IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

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TRAVELCLICK, INC.,

Plaintiff,

v.

VARIANT HOLDINGS, LLC and
VARIANT, INC.,

Defendants.

OPINION AND ORDER

12-cv-708-bbc

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This is a patent declaratory judgment action filed by plaintiff TravelClick, Inc. against defendants Variant Holdings, LLC and Variant, Inc. Plaintiff seeks a declaration that its iHotelier online hotel reservation system does not infringe defendants' United States Patent Number 7,624,044. Now before the court are various motions to dismiss filed by defendant. Defendants contend that (1) the case should be dismissed because this court lacks personal jurisdiction over Variant Holdings, LLC, dkt. ##12, 40; (2) plaintiff's claims for a declaration of noninfringement should be dismissed for failure to state a claim, dkt. ##15, 41; and (3) the case should be dismissed or transferred in favor of related proceedings in the Eastern District of Texas under the "first-filed" rule or 28 U.S.C. § 1404(a), dkt. #17.

Plaintiff opposes the motions and has requested leave to conduct discovery to respond to defendants' personal jurisdiction defense. Dkt. ##25, 46. Additionally, plaintiff filed a letter with the court on February 1, 2013, asking the court to stay a decision on

defendants' various motions because in a related case, plaintiff received "material information" relevant to defendants' arguments. Dkt. #53. The information has been marked "confidential" under a protective order, so plaintiff has requested permission from the Texas court to produce the documents in this case.

Because I agree with defendants that transfer is appropriate under § 1404(a), it is unnecessary to decide whether this court has personal jurisdiction over each of the defendants. Cote v. Wadel, 796 F.2d 981, 985 (7th Cir. 1986). Thus, I am denying defendants' motions to dismiss for lack of personal jurisdiction as moot, and am denying plaintiff's request for jurisdictional discovery as moot for the same reason. As for plaintiff's most recent request for additional time to submit confidential documents to the court, plaintiff has not explained how the documents might affect the § 1404 transfer analysis. Plaintiff's vague suggestion that the documents would be "material" to the motions before the court is not sufficient to delay resolution of defendants' motions any longer. Finally, I will leave it for the Eastern District of Texas to determine whether plaintiff's complaint satisfies Fed. R. Civ. 8.

OPINION

Defendants have moved to transfer this case under 28 U.S.C. § 1404(a) on the grounds that the Eastern District of Texas is a more convenient forum and transfer will serve the interests of justice. A district court "may transfer any civil action to any other district or division where it might have been brought" if the transfer is "[f]or the convenience of the

parties and witnesses [and] in the interest of justice." 28 U.S.C. § 1404(a).

As an initial matter, plaintiff argues that defendants have failed to show that plaintiff could have brought its claims in the Eastern District of Texas, because defendants have not shown that Variant Holdings, LLC is subject to personal jurisdiction in that district. Variant Holdings, LLC is a Nevis limited liability company with its principal place of business in Charleston, Nevis and no apparent business in Texas. However, by stating their wish to try the case in Texas, defendants have waived any objections to the exercise of personal jurisdiction in that state. TruServ Corp. v. Flegles, Inc., 419 F.3d 584, 589 (7th Cir. 2005) (objections to personal jurisdiction may be waived). Additionally, because defendants have filed several patent infringement lawsuits in the Eastern District of Texas regarding the '044 patent, including an infringement action against plaintiff, defendants would be subject to personal jurisdiction in that district with respect to plaintiff's claims of noninfringement and invalidity of the same patent.

Decisions regarding transfer of patent actions are governed by the law of the regional circuit. Winner International Royalty Corp. v. Wang, 202 F.3d 1340, 1352 (Fed. Cir. 2000). In the Seventh Circuit, the movant has the burden of establishing that the transferee forum is "clearly more convenient." Coffey v. Van Dorn Iron Works, 796 F.2d 217, 219-20 (7th Cir. 1986) (discussing factors relevant to § 1404 transfer analysis). The court of appeals has explained that § 1404(a) "permits a 'flexible and individualized analysis' and affords district courts the opportunity to look beyond a narrow or rigid set of considerations in their determinations." Research Automomation, Inc. v. Schrader-Bridgeport

International, Inc., 626 F.3d 973, 978 (7th Cir. 2010) (quoting Stewart Organization, Inc. v. Ricoh Corp., 487 U.S. 22, 29 (1988)). The court summarized the most salient factors:

> With respect to the convenience evaluation, courts generally consider the availability of and access to witnesses, and each party's access to and distance from resources in each forum. Other related factors include the location of material events and the relative ease of access to sources of proof.
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> The "interest of justice" is a separate element of the transfer analysis that relates to the efficient administration of the court system. For this element, courts look to factors including docket congestion and likely speed to trial in the transferor and potential transferee forums; each court's relative familiarity with the relevant law; and the relationship of each community to the controversy. The interests of justice may be determinative, warranting transfer or its denial even where the convenience of the parties and witnesses points toward the opposite result.

Id. (internal quotations and citations omitted).

In this case, the convenience factor does not weigh heavily in either direction. Plaintiff does not identify any connection to Wisconsin that would make litigating in this state more convenient for it. Plaintiff is a Delaware corporation, headquartered in New York, with offices in Schaumburg, Illinois; Atlanta, Georgia, Orlando, Florida; Houston, Texas; and Philadelphia, Pennsylvania. Only 16 of plaintiff's 2000 customers that use the iHotelier system are located in Wisconsin. One of the defendants, Variant, Inc. is headquartered in this district, though it has no employees or present activities in this district and supports a transfer to Texas. (Its sole employee recently moved from Missouri to Texas.) The other defendant, Variant Holdings, LLC is headquartered in Nevis and has no employees. No matter where the case proceeds, the venue will be more convenient for some parties than others.

