Federal Circuit Increases the Odds of Obtaining a Transfer on Grounds of Forum Non Conveniens

On Monday, December 29, 2008, in the case of *In re TS Tech USA Corp.*, the Federal Circuit issued an opinion that might make it easier for defendants in some patent cases in the Eastern District of Texas—and elsewhere—to obtain a transfer to a more convenient forum.

Lear Corporation sued TS Tech in the Eastern District of Texas, alleging infringement of Lear's patent relating to pivotally attached vehicle headrest assemblies. TS Tech moved to transfer to the Southern District of Ohio on grounds of *forum non conveniens* pursuant to 28 U.S.C. § 1404(a). TS Tech argued that Ohio is a more convenient venue because the physical and documentary evidence is mainly located in Ohio, and the key witnesses all live in and around Ohio. TS Tech further noted that none of the parties is incorporated in Texas or has offices located in the Eastern District of Texas. Lear opposed the motion to transfer, citing the fact that the accused products were sold in the district. Judge T. John Ward denied TS Tech's motion. TS Tech petitioned the Federal Circuit for a writ of mandamus, which the court granted.

The Federal Circuit concluded that the district court "clearly abused its discretion in denying transfer from a venue with no meaningful ties to the case." In particular, the Federal Circuit noted that the Texas court gave too much weight to the plaintiff-patentee's choice of venue, failed to consider the burden witnesses would face in traveling to Texas for trial, read out of its analysis the difficulty of access to sources of proof, and disregarded the public's interest in having issues related to local companies, local witnesses and local activities giving rise to liability decided at home.

In re TS Tech may have several far-reaching implications. First, the Eastern District of Texas is one of the most popular venues among patent owners for filing patent infringement lawsuits. It has seen a marked increase in patent litigation, with the number of filings jumping more than ten-fold between 2002 and 2007. And, while defendants sued in this court have generally found it difficult to transfer out of the forum, more cases may now be appropriate for transfer. Indeed, some patentees might now be expected to file in jurisdictions with connections to the parties, as opposed to venues that have no appropriate connection to the parties, witnesses, evidence, and underlying facts, other than the sale of the accused products in the venue.

Second, although the Federal Circuit applied Fifth Circuit law, many of the factors enumerated by the Fifth Circuit are similar to those considered in the other circuits. As such, when a defendant is brought into a perceived patent-friendly jurisdiction—far from the defendant's home and without any direct and substantial ties to either of the parties—that defendant might be encouraged to consider moving to transfer to another court, for example to its home court.

If you have any questions about this decision, please contact your regular Ropes & Gray legal advisor.