IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.,

Plaintiff, MEMORANDUM AND ORDER

v. 05-C-732-S

SILICONIX INCORPORATED,

Defendant.

Plaintiff Matsushita Electric Industrial Co., Ltd. commenced this patent infringement action alleging that metal oxide semiconductor field effect transistors which are made, sold, and marketed by defendant Siliconix Incorporated under product numbers: Si4886DY; Si4416DY; Si4482DY; Si4830DY; Si4810DY; and SUD50N03-07 infringe plaintiff's United States Patent number 5,883,411. Defendant has not yet answered the allegations set forth in plaintiff's complaint. Jurisdiction is based on 28 U.S.C. §§ 1331 and 1338(a). The matter is presently before the Court on defendant's motion to dismiss for lack of personal jurisdiction and improper venue or in the alternative to transfer venue to the United States District Court for the Northern District of California pursuant to 28 U.S.C. § 1404(a). The following facts relevant to defendant's pending motion are those most favorable to plaintiff.

BACKGROUND

Plaintiff Matsushita Electric Industrial Co., Ltd. is a company organized under the laws of Japan with its principal place of business located in Osaka, Japan. Defendant Siliconix Incorporated is a Delaware corporation with its principal place of business located in Santa Clara, California. The State of California also serves as the location of defendant's: (1) product development; and (2) its United States manufacturing activities.

Plaintiff owns United States Patent number 5,883,411 (hereinafter the '411 patent) entitled "Vertical Insulated Gate FET" which is directed to a particular type of solid-state switch known as a "vertical channel MOSFET." MOSFET is an acronym (that the Court will hereinafter use) for "Metal-Oxide Semiconductor Field-Effect Transistor" and such MOSFETs are used to manage and convert power in computers, cellular phones, and the communications infrastructure. Additionally, they are used to control motion in computer disk drives and automotive systems. Defendant is engaged in the business of designing, manufacturing, and marketing power and analog semiconductor products and it focuses on technology and products for the communications, computer, and automotive markets.

Plaintiff notified defendant of the '411 patent by letter on February 4, 2002. The parties exchanged correspondence and conducted meetings regarding the '411 patent for a period of time following February 4, 2002 in an attempt to enter into a licensing relationship. However, the parties never entered into such a

relationship and this action followed. Additionally, on May 9, 2005 plaintiff filed a complaint against Vishay Japan Co., Inc. (the Japanese subsidiary of defendant's parent company) in the Tokyo District Court alleging infringement of Japanese Patent number 1761945 entitled "Vertical Structure Field-Effect Transistor" and on September 8, 2005 defendant filed a complaint against plaintiff and its North American subsidiary Panasonic Corporation of North America in the United States District Court for the Northern District of California alleging infringement of its United States Patent number 5,034,785 entitled "Planar Vertical Channel DMOS Structure." Trial in the action pending in the Northern District of California is set to begin on February 5, 2007. However, none of the litigation currently pending between the parties involves the same patent that is at issue in this action.

As mentioned above defendant is a subsidiary corporation. Its parent company is Vishay Intertechnology, Inc. Since 1998 Vishay's worldwide sales organization has sold defendant's products throughout North America. Additionally, eight independent resellers are authorized to sell defendant's products within the State of Wisconsin including one in Madison, Wisconsin named Newark InOne. Newark InOne is the sole independent reseller located within the Western District of Wisconsin and according to defendant it recorded no sales of any accused product between the years 2003-2005. Defendant concedes it made one direct product sale in

Wisconsin between the years 2002-2005. However, it is disputed whether the trench MOSFET product sold by defendant was one of the products allegedly infringing the '411 patent. What is undisputed is that between 65 and 70 percent of all defendant's sales are made through its distributors and from the year 2001 through the year 2004 defendant's total sales exceeded $1.5 billion dollars. Accordingly, defendant generates significant revenue from its independent resellers which would presumably include those resellers located within the State of Wisconsin. However defendant itself: (1) maintains no offices and employs no personnel in Wisconsin; (2) is not registered to conduct business in Wisconsin with the Wisconsin Department of Financial Institutions; and (3) possesses no real or personal property in Wisconsin.

MEMORANDUM

Defendant argues it lacks the minimum contacts with Wisconsin required to support the Court's exercise of personal jurisdiction because: (1) Wisconsin is not its state of incorporation; (2) it does not maintain any offices or employ any personnel in Wisconsin; and (3) it has not made a direct sale of any allegedly infringing product in Wisconsin for the past four years. Defendant concedes there are independent resellers located in Wisconsin that sell its products. However, it asserts plaintiff cannot use these resellers to establish jurisdiction because they are not under defendant's control. Instead defendant asserts they are part of a sales operation established by its parent company Vishay Intertechnology,

Inc. Accordingly, defendant argues plaintiff's complaint should be dismissed for lack of personal jurisdiction and as necessarily follows for improper venue.

