

FORUM SELECTION FROM THE PLAINTIFF'S PERSPECTIVE

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The importance of selecting the most favorable forum to litigate intellectual property rights should not be underemphasized. While jurisdiction and venue requirements will initially place limits on the available choice of forums, often times, especially in large cases where the defendant's infringement is nationwide or worldwide in scope, many choices will be available. Therefore, once the parties that will be the subject of the suit have been selected, careful research must be conducted to ensure that the forum that is ultimately chosen has the best chance of accomplishing the client's business and litigation objectives.

The client's goals for the litigation typically will shape the analysis. In general, because there are so many diverse factors that go into the analysis, it is impossible to be sure that any forum will be the "right" one. Indeed, most forums have inherent advantages and disadvantages that must be considered. So, in the final analysis, there are usually many compromises that must be made and risks that must be taken. However, with proper analysis and research, these risks can be identified and evaluated, and a litigation plan can be formulated to maximize the likelihood of a successful litigation outcome.

Complex intellectual property cases most often arise in connection with the assertion of patent rights. Patent cases tend to be more complex than trademark or copyright cases for many reasons, such as the technology at issue, the number of defendants that infringe the patent, the number of patents being asserted, the existence of infringement in foreign countries, and other reasons. Against this background, this paper will focus on patent cases and forum selection issues from the plaintiff's perspective.

A. Forum Selection in U.S. District Courts

1. Threshold Requirements of Jurisdiction and Venue

Three basic requirements must be met before a U.S. district court will have the power to hear a case: (1) the court must have jurisdiction over the subject matter; (2) there must be personal jurisdiction over each defendant; and (3) venue must be proper. In a case asserting patent infringement, subject matter jurisdiction is easily

met by statute, 28 U.S.C. §1338, which provides that only federal courts may resolve disputes arising under the patent laws. A patent infringement case is clearly such a dispute. While state courts may resolve patent law issues in certain circumstances, such as in cases asserting breach of a patent license where a defendant asserts patent invalidity as a defense, these cases arise under state contract law and have no federal statutory basis.

Personal jurisdiction in patent cases is essentially no different than in any other type of case. In order to establish personal jurisdiction over a defendant, the court must be satisfied that either general personal jurisdiction or specific personal jurisdiction exists. General personal jurisdiction exists when the defendant's activities in the forum are "continuous and systematic." *Trintec Ind., Inc. v. Pedre Promotional Prods., Inc.*, 395 F.3d 1275,1279 (Fed. Cir. 2005). If general personal jurisdiction cannot be established, then in order to establish specific personal jurisdiction the defendant must have "certain minimum contacts with [the forum] such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'" *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945).

If the defendant's contacts with the desired forum are "thin" and the plaintiff anticipates a challenge to personal jurisdiction, this must be taken into consideration if the client wants the case to move quickly. Motions to dismiss for lack of personal jurisdiction under Federal Rule of Civil Procedure 12(b)(2) can result in a substantial delay in getting a case off the ground, even if the plaintiff successfully opposes the motion. The delay is even more substantial if the plaintiff needs to take discovery of the defendant's contacts with the forum in order to oppose the motion. Moreover, even if the court decides the motion promptly, given the local rule briefing schedules in some courts, it could be several months before the matter is decided.

If the motion to dismiss is granted, then the plaintiff will need to start over again in another forum. In the meantime, while the motion has been pending, the defendant may have filed a declaratory judgment action in its home forum or another forum that is favorable to the defendant. If the motion to dismiss is granted, the choice of forum may be taken out of the plaintiff's hands. So, if the facts raise the possibility of a motion to dismiss and a delay is unacceptable, the better course is to pick a forum where personal jurisdiction is not subject to attack.

Venue in patent cases is proper in any judicial district in which the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business. 28 U.S.C. §1400(b). Corporations are considered to “reside” in any district in which the corporation is subject to personal jurisdiction. Venue must be proper as to each party and each claim for relief.

Venue is not a contested issue in most cases. However, in cases where neither the plaintiff nor the defendant have a close connection to the forum, and the forum is not convenient for either party, the plaintiff may face a motion to transfer under 28 U.S.C. §1404(a). Although a motion to transfer ordinarily should not interrupt the case progress while the motion is pending, it could be an unwanted distraction. Further, if the case is transferred to another forum, there undoubtedly will be a delay as the case gets moved and assigned to a new judge, who will likely set a new case schedule. To avoid these potential problems and the risk of losing a desired forum, the plaintiff should file the case in a district having a real connection to the suit.

