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Motions to Transfer After *In re Genentech*: The Effect of Federal Circuit Writs of Mandamus on Western District Litigation

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For nearly every plaintiff that is drawn to the Western District of Wisconsin, there is a defendant who would prefer to litigate somewhere else. Particularly in patent litigation, where venue is relatively flexible, a motion to transfer under Section 1404(a) is often a crucial turning point in the case. Accordingly, when the Federal Circuit granted two petitions for mandamus ordering the Eastern District of Texas to transfer patent cases, attorneys across the country took notice.[2]

But will these decisions affect transfer motions in the Western District? Chief Judge Crabb recently granted a motion to reconsider a previous denial of a section 1404(a) transfer after the petitioner cited one of them, *In re Genentech*. Judge Crabb's opinion analyzes *Genentech*, thus providing useful insight to the Western District's current approach to motions to transfer. But the most important lesson in the decision is that a successful motion requires thorough evidentiary support, especially concerning the location of third-party witnesses and documents.

Basic Principles of Section 1404(a) Transfers in the Seventh Circuit

Under 28 U.S.C. § 1404(a), "[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." The standards applicable to a motion to transfer are a matter of procedural law, thus determined under the law of the regional circuits. In the Seventh Circuit, four factors guide the exercise of discretion granted by section 1404(a): (1) the plaintiff's choice of forum; (2) the convenience to the parties; (3) the convenience to witnesses; and (4) the interests of justice.[3] Seventh Circuit courts determine "in light of all the circumstances of the case" where deference is necessary and which factors are dispositive in establishing whether another forum is "clearly more convenient."[4]

First, Seventh Circuit courts evaluate whether the plaintiff's choice of forum deserves deference. A plaintiff's choice of forum is given significant deference if the plaintiff chooses to litigate in its home forum.[5] Thus, if the plaintiff has significant ties to the district, this factor weighs against transfer.[6]

Second, Seventh Circuit courts evaluate whether transfer would be more convenient to the parties. This factor focuses on the burden to the defendant because "[p]resumably, if plaintiff chose to file suit in [a Seventh Circuit district], it is willing to overlook any inconvenience associated with litigating in this forum."[7] For example, if the defendant faces significant travel difficulty or has infrequent contact with the district, this factor weighs in favor of transfer.[8]

Third, Seventh Circuit courts evaluate whether transfer will be more convenient to potential witnesses. A defendant seeking transfer must be prepared to "clearly specify the key witnesses to be called" and provide "document[s] containing facts tending to establish who (specifically) it planned to call or the materiality of that testimony."[9]

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Motions to Transfer

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Fourth, Seventh Circuit courts evaluate whether transferring is in the interest of justice. This catch-all factor considers docket speed, consolidation of related cases, maximization of judicial expertise, and protection of the forum's community interests.[10] Although the interest of justice factor relates to "the efficient functioning of the courts, not to the merits of the underlying dispute," it is a fact-specific inquiry where the nature of dispute at issue is relevant.[11] For example, in patent litigation, when parties are competitors and delay would decrease the value of the patent-in-suit, docket speed can be decisive.[12] But docket speed, or lack thereof, is not enough to compel a transfer in the interest of justice when the balance of the other factors establishes that another forum is clearly more convenient.[13]

In re Genentech, Inc.: The Federal Circuit View

After the United States District Court for the Eastern District of Texas denied a section 1404(a) motion by defendants Genentech, Inc. and Biogen Idec Inc. to transfer their patent dispute with Sanofi-Aventis Deutschland GmbH, the defendants took the unusual step of petitioning the Federal Circuit for a writ of mandamus.[14] The Federal Circuit granted the petition, ruling that the district court, "clearly abused its discretion in denying transfer of venue to the Northern District of California. . . ."[15]

The Eastern District had denied the motion because none of the California witnesses were "key witnesses," because Texas was geographically central to the witnesses and parties, and because plaintiff Sanofi may not have been subject to personal jurisdiction in California.[16]

