



## ARE Patent Law Alert: Federal Circuit Denies Writ of Mandamus To Compel Transfer in EMC's Latest Petition For Writ

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On January 29, 2013, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") addressed a second petition for writ of mandamus from a denial of a motion to transfer by the Eastern District of Texas in a patent infringement action brought by Oasis Research, LLC against various defendants. Unlike the first decision, which had granted the defendants' petition for writ, the Federal Circuit denied the current petition. *Compare In re EMC Corp.*, 677 F.3d 1351 (Fed. Cir. 2012) ("*EMC I*") (granting petition for writ of mandamus), *with In re EMC Corp.*, No. Misc. No. 13-142, 2013 U.S. App. LEXIS 1985 (Fed. Cir. January 29, 2013) (nonprecedential order) ("*EMC II*") (denying petition for writ of mandamus).

*EMC I* and *EMC II* provide useful guidance on transfer motions.

### A. *EMC* Round I

The underlying patent infringement action was commenced on August 30, 2010, by the patent holder Oasis Research, LLC ("Oasis"), against eighteen unrelated defendants before the American Invents Act (see 35 U.S.C. § 299) changed the joinder rules associated with patent actions in September 2011. *See Oasis Research LLC v. Adrive, LLC et al.*, No. 4-10-cv-00435, ECF No. 1, Complaint (E.D. Tex. filed August 30, 2010). On May 23, 2011, Magistrate Judge Mazzant issued a series of Report and Recommendations denying various defendants' motions to dismiss and/or transfer the case. (ECF Nos. 200-204). On July 25, 2011, the district court adopted the Magistrate Judge's Report and Recommendations. (ECF Nos. 242-246).

A number of defendants jointly filed a petition for writ of mandamus seeking to compel the district court to sever and transfer the underlying case from the Federal Circuit. *EMC I*, 677 F.3d at 1353. The defendants-petitioners argued that they shared nothing in common, other than being accused of infringing the same patents. The district court denied the defendants' requests because, under Fed. R. Civ. P. 20, the accused services and products were not "dramatically different." *Oasis Research LLC v. Adrive, LLC et al.*, 2011 U.S. Dist. LEXIS 80623 at \*9-10 (E.D. Tex. 2011). Thereafter, the Federal Circuit granted the writ and directed the district court to apply the correct test for joinder under Fed. R. Civ. P. 20. *EMC I*, 677 F.3d at 1360. Significantly, the Federal Circuit concluded that "independently developed products using differently sourced parts are not part of the same



transaction, even if they are otherwise coincidentally identical.” *Id.* at 1359. At the time, *EMC I* was heralded as the end of the traditional multi-defendant patent infringement cases against unrelated entities. See, e.g., Charles R. Macedo, Michael J. Kasdan and David A. Boag, [\*AIA’s Impact on Multidefendant Patent Litigation: Part I\*](#), Law 360 (Oct. 19, 2012).

## **B. *EMC* Round II**

On remand, the district court severed the cases and again denied the defendants’ motion for transfer, ruling that the defendants had failed to show that the transferee venues were more convenient based on the location of witnesses and proof. See e.g., *Oasis Research, LLC v. EMC Corp.*, 2012 U.S. Dist. LEXIS 118000 at \*18 (E.D. Tex. Aug. 21, 2012). The district court also found that judicial economy weighed heavily against transfer, because another court “would have to spend significant resources to familiarize itself with the patents, prosecution history, claim construction, and other issues in th[e] case.” *Id.* at \*17.

On the second petition for writ of mandamus, the Federal Circuit found that the defendants did not satisfy the highly deferential standard of whether the denial of transfer was such a “clear abuse of discretion” that refusing to transfer would produce a “patently erroneous result.” *EMC II*, 2013 U.S. App. LEXIS 1985 at \*5.

In denying the petition, the Court provided the following significant guidance to district courts addressing transfer motions:

1. With respect to “judicial economy,” the Federal Circuit rejected the defendants’ position that judicial economy cannot be used as a factor to decide against transferring a case. Instead, the Court recognized that while judicial economy is not a trump card to avoid transfer, it can be a factor to consider to decide against transferring a case. However, the Court must consider the judicial economy that would be anticipated at the time a lawsuit is filed, not based on post-filing events. *Id.* at \*7-8.
2. While the Federal Circuit did not grant the petition for writ based on the late timing by the District Court in addressing defendants’ renewed motion, the Court nonetheless made it clear, that transfer motions should be taken up early in a case and not deferred. *Id.* at \*5-6.
3. The Federal Circuit also implicitly recognized that that it is not per se improper to sever improperly joined cases, and that a court may still consolidate them for pre-trial purposes. *Id.* at \*3. This procedure, which is used quite often, is consistent with Section 299 of the new Patent Law under the AIA. Indeed, just days after *EMC II* issued, cases in the Eastern District of Texas issued similar consolidation orders. See, e.g., *Clear With Computers, LLC v. Hyundai Motor America, Inc.*, No. 6-12-cv-00077 (E.D. Tex. January 31, 2013); *TQP Development, LLC v. Wells Fargo & Company*, No. 2-12-cv-00061 (E.D. Tex. February 2, 2013)

## **Conclusion**



As noted above, both *EMC I* and *EMC II* provide useful guidance to litigants on when transfer motions should be granted, denied and subject to mandamus. We will continue to monitor this important area of law. Please feel free to contact us to learn more about this decision and its impact on U.S. Patent Law.

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