

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

IMAGO SCIENTIFIC INSTRUMENTS
CORPORATION, OXFORD NANOSCIENCES,
LIMITED and THOMAS F. KELLY,

Plaintiffs,

v.

MEMORANDUM AND ORDER
07-C-077-S

WILLIAM W. CHISM II, QUANTUM
STAGE INCORPORATED and OPTICAL
ANALYTICS, INCORPORATED,

Defendants.

Plaintiffs Imago Scientific Instruments Corporation, Oxford Nanosciences Limited and Thomas F. Kelly commenced this action against defendants William W. Chism II, Quantum Stage Incorporated and Optical Analytics, Incorporated for common law fraud/misrepresentation, intentional misrepresentation, breach of contract, strict liability misrepresentation, conversion and correction of inventorship of '806 patent. Jurisdiction is pursuant to 28 U.S.C. §1332 based on diversity of citizenship and the amount in controversy.

The matter is presently before the Court on defendants' motions to dismiss for lack of personal jurisdiction and to dismiss for improper venue or in the alternative to transfer venue. The following facts are undisputed for purposes of these motions.

FACTS

Plaintiff Imago Scientific Instruments Corporation (Imago) is a company organized under the laws of Delaware with its principal place of business in Madison, Wisconsin. Plaintiff Oxford Nanosciences, Limited (Oxford) is a subsidiary of Imago incorporated under the laws of the United Kingdom with its principal place of business in the United Kingdom. Defendant Thomas F. Kelly, a resident of Madison, Wisconsin is the chairman of Imago and the CTO of Imago and Oxford.

Defendant William W. Chism, II, is a resident of Austin, Texas. Defendant Quantum Stage, Incorporated (Quantum) is a Texas corporation with its principal place of business in Pecos, Texas. Defendant Optical Analytics, Incorporated (Optical) is a Texas corporation with its principal place of business in Pecos, Texas.

In late 2002 Imago began discussions with Dr. Chism about the Imago Laser Pulsing Project. In December 2002 Imago met with Dr. Chism at International Sematech in Austin, Texas where he worked. On or around March 17, 2003 Dr. Chism informed Imago that he would be leaving Sematech on April 30, 2003. After leaving Sematech Dr. Chism formed a new company, Quantum.

In July 2003 Dr. Chism who was in Texas filed a provisional patent application with the United States Patent Office listing him as the sole inventor of certain "laser assisted atom probe characterization of semiconductor and dielectric structures." On

August 6, 2003 Dr. Chism filed a second provisional patent application. Imago alleges that these patent applications included confidential information obtained from Imago including its Laser Pulsing Technology.

From May 29 to June 2, 2003 Dr. Chism visited Imago in Madison, Wisconsin to discuss jointly developed technology. Imago reimbursed him for his expenses.

On August 11, 2003 Dr. Chism on behalf of Quantum executed a Non-Disclosure Agreement with Imago. Dr. Chism came to Madison to the Imago facilities in August 2003 for the purposes of reviewing the project plan and completing a contract. Imago paid Dr. Chism \$7,500.00 for his services and reimbursed him for his expenses. Collaboration between Imago and Dr. Chism ended in October 2003.

In November 2003 Dr. Chism who was in Texas began collaborating with Oxford which at that time was Imago's major competitor in the atom probe microscope market. Imago alleges that Dr. Chism disclosed confidential information obtained from Imago to Oxford. In February 2004 Dr. Chism created a new corporation in Texas, Optical Analytics, Incorporated.

In March 2004 Dr. Chism on behalf of Optical Analytics entered into a licensing agreement with Oxford for its Provisional Patent Applications and New Patent Applications. On or about June 30, 2004 Dr. Chism filed Patent Applications on the technology disclosed in the Provisional Patent Applications. On October 17,

2006 the United States Patent and Trademark Office issued patent'806 for "laser stimulated atom probe characterization of semiconductor and dielectric structures."

On June 1, 2005 Imago filed a civil action in this Court against Dr. Chism, Quantum and Optical for fraud/misrepresentation, breach of contract, conversion and unfair competition. (Case No. 05-C-320-S. This case was voluntarily dismissed by plaintiff without prejudice on September 1, 2005.

On April 11, 2006 Imago purchased the assets of Oxford Nanosciences, Incorporated. Oxford is now a subsidiary of Imago.