Alternatively, defendant argues this action should be transferred to the United States District Court for the Northern District of California where litigation between the parties is currently pending. Defendant asserts California is a more convenient forum for both the parties and their witnesses. Additionally, defendant argues Wisconsin has no interest in this action while California possesses a greater interest in the litigation because the accused products were produced there and defendant is a California corporation.

Plaintiff argues defendant's contacts with Wisconsin are sufficient to support the exercise of specific personal jurisdiction because defendant offers hundreds of different models of semiconductors for sale in Wisconsin through its distributors. Accordingly, it asserts defendant's motion to dismiss for lack of personal jurisdiction should be denied. Additionally, plaintiff asserts venue is proper in this district because the Court can exercise personal jurisdiction over defendant. Accordingly, plaintiff argues defendant's motion to dismiss should be denied on that basis as well.

Finally, plaintiff argues defendant's alternative motion to transfer venue to the United States District Court for the Northern District of California should be denied because: (1) the actions

pending in said district involve different patents and different products than the ones at issue before the Court; and (2) transferring the action will substantially delay its resolution.

The facts thus far presented by plaintiff in support of personal jurisdiction over defendant leave reasonable doubt as to the appropriateness of exercising jurisdiction in this Court. Plaintiff presented evidence supporting the fact that defendant's products are offered for sale in Wisconsin through a distributorship system. However, plaintiff failed to present any evidence contradicting the fact that the only authorized reseller located within this district recorded no sales of any accused product between the years 2003-2005. Additionally, plaintiff failed to present any evidence demonstrating the independent resellers act under defendant's control as opposed to the control of its parent company. Finally, defendant does not maintain any offices, employ any personnel, or possess any real or personal property in the State of Wisconsin.

However, because personal jurisdiction is not a prerequisite to transfer venue under 28 U.S.C. § 1404(a), Cote' v. Wadel, 796 F.2d 981, 985 (7th Cir. 1986)(*citing* Andrews v. Heinold Commodities, Inc., 771 F.2d 184, 189 n. 5 (7th Cir. 1995)), and because a transfer to the Northern District of California is clearly mandated by the facts of this case, the Court now grants defendant's motion to transfer venue without resolving the motion to dismiss for lack of personal jurisdiction and improper venue.

A motion for change of venue is governed by 28 U.S.C. § 1404(a) which provides: "[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." In its answer filed with the United States District Court for the Northern District of California in case number C 05-3617 plaintiff admitted that the Northern District of California can exercise personal jurisdiction over it and it also admitted venue is proper in said district. Accordingly, there is no question that this action might have been brought in the Northern District of California and the Court's inquiry focuses solely on "the convenience of parties and witnesses, in the interest of justice." 28 U.S.C. § 1404(a).

When deciding a motion to transfer venue a Court must consider all circumstances of the case using the three statutory factors as place holders in its analysis. Coffey v. Van Dorn Iron Works, 796 F.2d 217, 219 (7th Cir. 1986)(citations omitted). Defendant bears the burden of establishing by reference to particular circumstances that the transferee forum is clearly more convenient. Id. at 219-220 (citations omitted). Defendant has met this burden.

A. Convenience of the parties

Plaintiff is a company organized under the laws of Japan with its principal place of business located in Osaka, Japan. Defendant is a Delaware corporation with its principal place of business

located in Santa Clara, California. Additionally, defendant's product development and United States manufacturing both occur in California. Accordingly, the geographic convenience of the parties weighs in favor of transfer. The Northern District of California is defendant's home district. Additionally, plaintiff's home country of Japan is closer to the Northern District of California than it is to Wisconsin. Neither party asserts that it is more convenient for them to litigate this action in Wisconsin than in the Northern District of California. Accordingly, the convenience of the parties is best served by transferring this action to the Northern District of California.

B. Convenience of the witnesses

Live testimony cannot be compelled when third party witnesses are distant from the forum court. Merrill Iron & Steel, Inc. v. Yonkers Contracting Co., Inc., No. 05-C-104-S, 2005 WL 1181952 at 3 (W.D.Wis. May 18, 2005). Accordingly, the existence of such witnesses is frequently an important consideration in a transfer motion analysis. Id. However, the party seeking a transfer must clearly specify the key witnesses it intends to call and it must make a general statement of their testimony. Heller Fin., Inc. v. Midwhey Powder Co., Inc., 883 F.2d 1286, 1293 (7th Cir. 1989)(citations omitted).

