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The author reviews how the Fifth Circuit's handling of a motion to transfer in a product liability case might be significant for those seeking to file patent infringement claims in the Eastern District of Texas.

In re Volkswagen: Will It Impact the Filing of Patent Litigation in the Eastern District of Texas?

By John M. Jackson and Nicole Ruble Metcalf

In a case that has been closely monitored by patent litigators across the nation, the U.S. Court of Appeals for the Fifth Circuit recently issued a writ of mandamus directing a district court to transfer a case to the Northern District of Texas, Dallas Division. *In re Volkswagen*, No. 07-40058 (5th Cir. Oct. 10, 2008) (76 PTCJ 865, 10/17/08). Although this action arose from a car crash, many attorneys now wonder what impact, if any, this decision will have on patent infringement litigation in the Eastern District of Texas.

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Background. The lawsuit arose out of an accident that took place in Dallas involving a Volkswagen Golf. The driver of the Golf in question was Ruth Singleton. Her husband, Richard Singleton, and their seven-year-old granddaughter Mariana were passengers. Richard was seriously injured and Mariana was killed.

The Singletons and Amy Singleton—Mariana's mother—sued Volkswagen, claiming that design defects in the Golf caused injuries to the plaintiffs and resulted in the death of Mariana. The Singletons filed their action in the Eastern District of Texas, Marshall Division, even though their vehicle had been purchased in Dallas, the accident had occurred in Dallas, Dallas police and paramedics had responded to the accident, the witnesses were Dallas residents, a Dallas doctor had conducted the autopsy on Mariana's body, the third-party defendant lived in Dallas County, none of the

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plaintiffs lived in Marshall, and no known sources of proof or witnesses were located in Marshall.

Relying on these connections between the dispute and Dallas, Volkswagen filed a motion to transfer the case from the Eastern District to the Northern District of Texas, Dallas Division. After the district court denied Volkswagen's motion to transfer, Volkswagen unsuccessfully moved for reconsideration.

Volkswagen then took the unusual step of seeking a writ of mandamus from the Fifth Circuit. This bold maneuver resulted in a per curiam opinion in which the majority found that the district court had properly denied Volkswagen's motion to transfer. Volkswagen then petitioned for rehearing en banc. This petition was construed by the Fifth Circuit as a petition for panel rehearing and was granted. After a second panel of the Fifth Circuit granted Volkswagen's petition for a writ of mandamus, the plaintiffs filed a petition for rehearing en banc. The Fifth Circuit granted the Singletons' request, which led to the Fifth Circuit's Oct. 10 decision.

The Decision. Judge E. Grady Jolly, writing for a sharply divided Fifth Circuit, first confirmed that mandamus was an appropriate vehicle to challenge a district court's denial of a transfer motion. In particular, the court said that ''a writ is appropriate to correct a clear abuse of discretion.'' A clear abuse of discretion warranting mandamus relief occurs when ''a patently erroneous result'' is the product of clearly erroneous factual findings, erroneous conclusions of law, or a misapplication of the law to the facts.

The Fifth Circuit then articulated the three requirements that must be satisfied before a writ may issue:

(1) ''the party seeking issuance of the writ [must] have no other adequate means to attain the relief he desires;''

(2) ''the petitioner must satisfy the burden of showing that [his] right to issuance of the writ is clear and indisputable;'' and

(3) ''even if the first two prerequisites have been met, the issuing court, in the exercise of its discretion, must be satisfied that the writ is appropriate under the circumstances.'' *See Cheney v. U.S. District Court for the District of Columbia,* 542 U.S. 367, 380-81 (2004).

Taking the *Cheney* requirements out of order, the Fifth Circuit first considered whether Volkswagen had established that its right to issuance of the writ was ''clear and indisputable.'' To make this determination, the Fifth Circuit applied the private and public factors routinely considered under a 28 U.S.C. § 1404(a) transfer analysis. The court was persuaded that the private interest factors weighed strongly in favor of transfer because:

(1) documents, physical evidence, and the accident site were in Dallas;

(2) compulsory process would be available because the non-party witnesses resided in Dallas; and

(3) the cost of attendance for willing witnesses would not be great because non-party witnesses and two plaintiffs resided in Dallas.