2. Factors To Consider In Selecting A Forum

Once the plaintiff has determined where the jurisdiction and venue requirements can be met and the defendant can be served, the list of available forums will be set. In most cases, several forums will be available. At this point, the plaintiff should carefully consider and then select the forum that will maximize the likelihood of a favorable outcome. Sometimes, the choice is simple, such as when the plaintiff is satisfied with the local federal court and wants to sue on its home turf. Other times, that option may not be available or other factors may counsel against suing at home. In these situations, the patentee should consider several factors when selecting a forum, including: (1) whether the plaintiff has had previous success in a particular forum; (2) whether the plaintiff wants the case to be on a fast or slow track and how the court’s docket matches with that preference; (3) the expertise and possible predisposition of the judges in patent cases; (4) the defendant’s connection or lack of connection to the forum and its possible influence on potential jurors; (5) how the court’s local rules may impact the handling of the case; (6) the convenience of the forum; and (7) the availability of experienced local counsel.

a. Previous success in a particular forum

Previous success in a particular forum may pay huge dividends in subsequent cases. Most courts have local rules that provide for

transfer or reassignment of related cases to the same judge. If the same patents are at issue in the subsequent lawsuits, the case will almost invariably get reassigned to the same judge. Having a judge who is familiar with your client, the patents in suit, the technology and the inventors can be a substantial benefit. Therefore, if the plaintiff's counsel has established good credibility and a favorable record before a judge in a prior litigation, it usually makes sense to file again and again in the same forum.

b. Whether to be on a fast or slow track

The court's docket and reputation for expeditiously resolving cases may be important to a plaintiff that wants to move the case to a prompt resolution. A speedy resolution may be desirable for several reasons. Short discovery periods limit the time available for the defendant to prepare a defense and search for prior art to attempt to invalidate the patent in suit. The longer a case remains pending, the more expensive it gets. The sooner the case gets decided, the sooner the plaintiff can seek an injunction if successful.

Some courts have a reputation for "fast-tracking" cases, such as the Eastern District of Virginia and the Western District of Wisconsin. Other courts have local rules that place short time limits on discovery, such as the Middle District of North Carolina, where "standard" cases get four months, "complex" cases get six months, and "exceptional" cases get nine months for discovery, *including all expert discovery*. These courts have the potential to reduce the ability of a defendant to delay by seeking long discovery periods. Other courts have reputations for allowing long schedules.

When deciding which forum to choose, the plaintiff should conduct research regarding the court's case load, the number of judges available to decide cases, and the local rules on setting case schedules. Regarding case loads, there is a vast amount of information on this subject and other issues available from professional research services. For example, these research services can provide information on matters such as the average time from filing to termination for the court as a whole and for each judge in that district. The information can be broken down by type of case, so the plaintiff can see and compare the dispositions in patent cases with other cases generally. Of course, in large cities with many judges, like Los Angeles, New York and Chicago, the speed at which each judge moves a case can vary widely. For example, as of January 2006 in the Central District of California alone, the average time from filing to termination was 6.7

months for the “fastest” judge and 26.5 months for the “slowest” judge, with the average being 13.8 months.

Aside from the statistics, large patent cases with multiple patents and/or numerous defendants can present a formidable task for any court, even if the technology at issue is not that complicated. If the plaintiff draws a seasoned judge familiar with patent cases, the plaintiff may still be on a fast track to trial. But, if the judge drawn is new to the bench, such a case might find itself on a slower road whose path and final destination is uncertain.

In districts with a relatively small number of judges, the plaintiff should check to be sure each judge is active and there have been no recent retirements or deaths. In a recent case involving an inventorship dispute in pending patent applications, the defendant filed a motion to dismiss the complaint for lack of jurisdiction. The court had a reputation for prompt dispositions and, by local rule, very short discovery tracks. Just after the case was filed, however, one of the few judges in the district passed away, leaving a heavier workload, including several trials, for the remaining judges to handle. It took over a year for the court to decide the motion to dismiss, which, in effect, put the case on hold for the entire time.

c. The judge’s expertise and possible predisposition

The expertise and potential predisposition of judges in patent cases is another important factor to consider. This is another area where there are abundant statistics on every judge in the country in every conceivable area. As noted above, professional court research services are available to provide these statistics in patent cases, as well as other intellectual property cases.

Some potentially useful statistics include the win rate of the patentee and the accused infringer by judge. A judge’s potential views on transfer can be gleaned by the number of cases transferred. The judge’s experience in patent cases can be evaluated by the total number of patent cases handled by each, as well as the total number of cases with preliminary injunction motions and claim construction activity. Other categories of information for each judge include case dispositions on summary judgment, the number of bench and jury trials, and the average pendency of the cases before they were terminated by summary judgment or trial. The number of appealed cases and the disposition on appeal also is available.

