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Expert Analysis

'In re: Fedex': A Trend for Transfer Motions in Patent Cases?

By **Robert L. Maier**

In a recent non-precedential decision, the Court of Appeals for the Federal Circuit granted a petition for writ of mandamus and ordered an Eastern District of Texas (EDTX) district court to reconsider a denial of a motion seeking a transfer of venue for convenience. *In re Fedex Corporate Services* (*In re Fedex*), No. 2022-156, slip op. at 9 (Fed. Cir. Oct. 19, 2022). The decision is the next in an increasingly long line of mandamus decisions in which the Federal Circuit has reversed or remanded decisions from Texas district courts on this issue, and suggests that the Federal Circuit will continue to carefully scrutinize these decisions on transfer motions going forward.

Change of Venue And 28 U.S.C. §1404(a)

28 U.S.C. §1404(a) provides that, "[f]or the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." When considering a motion to transfer venue under this section, courts address two main questions. First, a court must determine whether the action could have been brought in the transferee forum. Second, if so, the court then weighs a number of private and public "convenience" factors to determine whether the transferee forum is "clearly more convenient." The private factors include: "(1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing witnesses; and (4) all other practical problems that make trial of a case easy, expeditious and inexpensive." *In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004). The public factors include: "(1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflict of laws or the application of foreign law." Id. If, after analyzing the factors, the court determines that the transferee forum is "clearly more convenient," the case should be transferred.

> While the Federal Circuit in 'In re Fedex' ultimately found that the district court's analysis in this case was insufficient, the Federal Circuit's focus on the local interest factor may catch the attention of litigants seeking similar transfers out of the district in future cases.

The Federal Circuit's Analysis in 'In re Fedex'

In 2021, R2 Solutions filed a patent infringement suit against FedEx

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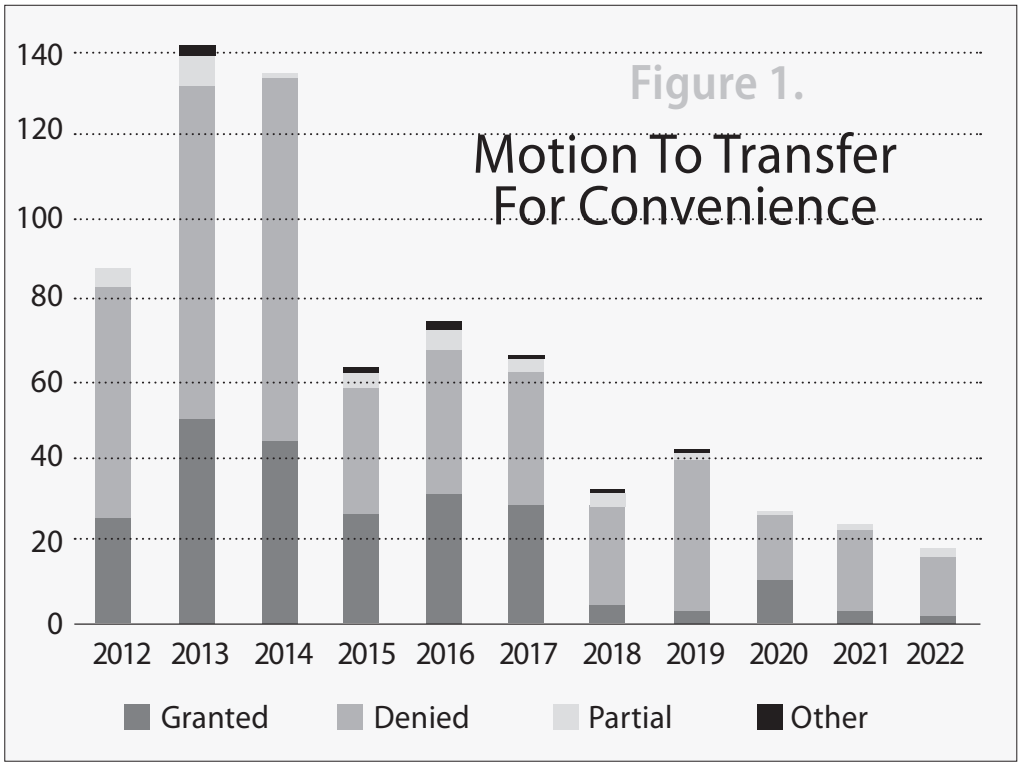
Corporate Services in EDTX. FedEx moved for a transfer of venue under 28 U.S.C. §1404(a) from EDTX to the Western District of Tennessee (WDTN), because, so it argued, it was headquartered in WDTN and the accused products had been researched, designed, and developed in WDTN. Judge Mazzant denied the motion, and determined that FedEx had not shown that WDTN was a more convenient forum. FedEx petitioned for mandamus, and the Federal Circuit agreed to hear the petition.

The Federal Circuit focused its analysis on local interest. The Federal Circuit highlighted that WDTN has "a significant local interest in resolving the patent infringement dispute because it is where accused products were researched, designed, developed, and maintained by individuals who continue to live and work in that community," and noted that the district court acknowledged as much. *In re Fedex*, slip op. at 3.

The Federal Circuit also noted that R2's "de minimus local interest" in EDTX rested on its "recently established, ephemeral in-district work address" and pointed to the lack of any "allegation that any research or development of the accused products or patented invention occurred in Texas, let alone in EDTX," or of a residence of any of the inventors in EDTX. Id. at 4. The Federal Circuit concluded that EDTX's local interest "is nowhere near comparable to the local interest of WDTN, where 'events that gave rise to [the] suit' largely occurred," and that the district court had clearly abused its discretion in concluding that this factor did not favor transfer. Id. at 4 (citing *In re Apple*, 979 F.3d 1332, 1345 (Fed. Cir. 2020)).