The determinative factor in this case is the interest of justice, in particular the existence of related cases in the Eastern District of Texas. Research Automation, 626 F.3d at 978 ("The interest of justice may be determinative, warranting transfer or its denial even where the convenience of the parties and witnesses points toward the opposite result."). See also Heller Financial, Inc. v. Midwhey Powder Co., 883 F.2d 1286, 1293 (7th Cir. 1989) ("interest of justice" includes "trying related litigation together, and having a judge who is familiar with the applicable law try the case"); Coffey, 796 F.2d at 221 (relevant factor is whether "whether a transfer would facilitate consolidation of related cases"). This is among the most persuasive reasons I have found for transferring a patent case in the past. E.g., Therma-Stor LLC v. Abatement Technologies, Inc., 2010 WL 446024, *2 (W.D. Wis. 2010) (transferring patent case with related case in another district); Amtran Technology Co. v. Funai Electric Co., 2009 WL 2341555, *5 (W.D. Wis. 2009) (same); Rudich v. Metro Goldwyn Mayer Studio, Inc., 2008 WL 4691837, *6 (W.D. Wis. 2008) (same); Broadcom Corp. v. Agere Systems, Inc., 2004 WL 1176168, *1 (W.D. Wis. 2004) (same). Because of the complexity of many patent cases, judicial economy is best served when the court already familiar with the technology of the patent and the relevant facts and law presides over the case. Helferich Patent Licensing, L.L.C. v. New York Times Co., 1:10-CV-04387, 2012 WL 1368193, *3 (N.D. Ill. Apr. 19, 2012) ("It would be a waste of limited judicial resources to require two judges to expend the time and effort necessary to understand the technical and factual issues involved in both cases when it could simply be handled by one judge.").

At least seven infringement cases involving the '044 patent are proceeding in the Eastern District of Texas before the same judge, Judge Rodney Gilstrap. Variant Holdings, LLC v. Z resorts LLC, 11-cv-290-JRG; Variant Holdings LLC v. Amerco, 11-cv-422-JRG; Variant Holdings, LLC v. Hilton Hotels Holdings LLC, 11-cv-427-JRG; Variant Holdings, LLC v. TravelClick, Inc., 12-cv-623-JRG; Variant Holdings, LLC v. The Mian Development Corp. d/b/a Sterling Hotel Dallas, 12-cv-765-JRG; Variant Holdings, LLC v. Live Oak Lodging, Inc., 12-cv-767-JRG; Variant Holdings, LLC v. Moody Gardens, Inc., 12-cv-769-JRG. Defendant filed the first three of those cases more than one year before plaintiff filed its lawsuit in this court. In those cases, defendants accuse 85 defendants of infringing the '044 patent, including13 of plaintiff's customers who are accused of infringement of the'044 patent in connection with their use of plaintiff's iHotelier system. Those three cases have proceeded to the claims construction stage. Thus, Judge Gilstrap will already have significant familiarity with the technology of the '044 patent and plaintiff's technology.

Defendants also sued plaintiff for infringement of the '044 patent in the Eastern District of Texas, one day after plaintiff filed this lawsuit. Plaintiff contends that because its declaratory judgment action was filed before it was named as a party in any action, this case should not be transferred to Texas. Plaintiff cites the "first-filed rule" as articulated by the Court of Appeals for the Federal Circuit. Electronics for Imaging, Inc. v. Coyle, 394 F.3d 1341, 1345-46 (Fed. Cir. 2005) (in applying first-filed rule to patent cases, law of Federal Circuit applies). Defendants respond that the first-filed rule actually favors its position, because the three cases it filed against plaintiff's customers and other defendants should be

considered the first-filed action.

Regardless which case should qualify as the first-filed action, I conclude that the first-filed rule is not determinative in this case. The court of appeals has explained that the first-filed rule should not apply if "considerations of judicial and litigant economy, and the just and effective disposition of disputes, requires otherwise." Genentech, Inc. v. Eli Lilly & Co., 998 F.2d 931, 937 (Fed. Cir. 1993), abrogated in part on other grounds by Wilton v. Seven Falls Co., 515 U.S. 277 (1995). See also Micron Technology, Inc. v. Mosaid Technologies, Inc., 518 F.3d 897, 904 (Fed. Cir. 2008) (courts can make exceptions to first-filed rule on grounds of convenience, possible consolidation and whether first-filed action was result of race to courthouse). In this case, considerations of judicial and litigant economy favor transfer.

Plaintiff argues that it will be prejudiced by a transfer because it is more likely to obtain a speedy resolution of the case in this court. Plaintiff cites statistics showing that this court has a medium time to trial of 1.05 years, while the Eastern District of Texas has a medium time to trial of 2.22 years. However, in this case, a trial date has been set already for June 9, 2014, approximately 18 months from the date plaintiff filed this case. Further, plaintiff has not developed any argument explaining why a delay of a few months would be particularly detrimental. Accordingly, I conclude that defendants have met their burden to show that the case should be transferred to the Eastern District of Texas.

ORDER

IT IS ORDERED that

1. The motion to transfer this case under 28 U.S.C. § 1404 to the Eastern District of Texas filed by defendants Variant Holdings, LLC and Variant, Inc., dkt. #17, is GRANTED.

2. Defendants' motions to dismiss for lack of personal jurisdiction, dkt. ##12, 40, are DENIED as moot.

3. Plaintiff TravelClick, Inc.'s motions for jurisdictional discovery, dkt. ##25, 46, are DENIED as moot.

4. This case is TRANSFERRED to the United States District Court for the Eastern District of Texas.

Entered this 11th day of February, 2013.

BY THE COURT:
/s/
BARBARA B. CRABB
District Judge