

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SILVER SCREEN TELE-REALITY, INC.,	§ § §	
Plaintiff,	§	
v.	§	Civil Action No. 3:11-CV-2351-K
	§	
DEALER IMPACT SYSTEMS, L.L.C., ET AL.,	§ § §	
Defendants.	§	

ORDER

Before the court are Defendant Dealer Impact Systems, L.L.C.’s Motion to Dismiss, or in the Alternative, Motion to Transfer, filed December 5, 2011, and Dealer Impact Systems, L.L.C.’s Motion to Stay Discovery Pending Ruling on Motion to Dismiss or Transfer, filed April 12, 2012. The court has carefully considered the motions, responses, replies, the evidence submitted by the parties, and the applicable law. For the reasons that follow, the court **denies** the motion to dismiss or transfer. Dealer Impact’s Motion to Stay Discovery is **denied as moot**.

I. Factual and Procedural Background

This case is a patent infringement dispute related to technology used for creation of video clips. Plaintiff Silver Screen Tele-Reality, Inc., (“Silver Screen”) asserts that it owns the patent at issue by assignment, and filed this patent infringement action against

Defendant Dealer Impact Systems, L.L.C. (“Dealer Impact”) and others on September 12, 2011. Although originally pending in another court within this district, it was reassigned to this court on January 24, 2012.

Dealer Impact initially moved to dismiss or transfer this action to the United States District Court for the Southern District of Iowa, asserting that it is not subject to personal jurisdiction in this district, and alternatively that the Silver Screen’s claims against it should either be dismissed or transferred, either because venue is improper in this district, or for discretionary reasons of party and witness convenience. On January 24, 2012, Dealer Impact moved to withdraw its motion with regard to personal jurisdiction and limit its motion to its venue dispute. The court granted this motion on January 31, 2012, and therefore will only consider the parties’ evidence and arguments relating to venue in its ruling on the motion.

A venue determination is a largely fact-dependent inquiry. Rather than set forth the facts in detail here and then repeat them in its legal analysis, the court will, in the interest of efficiency and brevity, discuss and apply the pertinent facts presented by the parties in the context of the legal standards set forth below.

II. Motion to Dismiss - Rule 12(b)(3)

Dealer Impact first seeks relief under Fed. R. Civ. P. 12(b)(3), which provides that the court may dismiss Silver Screen’s claims against it for improper venue. In patent infringement cases, venue is controlled by 28 U.S.C. § 1400(b), which states that “any

civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.”

Here, Silver Screen asserts that Dealer Impact “resides” in this district, because section 1400(b) must be read in conjunction with the general venue statute that was applicable at the time this action was filed, 28 U.S.C. § 1391(c). This subsection of the statute provides that “for purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced.” The court agrees, and notes that the Federal Circuit has further confirmed that the term “resides” found in section 1400(b) carries the meaning defined in section 1391(c). *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1579 (Fed. Cir. 1990); *see also Trintec Industries, Inc. v. Pedre Promotional Prods., Inc.*, 395 F.3d 1275, 1279 (Fed. Cir. 2005) (venue in a patent action against a corporate defendant exists wherever there is personal jurisdiction). Dealer Impact has abandoned its challenge to personal jurisdiction in this district, and thus it can be found to “reside” here for purposes of the patent venue provision, 28 U.S.C. § 1400(b). *Id.*; *Hoover Group, Inc. v. Custom Metalcraft, Inc.*, 84 F.3d 1408, 1410 (Fed. Cir. 1996). Therefore, venue is proper under section 1400(b). Dealer Impact’s motion to dismiss for improper venue must be denied.

III. Motion to Transfer - 28 U.S.C. § 1404(a)

Although venue is proper in this district, Dealer Impact also seeks a discretionary transfer of venue under 28 U.S.C. § 1404(a), which permits a court to transfer a case upon a showing that the proposed transferee forum is more convenient.

