

## Stayed For A Day: Judge Albright Issues Order One Day After Federal Circuit Orders Stay

FEBRUARY 5, 2021

*Netlist, Inc. v. SK Hynix Inc.*, Case No. 6:20-cv-194 (Feb. 2, 2021)

On February 1, 2021, the Federal Circuit determined Judge Albright's delay in issuing a ruling on Defendants' motion to transfer "amounted to egregious delay" and ordered all proceedings stayed until the ruling on the transfer motion. Just one day later, Judge Albright entered an order denying Defendants' motion to transfer.

Substantively, Defendants moved to transfer venue to the Central District of California under the first-to-file rule and pursuant to section 1404(a). Defendants requested, in the alternative, transfer to the Austin Division.

In 2016, Plaintiff sued Defendants in the Central District of California and the ITC, asserting infringement on a related patent. Plaintiff sued Defendants again in 2017, in the same district court and the ITC, related to another patent in the same family. Both California cases have been stayed since 2018, and both of the patents at issue in those cases have been invalidated by the PTAB through IPR proceedings.

In 2020, Plaintiff sued Defendants twice in the Western District of Texas. One of the actions involves patents in the same family as the California actions, while the other is unrelated.

The Western District of Texas analyzed the three factors under the first-to-file rule. First, the Court analyzed the "extent of overlap" between the cases, finding no "substantial overlap" between the Texas and California cases. "Transfer under the first-to-file rule requires far more than patents from the same family, same parties, and same accused products." And the Court was not convinced that the Texas and California cases would overlap as to RAND royalty issues, as Defendants argued, because the patents had already been invalidated in the California action. Second, in deciding whether there was a "likelihood of conflict," the Court noted that there would be almost no risk of inconsistent adjudications because the patents asserted in the cases are different. Finally, because the California cases have been stayed since February 2018, the "comparative advantage and the interest of each forum in resolving the dispute" disfavored transfer. Thus, the Court determined that all three factors weighed against transfer under the first-to-file rule.

The Court additionally analyzed transfer under Section 1404(a). As an initial matter, the Court found that Defendants failed to meet their burden that the present Texas actions could initially have been brought in the Central District of California. Defendants' argument that the two California actions establish the parties consented to venue in that

district was not enough to demonstrate that the instant cases could have been brought there. In analyzing the private interest factors, the Court found that (1) relative ease of access to sources of proof slightly weighed against transfer because Defendants did not contend that any sources of proof are located in the Central District of California; (2) the availability of compulsory process to secure witnesses was neutral, as Defendants failed to demonstrate that any third party witnesses were unwilling to testify; (3) the cost of attendance for willing witnesses was neutral, as many of the witnesses are located in Korea and both forums would be equally burdensome; and (4) the stay in the California cases made the fourth factor, all practical problems that make trial of a case easy, expeditious, and inexpensive, weigh against transfer. As to the public interest factors, the Court found (1) administrative difficulties flowing from court congestion weighed against transfer because the California cases had been stayed; (2) local interest in having localized interests decided at home weighed against transfer, as Defendants have a presence in Austin, but not in the Central District of California; (3) the familiarity of the forum with the law that will govern the case was neutral; and (4) avoidance of conflicts of law was also neutral. Because none of the factors weighed in favor of transfer, and many weighed against it, the Court found Defendants failed to show it would be clearly more convenient to transfer to the Central District of California. Finally, because the Austin courthouse is closed due to the pandemic, the Court found that transfer to Austin would be inefficient and Defendants failed to demonstrate the Court should transfer at this time.

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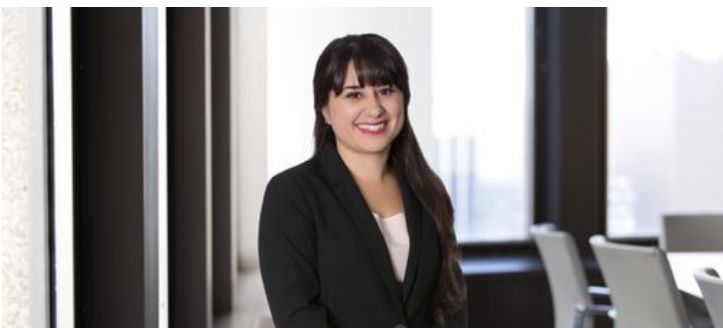
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