The Federal Circuit disagreed, concluding first that the defendants had shown that the convenience to witness factor favored transfer.[17] Genentech is a Delaware corporation with headquarters in San Francisco.[18] Biogen is a Delaware corporation with a major facility in San Diego that worked on the allegedly infringing product.[19] Genentech and Biogen identified several witnesses within the Northern District of California.[20] The Eastern District determined that this was not sufficient because the witnesses were not "key witnesses." But the Federal Circuit ruled that the inconvenienced witnesses need not be "key witnesses" as long as they have knowledge of "relevant and material information at this point in the litigation."[21]

Second, the Federal Circuit ruled that the convenience to parties factor favored transfer. The Eastern District found that the Fifth Circuit's "100-mile" rule for determining cost of attendance for willing witnesses and parties made Texas an ideal "centralized location" for litigation between Sanofi, Genentech, and Biogen.[22] The "100-mile" rule states that when the distance between an existing venue and a proposed venue is more than 100 miles, the inconvenience to witnesses factor increases in direct proportion to the additional distance to be travelled.[23] The Federal Circuit ruled that "the 100-mile rule should not be rigidly applied such that it creates the result presented here. The witnesses from Europe will be required to travel a significant distance no matter where they testify."[24]

Third, the Federal Circuit held that Sanofi's challenge to jurisdiction in California was irrelevant to transfer analysis because "[t]here is no requirement under § 1404(a) that a transferee court have jurisdiction over the plaintiff."[25] This directly overruled the Eastern District's determination that "the issue of whether personal jurisdiction exists [over Sanofi] in the Northern District of California declaratory judgment suit weighs heavily against transfer."[26]

AmTRAN Technology Co., Ltd., v. Funai Electric Co., Ltd.: The Western District View

Several weeks before the Federal Circuit decided *In re Genentech*, Judge Crabb had denied Funai's and Sony's motion to transfer a patent infringement case to the Northern District of California where a related case was pending.[27] Funai and Sony then filed a motion for reconsideration, citing *In re Genentech* and presenting new evidence concerning the plaintiff's activities in California, witnesses and evidence in California, and the likely trial date in the related case.[28]

In the Court's initial denial of Funai and Sony's motion to transfer, Judge Crabb evaluated the four Seventh Circuit factors for transfer under section 1404(a).[29] The Court determined that transfer would be somewhat more convenient for the parties, neutral for the witnesses, and not in the interest of justice.[30] Specifically, the Court emphasized the "convenience to witnesses" factor and found that "defendants cannot establish the clear convenience of transfer simply by identifying the inconvenience to one named witness and other unnamed witnesses with unspecified knowledge of the patents."[31] To demonstrate the convenience of a transfer, defendants are "required to clearly specify the key witnesses to be called" and provide "document[s] containing facts tending to establish who (specifically) it planned to call or the materiality of the testimony."[32]

Judge Crabb had also found that the interests of justice weighed against transfer because the docket moves slower in California.[33] Although Judge Crabb noted that "[d]ocket speed alone is not sufficient to defeat a motion to transfer,"[34] she found that docket speed was a sufficient reason to deny transfer because Funai and Sony had not established that another forum was more convenient.[35]

In support of reconsideration, Funai and Sony cited *Genentech* as persuasive authority because the facts in *Genentech* were similar to those of the case at hand.[36] Like the Eastern District in *Genentech*, Judge Crabb had not been persuaded by significant inconvenience to material witnesses located in the transferee district.[37] Also like the Eastern District, Judge Crabb relied on the speed of disposition statistics to determine that transfer was not in the interest of justice.[38] But on the motion for reconsideration, Judge Crabb transferred the case.[39]

Judge Crabb's reconsideration opinion reviews *Genentech*, making two primary points. First, the Court distinguished *Genentech* because it applies Fifth Circuit motion-for-transfer law, which is "more extensive and differs somewhat from the factors enumerated by the Seventh Circuit."[40] Whereas the Seventh Circuit standard comprehends a range of considerations under the flexible "interests of justice" factor, the Fifth Circuit sets out a more extensive set of particular factors and rules.[41] Second, Judge Crabb explained that in *Genentech* the defendants had properly identified numerous material witnesses located in the Northern District of California.[42] But in their original motion to transfer, Sony and Funai had not identified specific individuals or explained how their testimony was relevant.

