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Third Time's a Charm: Federal Circuit Trio Issues Third Order on Mandamus Petitions

The message to litigants is clear: Be prepared to see a tightening of reins on venue in patent cases in Western District of Texas, say Dechert's Katherine A. Helm, Noah M. Leibowitz and Nisha N. Patel.

By Katherine Helm, Noah Leibowitz and Nisha Patel

Since U.S. District Judge Alan Albright took the bench in September 2018, the volume of patent cases filed in the Waco division of the United States District Court for the Western District of Texas, has risen considerably. As of October 31, WDTX had received 739 new patent filings this year alone, more than any other district in the United States.

As an emerging technology hub, with arguably the largest concentration of technology companies outside of Silicon Valley, WDTX has received progressively more attention from patent holders that have sued allegedly infringing "local" defendants. As such, WDTX has been the subject of several recent decisions from the U.S. Court of Appeals for the Federal Circuit, shining a spotlight on venue and transfer issues in patent cases.

On Monday, the Federal Circuit, in *In re Apple,* issued a rare writ of mandamus overturning Judge Albright's denial of Apple's motion to transfer a patent infringement case, involving Apple's iOs and macOS software download functionality, to the Northern District of California as a more convenient venue under 28 U.S.C. §1404(a). This was Apple's third mandamus petition from Judge Albright's decisions denying Apple's motions to transfer out of WDTX in different cases; the other two petitions, Nos. 2020-104 and 2020-127, were denied within the past year. *In re Apple* represents only the second time ever that the Federal Circuit has granted mandamus and directed transfer of a patent case from WDTX to NDCA under §1404(a). The first time, *In re Adobe*, was handed down on July 28, just over a month after Judge Albright issued an order denying Apple's transfer motion that was the subject of this week's *In re Apple* order. The Federal Circuit has now again found a clear abuse of discretion that mandated transfer of a patent case out of the Waco court in WDTX.

(Courtesy photo)

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Chief Judge Sharon Prost, writing for the majority, assessed each of the Fifth Circuit's *In Re Volkswagen* convenience factors and held that the district court misapplied the law to the facts in denying Apple's transfer motion by:

1. "[R]igidly applying the 100-mile rule" and giving "too much significance" to New York-based third parties that "live closer" to Texas than California;
2. Weighing against transfer "significant steps" taken by the district court after Apple filed its motion;
3. Relying "too heavily" on the district court's scheduled trial date instead of actual time to trial when considering court congestion; and
4. Relying on Apple's general and "untethered" contacts to WDTX to show localized interests and "failing to give weight to the 'significant connections'" between NDCA and the events giving rise to the suit.

In a strongly worded and lengthy dissent, Judge Kimberly Moore insisted that "the majority's criticism amounts merely to disagreement with the district court's weight of its thorough fact findings" and "[a]t most, the alleged errors identified by the majority would support a motion for reconsideration; they do not warrant the extraordinary remedy of mandamus."

The alternative remedy suggested by the dissent could have resulted in a denial of the petition for mandamus by a unified panel. It also would have provided an opportunity for the district court to reconsider its denial of Apple's transfer motion with the benefit of the Federal Circuit's intervening *Adobe* decision, which addressed similar issues of convenience of witnesses, court congestion and local interest factors. Such a tack would have mirrored the Federal Circuit's order in I*n re Dropbox*, which issued alongside *Adobe* and denied mandamus. In re *Dropbox* reasoned that because *Adobe* was relevant to the two Dropbox petitions and issued after the district court denied Dropbox's motions to transfer, Dropbox should first seek relief by moving for reconsideration before the district court. That same reasoning would seem to apply to the Apple petition. Yet, rather than denying the mandamus petition, permitting Apple to move for reconsideration and allowing Judge Albright an opportunity to apply *Adobe's* guidance, the majority took decisive measures and transferred the case.

In re Adobe, In re Dropbox and *In re Apple* were all decided by the same panel of Judges Prost, Moore and Hughes, and Chief Judge Prost authored the panel's decision in each case. The underlying petitions in all three cases were filed in a period of less than two months (April 28, 2020, May 29, 2020, and June 16, 2020, respectively). *In re Apple* breaks new ground in that it was the first instance of Judge Moore dissenting from the majority to "agree with the district court" ruling denying transfer.

The message to litigants is clear: Be prepared to see a tightening of reins on venue in patent cases in WDTX. The directive from *In re Apple* echoes earlier jurisprudence focused on WDTX's sister court, the United States District Court for the Eastern District of Texas (EDTX), which continues to serve as a popular patent "rocket docket" with fast moving cases. Patent litigants will recall the "forum shopping" controversy surrounding EDTX that arose as a pro-plaintiff, patent-friendly district, where few transfer motions were granted, until a flurry of nearly a dozen Federal Circuit mandamus orders directed transfer out of EDTX, e.g., *In re TS Tech USA Corp.*, *In re Hoffman La Roche, In re Genentech, In re Nintendo Co., In re Acer Am. Corp., In re Zimmer Holdings*, *In re Microsoft Corp.*, and *In re Verizon Bus. Network. Sers.* By comparison, around that same time, the Federal Circuit denied all but one mandamus petition challenging a venue decision from other district courts (read more about that here). In that series of mandamus orders, over a span of a few years, the Federal Circuit made clear that it would not countenance EDTX's repeated discretionary denial of motions to transfer cases that have little connection to the forum.

Analogies between EDTX and WDTX transfer jurisprudence are inevitable yet imperfect, because the Texas districts differ in at least one crucial respect: WDTX is a major technology hotspot. While EDTX's main courthouse in Marshall stands in a small town without a significant tech industry, WDTX's Austin (just 90 miles from Waco) is home to thousands of large and small tech companies, including Dell's headquarters and Tesla's newest "Gigafactory," earning its nickname of "Silicon Hills" for the growing number of high-tech businesses in the area. Indeed Apple's largest campus outside of Cupertino is located in Austin, where it is also in the process of building a new billion-dollar campus, complete with on-site hotel. With countless companies maintaining "a regular and established place of business" in WDTX, supporting the TC Heartland venue requirement, tech companies may one day find it harder to transfer cases out of WDTX than EDTX.

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