

## Judge Albright Severs and Transfers Defendant in *Monolithic Power Systems, Inc. v. Meraki Integrated Cir. Tech., Ltd.*

APRIL 8, 2022

On March 25, 2022, Judge Albright granted Defendant Meraki Integrated Circuit (Shenzhen) Technology, Ltd.'s ("Meraki") opposed motion for reconsideration and severed Defendant Meraki and granted its transfer motion to the Northern District of California ("NDCA").

Plaintiffs Monolithic Power Systems, Inc. and Chengdu Monolithic Power Systems Co., Ltd. (together, "MPS") filed this action against Defendant Meraki, alleging patent infringement ("Patent Claims") along with claims of trade secret misappropriation, tortious interference, and unfair competition ("Non-Patent Claims"). Also, MPS filed a lawsuit in the NDCA against Defendant Meraki's founders in their individual capacities.

### Relevant Timeline

- Sept. 25, 2020: Plaintiffs filed suit against Defendants Meraki and Promate Electronic Co., Ltd. ("Promate")
- Dec. 10, 2020: Plaintiffs and Promate filed a joint motion for entry of consent judgment, dismissing Promate without prejudice
- Aug. 13, 2021: The court denied the motion to transfer ("Original Transfer Order")
- Sept. 7, 2021: Defendant Meraki filed a petition for writ of mandamus to the Federal Circuit
- Sept. 20, 2021: Plaintiffs filed a second amended complaint joining three additional defendants: QingMi (Beijing) Technology Co., Ltd.; Shenzhen Times Innovation Technology Co., Ltd.; and Baseus Accessories LLC
- Nov. 5, 2021: Based on intervening Federal Circuit authority regarding § 1404 convenience factors, the court amended its order denying Defendant Meraki's motion to transfer ("Amended Transfer Order") to find that convenience factors favored transfer to NDCA but maintained its transfer denial on the ground that Meraki had not carried its burden on the threshold issue of showing that Plaintiff MPS could have brought suit in NDCA
  - Subsequently, Defendant Meraki notified the Federal Circuit that mandamus relief was no longer necessary and stated its intention to file a motion for reconsideration
  - As a result, the Federal Circuit issued an order dismissing the mandamus petition, and Judge Hughes issued a concurrence ("Concurrence") to the dismissal order that criticized the court's amended order denying transfer based on the failure to show the existence of personal jurisdiction in the transferee venue

- Nov. 16, 2021: Defendant Meraki filed its motion for reconsideration of the Amended Transfer Order

Judge Albright's order granting Meraki's reconsideration motion first clarifies that the relevant inquiry is whether specific, not general, personal jurisdiction exists over Defendant Meraki in NDCA. In its reconsideration motion, Meraki incorrectly argued that the court, in denying Meraki's earlier motion to dismiss, had previously found Meraki to be subject to general jurisdiction in all federal courts nationwide. However, the court had previously found personal jurisdiction in Texas over Meraki under a stream-of-commerce analysis, which cannot support general jurisdiction and relates only to specific jurisdiction.

Having framed the relevant analysis, Judge Albright turned to the Federal Circuit Concurrence. The gist of the Federal Circuit Concurrence was that having found personal jurisdiction over Meraki in Texas under a stream-of-commerce theory of personal jurisdiction, the court should have found that such a basis for personal jurisdiction applied equally to California. In response, Judge Albright pointed out that at the time the court issued its Amended Transfer Order, Meraki had presented no evidence that an accused product had reached California in the stream of commerce. Thus, although there was evidence before the court sufficient to establish personal jurisdiction in Texas under a stream-of-commerce theory, Meraki failed to carry its burden to support such a showing as to California. The court stated that it would not presume accused products reached California through the stream of commerce; instead, a party seeking transfer must present evidence. Judge Albright pointed out that instead of making the required showing as to California, Defendant Meraki had made conclusory statements about the existence of personal jurisdiction in California that are insufficient under Supreme Court precedent regarding the threshold jurisdictional inquiry of § 1404(a).

In discussing Meraki's prior failure to present evidence showing jurisdiction in California, the court rejected Meraki's attempt to reserve its ability to object to the NDCA's jurisdiction. The court held that a foreign defendant cannot make the required jurisdictional showing needed for transfer and preserve the ability to object to the jurisdiction of the transferee court:

Meraki cannot both (a) satisfy its burden of showing that it possesses that right while (b) maintaining that jurisdiction is legally improper in California and reserving its right to seek dismissal of this Action on those grounds in California.

Responding to the Federal Circuit Concurrence's disagreement on this point, Judge Albright explained that the Concurrence's logic would permit procedural gamesmanship contrary to judicial economy and the plain language of § 1404(a). Accordingly, absent subsequent authority otherwise, a party seeking transfer in Judge Albright's court will need to assert and show the existence of personal jurisdiction over it in the transferee court. In a supplemental briefing, Defendant Meraki made that showing as to California, and the court transferred Meraki to the NDCA.

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