Notably, the Fifth Circuit said that the plaintiff's choice of venue is not an independent factor in the Section 1404(a) analysis because deference to the choice of venue is already reflected in the requirement that a movant demonstrate ''good cause'' to show that transfer is appropriate.

The only contested public interest factor was the local interest in having localized matters decided at home. The Fifth Circuit rejected the plaintiffs' argument that the availability of the product at issue in Marshall weighed against transfer. In so doing, the court said that the ''rationale—that the citizens of Marshall have an interest in this product liability case because the product is available in Marshall, and that for this reason jury duty would be no burden—stretches logic in a manner that eviscerates the public interest that this factor attempts to capture.''

After determining that Volkswagen had satisfied the second *Cheney* requirement, the appeals court proceeded to apply the remaining *Cheney* factors. First, the Fifth Circuit found that Volkswagen had no other adequate means to obtain relief because, in the context of an appeal from a adverse final judgment, Volkswagen ''would not be able to show that it would have won the case had it been tried in a convenient [venue.]''

Applying the final *Cheney* requirement, the Fifth Circuit determined that the writ was appropriate under the circumstances because ''writs of mandamus are supervisory in nature and are particularly appropriate when the issues also have an importance beyond the immediate case.'' This is so ''[b]ecause venue transfer decisions are rarely reviewed, the district courts have developed their own tests, and they have applied these tests with too little regard for the consistency of outcomes.''

***In re Volkswagen*'s impact on Patent Litigation.** Although *In re Volkswagen* was not a patent case, many patent litigators, patentees, and potential accused infringers wonder what impact, if any, this decision will have on patent litigation in the Eastern District of Texas. In part, this speculation is due to the fact that the Federal Circuit applies the law of the regional circuit to the Section 1404(a) analysis. *See, e.g., In re D-Link Corp.*, 183 F. Appx. 967, 968 (Fed. Cir. 2006); *Storage Technology Corp. v. Cisco Systems Inc.*, 329 F.3d 823, 836 (Fed. Cir. 2003). Thus, in patent litigation cases, the Federal Circuit will apply *In re Volkswagen* to appeals or petitions for writs of mandamus challenging the Fifth Circuit's decision to deny a motion to transfer.

Opinions vary as to whether this decision will adversely impact patent litigation in the Eastern District of Texas. Some believe that the court's decision is ''anti-plaintiff'' and encourages defendants in patent cases to file more motions to transfer under Section 1404(a). Some also speculate that *In re Volkswagen* will prompt more defendants to obtain relief through mandamus proceedings in the event that motions to transfer are denied.

On the other hand, given the differences between product liability cases and patent cases, others do not believe that *In re Volkswagen* will have much impact on patent litigation. Some commentators believe that the facts of *In re Volkswagen* so strongly favored transfer that the case is an anomaly.

It is also worth noting that before the *In re Volkswagen* decision, other defendants have unsuccessfully tried to obtain mandamus relief from the Federal Circuit to compel the Eastern District of Texas to transfer patent litigation. *See In re D-Link Corp.*

In sum, it is difficult to predict whether *In re Volkswagen* will steer patent litigation out of the Eastern District of Texas. It is possible that judges confronted with motions to transfer may apply the Section 1404(a)

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factors more rigorously going forward and that more motions to transfer will be granted. This may be especially true now that the plaintiff's choice of venue is not an independent factor in the transfer analysis, but has instead been absorbed into the ''good cause'' analysis.

Then again, the decision may have little or no impact at all on patent litigation and may be limited to the facts of the case or strictly to product liability cases. To be sure, however, the cautious plaintiff may want to consider more carefully his choice of venue. In situations where, as in *In re Volkswagen*, the facts underlying a lawsuit are not closely connected to the plaintiff's choice of venue, a plaintiff may need to consider whether the anticipated benefits of litigating a patent lawsuit in the Eastern District of Texas outweigh the potential time and expense associated with trying to withstand a motion to transfer.