On November 9, 2006 Dr. Chism on behalf of Optical filed a Civil action against Imago and Tom Kelly in the 143rd Judicial District Court of Reeves County, Texas, Optical Analytics, Inc. v. Imago Scientific Instruments Corporation and Tom Kelly, Case No. 06-11-18675-CVR (the Texas Action). The claims in the Texas action include tortious interference with contract, tortious interference with prospective business relations, slander of title and business disparagement. Defendants in that action removed the action to the United States District Court for the Western District of Texas which court granted Optical Analytics' motion to remand the case back to the Texas state court because the notice of removal was untimely.

MEMORANDUM

Defendants move to dismiss for lack of personal jurisdiction and improper venue or, alternatively, to transfer the matter to the

United States District Court for the Western District of Texas. Because personal jurisdiction is not required to transfer an action pursuant to 28 U.S.C. § 1404, Coté v. Wadel, 796 F.2d 981, 985 (7th Cir. 1986), and because the facts strongly favor transfer to the United States District Court for the Western District of Texas, the Court now grants the motion to transfer without resolving the motion to dismiss for lack of personal jurisdiction.

A motion for change of venue is governed by 28 U.S.C. § 1404(a), which provides:

For 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.

Under this section the district court has broad discretion to transfer the case. Id.

Venue in civil actions founded solely on diversity of citizenship is governed by 28 U.S.C. § 1391(a). Venue is proper in a judicial district where any defendant resides, if all defendants reside in the same state, a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred or a judicial district in which any defendant is subject to personal jurisdiction at the time the action is commenced, if there is no district in which the action may otherwise be brought.

In this case all defendants, Dr. Chism, Quantum and Optical reside in the Western District of Texas. Venue is proper in the Western District of Texas pursuant to 28 U.S.C. § 1391(a).

Venue would be in the Western District of Wisconsin only if a substantial part of the events or omissions giving rise to the claim occurred in this district. Imago began discussions with Dr. Chism concerning the Laser Pulsing Project while Dr. Chism was residing in Texas and working for Sematech which was located in Austin, Texas. After leaving Sematech in April 2002 Dr. Chism started two Texas corporations, Quantum and Optical. Although Dr. Chism visited Imago later in 2003, the actions which form the basis of this lawsuit are Dr. Chism's disclosures of confidential information which occurred in Texas and the applications for patents which occurred in Texas. Although Dr. Chism came to Madison, Wisconsin to Imago's facilities on two occasions it does not appear that a substantial part of the events giving rise to the claim occurred in this district.

The Court then addresses "the convenience of parties and witnesses, in the interest of justice" pursuant to 28 U.S.C. § 1404(a). In ruling on this transfer motion the 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).

It would be more convenient for plaintiffs to try the case in this district and for the defendants to try the case in the Western

District of Texas where they reside. Defendants intend to call the following employees of International Sematech, Austin, Texas: Bob Falstead, Carrie Crowe, James Price, Alain Diebolt and Long Vu. These witnesses will testify about Imago's contact with Dr. Chism when he was employed at Sematech. Plaintiff's witnesses Joe Bunton, Dave Strait, Jesse Olson, Tye Gribb and Steven Goodman are plaintiff's employees.

The only witnesses in this case who are not under the control of the parties are the Sematech employees. These third party witnesses together with any documents in their possession would be beyond the subpoena power of this Court. The United States District Court for the Western District of Texas could command the attendance of these witnesses and compel the disclosure of documents in their possession. Plaintiff has identified no third party witnesses or documents which are beyond the reach of the Texas Court. The interest of justice weighs heavily in favor of transfer to the United States District Court for the Western District of Texas where all the witnesses and documents would be available.

In addition defendants' pending motion to dismiss for lack of personal jurisdiction over defendant suggests that the interest of justice would benefit from a transfer of venue. Conservation of judicial resources and avoidance of unnecessary legal expenses are advanced by a transfer from a forum in which there is a 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 n. 31 and accompanying text (1986).

Accordingly, the interest of justice compels the transfer of this matter to the United States District Court for the Western District of Texas.

ORDER

IT IS ORDERED that this case is transferred to the United States District Court for the Western District of Texas pursuant to 28 U.S.C. § 1404(a).

Entered this 17th day of May, 2007.

BY THE COURT:

S/

JOHN C. SHABAZ
District Judge