Ultimately, Judge Crabb granted the motion for reconsideration because Sony and Funai presented new and more detailed evidence of the plaintiff's activities in California and of the third-party witnesses located in the Northern District of California, and the relevance of the third-party evidence, some of which had emerged after the original transfer motion in pleadings in the related case in California.

In light of the connections to California firmly established on the motion for reconsideration, Judge Crabb determined that the docket speed of the Western District was no longer a decisive factor and granted the motion for transfer.

Conclusion

Judge Crabb's decision to transfer the AmTRAN case provides an informative view of the Court's response to the recent Federal Circuit decisions granting petitions for mandamus to transfer patent cases from the Eastern District of Texas. Those cases, including *In re Genentech*, have not made transfers of venue more likely in the Western District, which will continue to decide transfer motions according to Seventh Circuit standards. The real lesson of the AmTRAN case is that litigants should heed *Heller Fin., Inc. v. Midwhey Powder Co.*, which requires that a transfer motion must contain specific—and supported—facts proving that another forum is clearly more convenient for the parties and especially third-party witnesses.[43] A transfer motion that makes such a showing can overcome the speed of the docket in the Western District, which is a factor that often compels the denial of motions under section 1404(a).[44]

(Endnotes)

1 Summer Associate, J.D. Candidate, 2010, The University of Texas School of Law.
2 *In re TS Tech USA Corp*., 551 F.3d 1315 (Fed. Cir. 2208); *In re Genentech, Inc.*, 566 F.3d 1338 (Fed. Cir., 2009).
3 *Coffey v. Van Dorn Iron Works*, 796 F.2d 217, 219-20 (7th Cir. 1986).
4 *Id.*.
5 *Piper Aircraft v. Reyno*, 454 U.S. 235, 255-56 (1981).
6 *Id.*
7 *Semiconductor Energy Laboratory Co., Ltd. v. Samsung Electronics Co., Ltd.*, No. 09-CV-1-BBC, 2009 WL 1615528, at *4 (W.D. Wis. June 9, 2009).
8 *Id.*
9 *Generac Corp. v. Omni Energy Sys.*, 19 F. Supp. 2d 917, 923 (E.D. Wis. 1998) (quoting *Heller Fin., Inc. v. Midwhey Powder Co.*, 883 F.2d 1286, 1293-94 (7th Cir. 1989)).
10 *Coffey*, 796 F.2d at 221.
11 *Id.*
12 *Milwaukee Elec. Tool Corp. v. Black & Decker (N.A.), Inc.*, 392 F. Supp. 2d 1062, 1065 (W.D. Wis. 2005).
13 *Leggett & Platt, Inc. v. Lozier, Inc.*, No. 04-C-0932-C, 2005 WL 1168360, at *2 (W.D. Wis. May, 17, 2005).
14 *In re Genentech*, 566 F.3d at 1341.
15 *Id.* at 1348.
16 *anofi-Aventis Deutschland GmbH v. Genentech Inc.*, 607 F. Supp. 2d 769, 775-782 (E.D. Tex. 2009).
17 *In re Genentech*, 566 F.3d at 1338.
18 *Sanofi-Aventis Deutschland*, 607 F. Supp. 2d at 773.
19 *Id.*
20 *Id.*
21 *In re Genentech*, 566 F.3d at 1343 (citing *In re Volkswagen of America, Inc*., 545 F.3d 304, 317 n.12 (5th Cir. 2008)).
22 *Sanofi-Aventis Deutschland*, 607 F. Supp. 2d at 779.
23 *In re Genentech*, 566 F.3d at 1343.
24 *Id.* at 1344.
25 *Id.* at 1346.
26 *Sanofi-Aventis Deutschland*, 607 F. Supp. 2d at 778.
27 *AmTran Technology Co., Ltd. v. Funai Elec. Co., Ltd.*, No. 08-CV-740-BBC, 2009 WL 1139591 (W.D. Wis. April 27, 2009) (hereinafter *Motion to Transfer*).
28 *AmTran Technology Co., Ltd. v. Funai Elec. Co., Ltd.*, No.08-CV-740-BBC, 2009 WL 2341555 (W.D. Wis. July 29, 2009) (hereinafter *Motion to Reconsider*).
29 *Motion to Transfer.*
30 *Id.* at *4-6.
31 *Id.* at *5.
32 *Id.* (citing *Generac Corp. v. Omni Energy Sys., Inc.*, 19 F. Supp.2d 917, 923 (E.D. Wis. 1998)(quotations omitted)).
33 *Motion to Transfer* at *6.
34 *Id.*
35 *Id.*
36 *Motion to Reconsider* at *1.
37 *Motion to Transfer* at *5.
38 *Id.* at *5.
39 *Motion to Reconsider* at *1.
40 *Id* at *3.
41 *Id.* (Comparing *Coffey* and *Volkswagen*).
42 *Id.* at *4-5
43 883 F.2d 1286, 1293-94 (7th Cir. 1989).
44 *Milwaukee Elec. Tool Corp*. 392 F. Supp. 2d at 1065.

