience will be inappropriately counted twice."

The court further noted that the district court "also misapplied the law to the facts in analyzing the location of relevant documents." The court, relying on the oft-cited *Genentech* case, emphasized that "[i]n patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer. *In re Genentech, Inc.* 566 F.3d 1338, 1345 (Fed. Cir. 2009). Consequently, the place where the defendant's documents are kept weighs in favor of transfer to that location." Citing the Apple Declarant's declaration that "Apple stores a significant amount of relevant information in NDCA, including the relevant source code, Apple records relating to the research and design of the accused products, and marketing, sales, and financial information for the accused products" and that he "was unaware of any relevant documents in WDTX," the court noted that "the district court failed to even mention Apple's sources of proof in NDCA, much less meaningfully compare them to proof in or nearer to WDTX." Though the court did not reweigh the evidence on this prong – because it did not need to do so to reach its conclusion – the court found that "[t]he district court's analysis confuses Apple's burden of demonstrating that the transferee venue is clearly more convenient with the showing needed for a conclusion that a particular private or public interest factor favors transfer."

As to the "the cost of attendance for willing witnesses" factor, the district court determined that because the location of third-party witnesses weighs against transfer and the location of party witnesses weighs in favor of transfer, the term was neutral. The Federal Circuit concluded that "[t]he district court misapplied the law to the facts of this case by too rigidly applying the 100-mile rule." The court noted that, although third-party witnesses in New York would have to travel less distance to WDTX than NDCA, in either event the witnesses would be required to "travel a significant distance no matter where they testify." *Genentech*, 566 F.3d at 1344. The court concluded that because "'most relevant party witnesses are located in NDCA' and 'it is likely that both Apple and Uniloc will each have one or more potential trial witnesses from NDCA,' this factor weighs at least slightly in favor of transfer."

As for the "all other practical problems that make trial of a case easy, expeditious, and inexpensive" factor, the Federal Circuit concluded that the district court made two legal errors in its analysis. First, the district court relied on substantive court activity that took place after the transfer motion was filed. The court held that "[a] district court's decision to give undue priority to the merits of a case over a party's transfer motion should not be counted against that party in the venue transfer analysis." Second, the court concluded that for the court congestion factor, what is most relevant is traditional times to trial (not number of cases pending or other factors). Because times to trial in NDCA are traditionally shorter than in WDTX, and because there were some overlapping issues pending in NDCA, the factor should weigh at least slightly in favor of transfer.

As for "the administrative difficulties flowing from court congestion" factor, the court concluded that the district court relied "too heavily on the scheduled trial date." The court noted that "[a] district court cannot merely set an aggressive trial date and subsequently conclude, on that basis alone, that other forums that historically do not resolve cases at such an aggressive pace are more congested for venue transfer purposes. This is particularly true where, like here, the forum itself has not historically resolved cases so quickly." The court rejected the district court's finding that this factor weighs against transfer and found the factor neutral.

With regard to "the local interest in having localized interests decided at home" factor, the Federal Circuit disagreed that this factor was neutral. Noting that this "factor most notably regards not merely the parties' significant connections to each forum writ large, but rather the 'significant connections between a particular venue and *the events that gave rise to a suit*.'" *In re Acer*, 626 F.3d at 1256 (emphasis added). The court concluded that "both the district court and the dissent improperly conflate the requirements for establishing venue under 28 U.S.C. § 1400(b) and the requirements for establishing transfer under § 1404(a)." The court found that because the accused products were designed, developed, and tested in NDCA, and because the lawsuit "calls into question the work and reputation of several individuals residing in NDCA, . . . this factor weighs in favor of transfer."

The court did not disturb the district court's conclusions on the remaining factors.

To ward off other pre-order mandamus petitions, the court emphasized the "particular circumstances of this case: namely, the district court heavily prioritized the merits of the case."

In her dissent, Judge Moore cautioned that the court's "mandamus jurisdiction is not an invitation to exercise de novo dominion, as the majority does here, over the district court's individual fact findings and the balancing determination that Congress has committed 'to the sound discretion of the trial court.'"

Read the full decision here.

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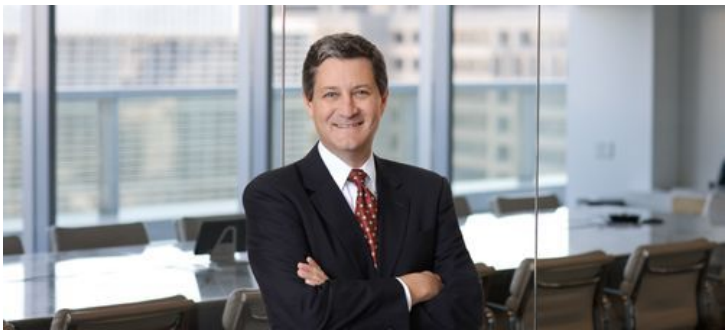

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