A. Applicable Legal Standard

Section 1404(a) provides that “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.” 28 U.S.C. § 1404(a). A motion to transfer venue should only be granted upon a showing that the transferee venue is “clearly more convenient” than the venue chosen by the plaintiff. *In re Nintendo Co.*, 589 F.3d 1194,1197 (Fed. Cir. 2009); *In re Genentech, Inc.*, 566 F.3d 1338, 1342 (Fed. Cir. 2009); *In re TS Tech USA Corp.*, 551 F.3d 1315, 1319 (Fed. Cir. 2008); *In re Volkswagen of Am., Inc. (Volkswagen II)*, 545 F.3d 304, 315 (5th Cir. 2008) (en banc), *cert. denied*, 555 U.S. 1172 (2009).

The initial question in applying the provisions of section 1404(a) is whether the suit could have been brought in the proposed transferee district. *In re Volkswagen AG (Volkswagen I)*, 371 F.3d 201, 203 (5th Cir.2004). If the transferee district is a proper venue, then the court must weigh the relative public and private factors of the current venue against the transferee venue. *Id.* In making such a convenience determination, the court considers several “private” and “public” interest factors, none of which are given

dispositive weight. *Id.* The “private” interest factors include: “1) the relative ease of access to sources of proof; 2) the availability of compulsory process to secure the attendance of witnesses; 3) the cost of attendance for willing witnesses; and 4) all other practical problems that make trial of a case easy, expeditious and inexpensive.” *Nintendo*, 589 F.3d at 1198; *Genentech*, 566 F.3d at 1342; *TS Tech.*, 551 F.3d at 1319; *Volkswagen II*, 545 F.3d at 315. The “public” interest factors include: “1) the administrative difficulties flowing from court congestion; 2) the local interest in having localized interests decided at home; 3) the familiarity of the forum with the law that will govern the case; and 4) the avoidance of unnecessary problems of conflict of laws [in] the application of foreign law.” *Nintendo*, 589 F.3d at 1198; *Genentech*, 566 F.3d at 1342; *TS Tech.*, 551 F.3d at 1319; *Volkswagen II*, 545 F.3d at 315.

B. Analysis

It is undisputed that Silver Screen could have brought this action against Dealer Impact in the Southern District of Iowa. Therefore, because this threshold requirement has been satisfied, the court must consider and weigh each of the private and public interest factors. *Volkswagen I*, 371 F.3d at 203; *Volkswagen II*, 545 F.3d at 312.

1. Private Interest Factors

The first private interest factor is the relative ease of access to sources of proof. Both parties acknowledge that technology now permits much of the documentary evidence to be transmitted electronically. Although these advances significantly

diminish this concern, they do not fully eliminate consideration of this factor. *Volkswagen II*, 545 F.3d at 316; *see also BlueEarth Biofuels, LLC v. Hawaiian Electric Co., Inc.*, 2009 WL 918459, *5 (N.D. Tex. 2009) (electronic document production makes “the physical location of the documents of lesser consequence.”). Dealer Impact states that the documentary and physical evidence it has in its possession are located in Iowa. In response, Silver Screen notes the testimony of Dealer Impact’s corporate representative, who states that its servers are located in Virginia and are leased from a San Antonio, Texas company. As to its own documents, Silver Screen states that its documents are located in Dallas, and that transfer of the case to Iowa would only serve to shift the burden of document production to it and away from Dealer Impact. Based upon all of these facts the court finds this factor to be neutral.

Next, the court considers the availability of compulsory process or subpoena power to secure the attendance of witnesses. *Volkswagen II*, 545 F.3d at 315. Dealer Impact states that it currently does not know who its third-party witnesses will be, but speculates that because it is located in Iowa and that its design, engineering, and marketing processes took place there, it is likely that non-party witnesses will be located within the subpoena range of the Iowa court. In response, Silver Screen alleges that Dealer Impact has made sales and offers for sale to end users within this district and in other locations throughout the United States, and identifies potential third-party witnesses located in the Dallas-Fort Worth area. Overall, the record on this factor is not

well developed, and does not indicate that transfer is warranted. Based on the scant information regarding the identities of potential witnesses that is currently available, the court determines that this factor is also neutral.

The court must also consider the cost of attendance for willing witnesses. *Id.* As would be expected, Silver Screen's employee witnesses are mainly located in this district, and Dealer Impact's personnel are located in Iowa. Dealer Impact states that two non-party witnesses are located in Iowa, although those witnesses are not named. Meanwhile, Silver Screen states that two of Dealer Impact's former employees who will be witnesses now live in Arkansas and Chicago.