Mark Your Calendars!

The WDBA will hold its annual meeting, lunch and CLE program on Friday, May 21, 2010. The day will begin with the business meeting in the morning, followed by the lunch program, with the CLE program in the afternoon. We will conclude with the always informative judges panel and a post-meeting reception. Schedule details and registration materials will be available soon.

A Message from the President

Sarah A. Zylstra

As many of you know, we are still waiting for two new judges to join the District Court for the Western District of Wisconsin. We are also waiting for a judge to join the Court of Appeals for the Seventh Circuit. For those of you who may not be following these judicial selections, I thought it might be helpful to summarize the process for these judicial selections and what still needs to occur before our new judges are in place.

In December of 2008, Judge John C. Shabaz sent a letter to the current president advising him that, as of January 20, 2009, he would assume senior status. In May of 2009, 13 people applied for the vacancy created by Judge Shabaz. An 11-member Federal Nominating Commission screened those candidates and passed four of those applicants to United States Senators Herb Kohl and Russ Feingold: Louis B. Butler Jr., William M. Conley, Ramona A. Gonzalez, and Stephen J. Meyer. Senators Kohl and Feingold sent two of those candidates, former Supreme Court Justice Louis Butler and Attorney William Conley, to President Barack Obama for his consideration. On September 30, 2009, President Obama nominated Justice Butler to fill Judge Shabaz's seat.

On November 4, 2009, Justice Butler, along with three nominees for other judicial vacancies, appeared before the Senate Judiciary Committee during a joint confirmation hearing. Several members of the Senate Judiciary Committee posed questions to Justice Butler. On December 3, 2009, the Senate Judiciary Committee voted 12-7 to approve the nomination of former Justice Louis Butler to be U.S. District Court Judge for the Western District of Wisconsin. As of the date of this writing, no date has been set for Justice Butler to be confirmed by the entire United States Senate, a necessary step before Justice Butler fills the judicial vacancy. If the Senate votes to confirm Justice Butler, he will be our next judge in the Western District and his term would begin immediately.

On March 19, 2009, Chief Judge Barbara B. Crabb announced her intention to take senior status as soon as her successor could be confirmed. There were 21 applicants for that position. On June 8, 2009, the Federal Nominating Commission sent a list of six applicants to Senators Herb Kohl and Russ Feingold for consideration, including the four finalists for Judge Shabaz's seat as well as Anuj C. Desai and David E. Jones. The senators forwarded three names to President Obama for consideration for Chief Judge Crabb's seat: Louis B. Butler Jr., William M. Conley, and Anuj C. Desai.