Defendant contends transfer is necessary to serve the convenience of witnesses because all its witnesses reside in

Northern California. However, the only witnesses defendant generally identifies are members of its technical, financial, and sales departments. Accordingly, plaintiff is correct in its assertion that such witnesses are defendant's own employees and their testimony could be secured in any forum without need for subpoenas. Defendant also asserts that convenience of the witnesses favors transfer because any non-party witnesses who may testify in this action would likely reside in California. However, defendant must clearly specify the key non-party witnesses it intends to call and it must also make a general statement concerning what testimony such witnesses would offer. Id. This defendant has not done. However, plaintiff has not identified a single witness located in Wisconsin who it intends to call to testify in this action. Accordingly, the convenience of the witnesses factor does not support a transfer. However, it does not weigh heavily against one either.

C. Interest of Justice

The factors considered in an "interest of justice" analysis relate to "the efficient administration of the court system" not to the merits of the underlying dispute. Coffey, at 221. Accordingly, this factor does not concern the private interests of the litigants. Fondrie v. Casino Res. Corp., 903 F.Supp. 21, 24 (E.D.Wis. 1995)(*citing* Espino v. Top Draw Freight Sys., Inc., 713 F.Supp. 1243, 1245 (N.D.Ill. 1989)).

Plaintiff candidly admits its reason for selecting the Western District of Wisconsin is the relative speed of the Court's docket. As a general rule a plaintiff's choice of forum is entitled to substantial weight. *See* Piper Aircraft Co. v. Reyno, 454 U.S. 235, 255, 102 S.Ct. 252, 265-266, 70 L.Ed.2d 419 (1981), *reh'g denied*, 455 U.S. 928, 102 S.Ct. 1296 (1982). Additionally, the relative speed with which an action may be resolved is an important consideration when selecting a venue. Parsons v. Chesapeake & O. Ry. Co., 375 U.S. 71, 73, 84 S.Ct. 185, 187, 11 L.Ed.2d 137 (1963). However, plaintiff's choice of forum can be overcome by a showing that other considerations outweigh the choice of forum factor. Wausau Benefits, Inc. v. Liming, 393 F.Supp.2d 713, 717 (W.D.Wis. 2005). Such considerations exist in this action.

Plaintiff asserts speedy resolution is an important consideration in this action because the matter concerns its patent rights. Plaintiff is correct in its assertion that the relative speed with which an action may be resolved is particularly important in a patent infringement action where rights are time sensitive and delay can often erode the value of the patent monopoly. Broadcom Corp. v. Microtune, Inc., No. 03-C-676-S, 2004 WL 503942 at 3 (W.D.Wis. March 9, 2004). However, there is no indication that plaintiff brought this action to protect its patent monopoly. Plaintiff failed to present any evidence demonstrating that the parties sell competing products. Indeed plaintiff tried

to enter into a licensing agreement with defendant which would indicate that plaintiff could be readily compensated by a reasonable royalty making a swift trial less critical.

Additionally, litigation between the parties is currently pending before the United States District Court in the Northern District of California. Although the Northern District of California will not construe the claims of the '411 patent in its pending action because the patent at issue in that matter is the '785 patent it is familiar with the same general power MOSFET area of technology which is at issue in the current dispute. Additionally, it is familiar with the parties involved. Accordingly, the efficient administration of the court system is best served by transferring this action to the Northern District of California a district already familiar with the technology and the parties involved in the dispute.

Finally, the potential question concerning the availability of personal jurisdiction over defendant suggests that the interests of justice would best be served by transferring this action to the Northern District of California. As previously discussed, the facts thus far presented by plaintiff in support of jurisdiction over defendant leave reasonable doubt as to the appropriateness of the Court exercising personal jurisdiction.Conservation of judicial resources and avoidance of unnecessary legal expenses are advanced by a transfer from a forum in which there is a genuine question of

personal jurisdiction to a district in which there are no such uncertainties. 15 C. Wright, A. Miller and E. Cooper, Federal Practice and Procedure § 3854, at 469-470 & n. 31 (1986).

Accordingly, upon consideration of all relevant factors under 28 U.S.C. § 1404(a) the Court finds defendant met its burden of establishing that transferring this action to the United States District Court for the Northern District of California is warranted and its motion to transfer venue is granted.

ORDER

IT IS ORDERED that defendant's motion to transfer venue to the United States District Court for the Northern District of California pursuant to 28 U.S.C. § 1404(a) is GRANTED.

IT IS FURTHER ORDERED that defendant's motion to dismiss for lack of personal jurisdiction is DENIED as moot.

IT IS FURTHER ORDERED that defendant's motion to dismiss for improper venue is DENIED as moot.

Entered this 2nd day of March, 2006.

BY THE COURT:

S/

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JOHN C. SHABAZ
District Judge