Although it is difficult to draw any definite conclusions from bare statistics, they can provide some useful insights and trends. They also eliminate speculation and guesswork as to a judge's actual patent experience. While there is no guarantee that the plaintiff will draw a judge with any particular level of patent experience, there are some smaller districts where all the judges have handled many patent cases and have substantial patent experience, such as the District of Delaware.

d. The defendant's connection to the forum

The defendant's connection to the forum is another factor that should be considered. From a historical standpoint, plaintiff's generally try to avoid suing a defendant on its home turf. Given the nationwide scope of most patent infringements, the likelihood of being limited to the defendant's home district is relatively rare. Moreover, the current demographic diversity in most cities, especially large cities, has dramatically reduced, if not eliminated, the potential for any perceived advantages to a defendant when sued at home. Yet, a defendant's potential influence in a forum should not be overlooked. This is particularly true in small cities or towns where the defendant is, for example, the largest employer. Of course, the defendant's reputation and the nature of its business in the community will determine whether the defendant might have an advantage or disadvantage if sued at home. In this regard, while the defendant's connection to the forum is unlikely to influence any of the judges, the same cannot be said for potential jurors. Indeed, if the stakes are high enough, some advance jury research before filing the case may be worth the extra time and expense.

By the same token, the defendant's lack of connection to the forum also should be considered. The Eastern District of Texas recently has been a very popular choice for plaintiffs, especially in patent lawsuits against defendants that are based in foreign countries. Although this district often times may not appear to be a convenient forum for either the plaintiff or the defendant, it seems that cases filed in that district are not being transferred where the jurisdiction and venue requirements are met. Therefore, when a U.S.-based plaintiff will be bringing suit against a foreign-based defendant, the Eastern District of Texas should be considered.

e. Impact of the forum's local rules and practices

Some forums treat patent cases no differently than any other civil case. Other forums have very specialized local rules for patent cases. For example, the local rules of the Northern District of California require specific disclosures and filings, at specific times and in specific sequences, with respect to the parties' positions on matters such as infringement, validity and claim construction. The need to comply with these rules may be an advantage to the plaintiff or a perceived disadvantage to the defendant, or vice versa, or it may not make a difference at all.

As noted above, some courts have local rules that limit the amount of time available for discovery. For example, in the Middle District of North Carolina, "standard" cases get four months, "complex" cases get six months, and "exceptional" cases get nine months for both fact and expert discovery. In the absence of any specific local rules, the time allowed for discovery will be different for each judge and will vary according to the complexity of each case.

Accordingly, the plaintiff should always consider the forum's local rules and practices before filing suit.

f. The convenience of the forum

Although not normally a significant factor in terms of actual analysis, the convenience of the forum to the plaintiff should also be considered. Convenient forums can reduce the cost of the plaintiff's litigation expenses. For example, bringing suit in a district where the plaintiff and its counsel are located will eliminate travel costs associated with conducting in-person client meetings, defending depositions and related witness preparation, attending court hearings and conducting the trial. Local counsel also will be unnecessary.

g. The availability of experienced local counsel

In cases where the plaintiff's counsel does not have an office in the forum, local counsel must be retained. Sometimes selecting qualified local counsel can be just as important as choosing the forum itself. While many of the factors that go into selecting a forum can be independently evaluated by the plaintiff's lead counsel, in some courts the right local counsel can provide invaluable advice on the "intangibles" and other matters that can only be known through regular practice in the district.

Because a case involves patents does not necessarily mean that local counsel must be familiar with patents. Of course, good local counsel that also has patent experience will be an added benefit. However, the focus should be centered on local counsel's reputation and litigation expertise, knowledge of the local rules and local court practices, and actual courtroom experience with the judges. These and other qualities are necessary to help the plaintiff's lead counsel navigate through unfamiliar territory and avoid mistakes that otherwise would be made. The plaintiff's lead counsel must stand out in the court's mind for persuasive advocacy and a strong case on the merits, and not for procedural missteps and failure to comply with the local rules and practices that make the court's job more difficult.

B. Alternative Forums in the United States and Abroad

Hopefully, all has gone well with the plaintiff's district court forum selection. Despite careful research and planning, however, sometimes things can go sideways. Take for example a plaintiff who brings a large patent infringement case – large in the sense of multiple patents – and wants the case to be on a reasonably prompt schedule. Unfortunately for the plaintiff, the judge drawn for the case is new to the bench and has no patent background. Because the case is rather large and complex, at the scheduling conference the judge sets a discovery cut-off date that is two years away and does not even set a pretrial conference or trial date. What should the plaintiff do?

In cases where the defendant is solely a domestic operation, the answer is, unfortunately, probably not much. However, if the defendant has manufacturing facilities located in a foreign country and imports the accused product into the United States, or if the plaintiff has foreign patents, there are at least two options that should be considered: (1) initiating an investigation in the International Trade Commission ("ITC"); and (2) bringing suit in a foreign country where the plaintiff has patent protection.

1. Investigations in the International Trade Commission

Established in 1916, the ITC has broad investigative powers on matters of trade. It is not a court or policymaking body. Rather, it is an independent, nonpartisan, quasi-judicial federal agency. Located in Washington, D.C., the ITC is available either as an alternative to court litigation or as a proceeding that runs in parallel with a district court case.