On October 29, 2009, President Obama nominated William Conley, an attorney with the law firm of Foley & Lardner LLP, to fill the seat to be vacated by Chief Judge Barbara Crabb. On November 18, 2009, the Senate Judiciary Committee held a hearing on Attorney Conley's nomination. On December 10, 2009, the Senate Judiciary Committee voted unanimously to approve the nomination of William Conley to be U.S. District Court Judge for the Western District of Wisconsin. No date has been set for a confirmation vote before the United States Senate. There is no indication as to when that may occur.

Finally, with respect to the Seventh Circuit, Judge Terence T. Evans announced earlier this year that he intends to take senior status in January 2010. There were 11 applicants for that position. On November 15, 2009, the Wisconsin Federal Nominating Commission recommended six applicants to Senators Herb Kohl and Russ Feingold: Lynn S. Adelman, Linda M. Clifford, Anuj C. Desai, Victoria F. Nourse, Richard J. Sankovitz, and Dean A. Strang. As of the date of this writing, those senators have not yet narrowed the list and determined which candidates they will recommend to President Obama for Judge Evans' seat. The individual who is nominated by President Obama will also need to receive approval by the United States Senate.

So that is the summary of the current status of the judicial selections in a nutshell. Hopefully, it will not be long before our federal courts get their new judges in place.

Seventh Circuit Addresses Confidentiality of Unfiled Documents During Course of Discovery

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In November, the Seventh Circuit Court of Appeals addressed a fairly unusual situation in which a third-party intervenor challenged the propriety of a protective order after a final judgment was entered.[1] After concluding that the third-party intervenor lacked standing to challenge the protective order, the court addressed the public's right to access filed and unfiled discovery materials and explained the legal significance between these two categories of information. The court then rejected the district court's exercise of "ancillary jurisdiction" over the intervenor's post-judgment challenge to the scope of the protective order. This article will outline the facts of the case and highlight the key features of the court's decision.

I. Factual Background

In 2004, Diane Bond filed a Section 1983 claim against eight Chicago police officers and supervisors and the City of Chicago, alleging that the police officers abused her during the course of their official duties. During pre-trial discovery, the parties agreed to a protective order that prohibited the public disclosure of confidential material, including information that could have identified the police officers. In response to Ms. Bond's discovery requests, the City of Chicago produced thousands of documents, some of which were confidential and subject to the protective order. Notably, none of these documents were filed with the court.

The parties settled their claims, leading to an order of dismissal that the court signed on March 23, 2007. One week before the court signed the order, a journalist filed a "Petition to Intervene and Motion to Unseal Public Documents Relating to Allegations of Police Misconduct." Through this petition, the journalist sought modification of the protective order and access to certain documents the City produced during discovery, including confidential records. Even though the court dismissed the underlying claims, with prejudice, it kept the case open to address the merits of the journalist's petition. The court then entered an order allowing the journalist to intervene and rescinded the protective order in its entirety. The City promptly appealed and secured a stay of the district court's order.

II. The Court's Decision

In general terms, the Seventh Circuit addressed three questions in its decision. First, the court confronted the jurisdictional question presented by the facts, i.e., whether the journalist had Article III standing to intervene and challenge the scope of the protective order. Next, the court examined the public's right to access information produced during the course of litigation, including the distinction between filed and unfiled discovery. Finally, the court addressed the limits of the district court's "ancillary jurisdiction" and the propriety of its exercise of jurisdiction over the journalist's petition after the final judgment was entered.