In addition, the Federal Circuit considered witness-related factors. In particular, the Federal Circuit determined that there was still an open question as to "whether or how the potential witnesses had relevant and material information," and noted that the district court failed to make any finding or provide adequate explanation as to this question. Id. at 6-8.

The Federal Circuit ultimately concluded that it was "impossible for us to determine whether the district court clearly abused its discretion," at least as to certain of the transfer factors. Id. at 9 (internal citations omitted). Accordingly, the Federal Circuit vacated the district court's order and remanded the case for further proceedings, noting that the district court should "provide an adequate explanation of its findings and rationale for its conclusion regarding both the willing witness and the compulsory process factors." Id. at 9.

Takeaways for Future Litigants

Transfer motions are typically very fact specific, but the Federal Circuit's analysis here may still provide helpful guidance for future cases. While the Federal Circuit in *In re Fedex* ultimately found that the district court's analysis in this case was insufficient, the Federal Circuit's focus on the local interest factor may catch the attention of litigants seeking similar transfers out of the district in future cases.

For example, cases in which the moving party's significant local interest in another forum (e.g., a showing of headquarters and/or that the accused products were researched and developed in the other forum), coupled with a "de minimus local interest" for the non-moving party—

similar to the non-moving party in *In re Fedex* (e.g., no allegation of research and development, an office established shortly before suit was brought)—may, based on the Federal Circuit's analysis here, be cases that provide compelling grounds for transfer. Additional relevant factors, such as the witness-related factors, may also be outcome-determinative, given the Federal Circuit's focus on the relevance and location of the witnesses as another factor for which the district court failed to provide adequate explanation.

A New Trend for Transfer Motions

Defendants in patent infringement cases in Texas district courts have historically viewed the district as generally being plaintiff friendly and having faster-than-average case schedules, and thus have often looked for legitimate paths out of the district. Up until recently, EDTX courts have typically denied a significant majority of motions to transfer venue, according to Docket Navigator data (see Figure 1).

In particular, since the Supreme Court's decision in *TC Heartland v. Kraft Foods Grp. Brands*, 137 S. Ct. 1514 (2017)—which significantly restricted venue options for patent asserters in the first place, leading to a significant decrease in venue transfer motions—the court has denied 112 such motions, and granted 24, a grant rate of just under 18%.

But, under increasing scrutiny from the Federal Circuit, these grant rates may change. Decisions like the Federal Circuit's most recent decision in *In re Fedex* are becoming commonplace—in fact, the Federal Circuit in recent years has granted mandamus petitions and ordered transfer from Eastern District of Texas and Western District of Texas district courts to other venues in a number of cases. See, e.g., *In re: Apple*, No. 2022-137 (Fed. Cir. May 26, 2022) (vacating a Western District of Texas district court decision denying a motion to transfer to the Northern District of Texas based on convenience, finding that the district court clearly abused its discretion in concluding that the private and public factors did not favor transfer); see also *In re: Google*, No. 2022-140 (Fed. Cir. May 23, 2022); *In re: Apple*, No. 2022-128 (Fed. Cir. April 22, 2022); *In re: Netflix*, No. 2022-110 (Fed. Cir. Jan. 19, 2022); *In re: Apple Inc.*, No. 2021-181 (Fed. Cir. Nov. 15, 2021); *In re: Atlassian*, No. 2021-177 (Fed. Cir. Nov. 15, 2021); *In re: Google*, No. 2021-178 (Fed. Cir. Nov. 15, 2021); *In re: Quest Diagnostics*, No. 2021-193 (Fed. Cir. Nov. 10, 2021); *In re: DISH Network*, No. 2021-182 (Fed. Cir. Oct. 21, 2021); *In re: NetScout Sys.*, No. 2021-173 (Fed. Cir. Oct. 13, 2021); *In re: Pandora Media*, No. 2021-172 (Fed. Cir. Oct. 13, 2021); *In re: Google*, No. 2021-171 (Fed. Cir. Oct. 6, 2021); *In re: Juniper Networks*, No. 2021-156 (Fed. Cir. Oct. 4, 2021); *In re: Google*, No. 2021-170 (Fed. Cir. Sept. 27, 2021); *In re: Juniper Networks*, No. 2021-160 (Fed. Cir. Sept. 24, 2021); *In re: Hulu*, No. 2021-142 (Fed. Cir. Aug. 2, 2021); *In re: Uber Techs.*, No. 2021-150 (Fed. Cir. July 8, 2021); *In re: Samsung Elecs. Co., Ltd.*, No. 2021-139 (Fed. Cir. June 30, 2021); *In re: TracFone Wireless*, No. 2021-136 (Fed. Cir. April 20, 2021). And, given this trend, defendants may opt to bring such transfer motions with increasing frequency—and, perhaps, such motions will be increasingly granted.

Conclusions

Ultimately, the Federal Circuit's decision in *In re Fedex* is not groundbreaking, and may be simply the next in a series of cases in which the Federal Circuit has more intensely scrutinized district court decisions on transfer motions. But, at the very least, it suggests that this trend continues. Given that backdrop, it would not be surprising to see even more accused infringers in these districts bringing—and potentially prevailing on—transfer motions going forward.