Where the key witnesses are employees of the party seeking a transfer, their convenience is entitled to less weight because it is the convenience of non-party witnesses, rather than of party witnesses, that is more important and is accorded greater weight in a transfer of venue analysis. *Empty Barge Lines II, Inc. v. Dredge Leonard Fisher*, 441 F. Supp.2d 786, 793 (E.D. Tex. 2006), *citing Spiegelberg v. The Collegiate Licensing Co.*, 402 F. Supp.2d 786, 790-91 (S.D. Tex. 2005); *see also Lemery v. Ford Motor Co.*, 244 F. Supp.2d 720, 730-31 (S.D. Tex. 2002) (convenience of employees who would testify regarding the design, manufacturing, and marketing of product entitled to less deference in venue determination). Here, it appears that potential non-party witnesses may be located in Texas, Arkansas, Illinois and Iowa. It is clear to the court that no matter where this case is venued, some witnesses will have to travel. The court sees no need to

debate the minutia of exactly how far each witness may have to travel compared to the other possible witnesses, or the relative merits of the airports that serve this district and the Southern District of Iowa. Traveling from any of these locations to the Northern District of Texas should not prove particularly onerous, and thus finds that this factor to be neutral.

The final private interest factor is “all other practical problems that make trial of a case easy, expeditious and inexpensive.” *Volkswagen II*, 545 F.3d at 315. Silver Screen contends that because its claims against the other four defendants would remain pending in this district even if the claims against Dealer Impact are transferred, this factor weighs against transfer. It further advocates denial of transfer so that the patent at issue is only construed by one court, avoiding potential inconsistencies in claim construction. Dealer Impact states that this factor is neutral, and the court agrees. Overall, the court’s view is that none of the private interest factors compel transfer of this case.

2. Public Interest Factors

Having evaluated the private interest factors, the court must now apply the public interest factors to the relevant facts. The first public interest factor is administrative difficulties flowing from court congestion. *Id.* In support of transfer, Dealer Impact relies on the recent enactment of the America Invents Act (“AIA”), 35 U.S.C. § 299(b), to argue that multiple infringement/multiple device suits are disfavored. However, there is no dispute that this case was filed before the effective date of the this part of the AIA,

so any influence it may provide is not persuasive here. In response, Silver Screen submits statistics showing that the median time for case disposition is approximately three months less in this district than in the Southern District of Iowa. This factor is close to neutral, but weighs slightly against transfer.

The court must next evaluate whether there is a local interest in deciding local disputes at home. *Volkswagen II*, 545 F.3d at 315. Dealer Impact argues that this case should be transferred because it is accused of infringing acts that took place in Iowa. Silver Screen responds that it has alleged that Dealer Impact made sales or offers for sale in this district and that therefore acts of infringement also happened here. It further states that because it is located in this district, it has suffered damages here. The court agrees with both sides on this factor, and finds that a plausible argument can be made either for or against transfer. Thus, this factor is also neutral.

The last two components of the public interest analysis also fail to compel the court to transfer Silver Screen's claims against Dealer Impact. The parties acknowledge that both courts are equally familiar with federal patent law, and capable of adjudicating a federal patent dispute. They also agree that there are no potential conflicts of laws that would arise whether or not the claims at issue are transferred or retained on this court's docket. Accordingly, both of these public interest factors weigh against transfer. Because all of the relevant factors are either neutral or weight somewhat against transfer, the court concludes that Dealer Impact's motion to transfer should be denied.

IV. Motion to Stay Discovery

Because the court has entered a ruling upon (and has denied) Dealer Impact's motions to dismiss and to transfer, its motion to stay discovery is **denied as moot**.

V. Conclusion

For the foregoing reasons, Dealer Impact's Motion to Dismiss for Improper Venue and Motion to Transfer are both **denied**. Its Motion to Stay Discovery is **denied as moot**.

SO ORDERED.

Signed May 16th, 2012.



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UNITED STATES DISTRICT JUDGE