A. Standing

As a threshold matter, the court examined the relationship between Article III's standing requirement and the intervention procedure set forth in Rule 24(b), Fed. R. Civ. P. More specifically, the court identified the "confusing" question of whether a Rule 24(b) permissive intervenor must satisfy the standing requirements of Article III by showing an actual stake in the outcome of the case. Noting that the Seventh Circuit had not yet answered this question, the court refined the inquiry as "whether an intervenor must establish standing to challenge a protective order after the case has been dismissed."[2]

The court answered this question affirmatively. Noting that an actual controversy must exist at all stages of the review, the court concluded that permissive intervenors must show standing if there is otherwise no live case or controversy. Accordingly, the court held as follows: "when a third party seeks intervention under Rule 24(b) for the purpose of challenging a protective order in a case or controversy that is no longer live . . . the intervenor must meet the standing requirements of Article III in addition to Rule 24(b)'s requirements for permissive intervention."[3] As the litigation between

Bond and the City has been settled and the case was about to be dismissed with prejudice when the journalist filed his petition to intervene, a live Article III controversy no longer existed. As a result, the journalist was required to establish independent Article III standing before intervening.

B. Filed v. Unfiled Discovery

The court then addressed third-party standing to challenge a protective order to access unfiled discovery. Noting that "Article III standing requires an injury-in-fact capable of being redressed by a favorable decision," the court further observed that the claimant must identify a right, or a "colorable claim," to a "right that has been infringed."[4] With this standard in mind, the court rejected the existence of a general "public right" to information that confers standing in this context.

After rejecting the broad claim of a general, public right to litigation materials, the court distinguished between filed and unfiled documents. With respect to filed documents, the court acknowledged the public's right to access and, if necessary, intervene to challenge protective orders that shield such records from public view. While the public's right to access filed court documents is not absolute, it is sufficient to confer standing on a third party who wishes to challenge a protective order and secure access to those documents.

Unfiled discovery documents—which have never been filed with the court and never influenced the outcome of a judicial proceeding—are different. Even though the "public's right of access is limited to traditionally publicly available sources of information," the court made it clear that "the rights of the public kick in when material produced during discovery is filed with the court."[5]

With this in mind, the court rejected the district court's conclusion that Rule 26(c), Fed. R. Civ. P. creates "a freestanding public right of access to unfiled discovery."[6] In a similar vein, the court concluded that the First Amendment does not create a "derivative" right to information for purposes of standing. For these reasons, the court concluded that the journalist did not have a legally protected interest in securing access to the unfiled discovery.

C. Ancillary Jurisdiction

Finally, the court addressed the district court's authority to modify or revoke the protective order following the dismissal, with prejudice, of Ms. Bell's claims. As a foundational matter, the court acknowledged the district court's "ancillary" jurisdiction over matters that are "incidental to other matters properly before" the court.[7] Unlike most cases where such ancillary jurisdiction is invoked to assist the court in monitoring the execution of a settlement agreement, the district court here exercised jurisdiction over a third-party attack on a protective order after the claims were dismissed. Such an exercise of jurisdiction was not "ancillary" or "incidental" to a matter properly before the court. Accordingly, the district court's exercise of ancillary jurisdiction was improper.

III. Conclusion

Bond is a fascinating case with implications for the practitioner. The most obvious "take away" from this case pertains to the sanctity of protective orders. Here, the lesson is clear: In addition to drafting solid protective orders that can survive a collateral attack, it is important to avoid public filings of documents that are presumably available to the public. In those jurisdictions where parties are required to file discovery documents with the Court, it will be necessary to seal records that contain protected information. While third-parties will retain standing to collaterally attack protective orders that cover filed documents, the right to access is not absolute and it can be overcome with a showing that the documents require protection under Rule 26(c). With respect to standing, Bond provides a holding that is limited, for the most part, to third-party intervenors who launch a collateral attack on a protective order after judgment has been rendered. The court did not address the standing of third-party intervenors who take similar action before a judgment is rendered by the court. As a result, this question remains unanswered in the Seventh Circuit.

1 Bond v. Utreras, 585 F.3d 1061 (7th Cir. 2009).
2 Bond at 585 F.3d at 1071.
3 Bond at 585 F.3d at 1072.
4 Bond at 585 F.3d at 1073.
5 Bond at 585 F.3d at 1075.

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