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

AMERICAN LEATHER OPERATIONS, LLC, *et al.*,	§	
	§	
Plaintiffs,	§	
	§	
v.	§	Civil Action No. 3:13-CV-4496-N
	§	
ULTRA-MEK, INC.,	§	
	§	
Defendant.	§	

ORDER

This Order addresses Defendant Ultra-Mek, Inc.'s ("Ultra-Mek") motion to transfer venue [Doc. 18].[1] For the following reasons, the Court grants the motion and transfers this case to the United States District Court for the Middle District of North Carolina.[2]

I. THE MOTION TO TRANSFER

This case arises from a patent dispute between Ultra-Mek and Plaintiffs American Leather Operations, LLC ("American Leather") and Tiffany & Tiffany, Inc. ("Tiffany"). The parties are all furniture manufacturers. Plaintiffs allege that they had an agreement with Ultra-Mek that allowed Ultra-Mek to use a patented technology for limited purposes.

[1]Ultra-Mek's initially moved to dismiss or, in the alternative, transfer venue. *See* Def.'s Mot. Dismiss. Ultra-Mek concedes that Plaintiffs' amended complaint mooted the motion to dismiss. *See* Def.'s Reply 1 [30]. The Court therefore will consider only the motion to transfer venue.

[2]This Order also addresses Ultra-Mek's motion for a hearing on its motion to transfer venue [37]. The Court denies the motion.

Plaintiffs accuse Ultra-Mek of violating that agreement by creating and selling a derivative of the patented technology to competing vendors, Lazar Industries, LLC ("Lazar") and Lee Industries, LLC ("Lee"). In November 2013, Plaintiffs sued Ultra-Mek in this Court for patent infringement, breach of contract, and other claims. Ultra-Mek, which is incorporated and operates in North Carolina, now moves to transfer venue to the Middle District of North Carolina.

II. STANDARD TO TRANSFER VENUE

"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). In the Fifth Circuit, a district court has "'broad discretion in deciding whether to order a transfer.'" *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 311 (5th Cir. 2008) (en banc) (quoting *Balawajder v. Scott*, 160 F.3d 1066, 1067 (5th Cir. 1998)). But that discretion is limited "by the text of § 1404(a) and by the precedents of the Supreme Court and of [the Fifth Circuit] that interpret and apply the text of § 1404(a)." *Id.*

As a threshold matter, a court must determine whether the action could have been brought in the destination venue. *Id.* at 312. A court may not transfer an action to a forum that could not have heard the case in the first instance. If the movant satisfies the threshold test, the court then weighs "the private and public interest factors first enunciated in *Gulf Oil Co. v. Gilbert*, 330 U.S. 501 (1947), a *forum non conveniens* case." *Id.* at 315 (internal

citations omitted) (citing *Humble Oil & Refining Co. v. Bell Marine Serv., Inc.*, 321 F.2d 53, 56 (5th Cir. 1963)).[3] The Fifth Circuit's *Gilbert*-factor analysis provides:

> The private interest factors are: "(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." *In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004) . . . (citing *Piper Aircraft* [*Co. v. Reyno*], 454 U.S. [235], 241 n.6 [(1981)]). The public interest factors are: "(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 [or in] the application of foreign law." *Id.* Although the *Gilbert* factors are appropriate for most transfer cases, they are not necessarily exhaustive or exclusive. Moreover, we have noted that "none . . . can be said to be of dispositive weight." *Action Indus., Inc. v. U.S. Fid. & Guar. Corp.*, 358 F.3d 337, 340 (5th Cir. 2004).

Id. at 315; *see also In re Horseshoe Entm't*, 337 F.3d 429, 434 (5th Cir. 2003). "[A] plaintiff's choice of venue is to be treated 'as a burden of proof question'" and "not an independent factor within the *forum non conveniens* or the § 1404(a) analysis." *Volkswagen*, 545 F.3d at 314 n.10 (quoting *Humble Oil*, 321 F.2d at 56). However, the party requesting transfer must still "show good cause" by "satisfy[ing] the statutory requirements and clearly demonstrat[ing] that a transfer is '[f]or the convenience of parties and witnesses, and in the interest of justice.'" *Id.* at 315 (quoting 28 U.S.C. § 1404(a)).

III. THE MIDDLE DISTRICT OF NORTH

[3]In applying the *forum non conveniens* factors to the section1404(a) analysis, the Fifth Circuit noted that the party seeking to transfer venue may succeed "'upon a lesser showing of inconvenience'" because a transfer by definition preserves the Plaintiff's action for further consideration. *Id.* at 313 & n.8 (quoting *Norwood v. Kirkpatrick*, 349 U.S. 29, 32 (1955)).

CAROLINA IS A MORE CONVENIENT FORUM

The parties do not dispute that Plaintiffs could have originally brought the case in the Middle District of North Carolina. *See* 28 U.S.C. § 1400(b) ("Any civil action for patent infringement may be brought in the judicial district where the defendant resides . . . ."). Thus, the question before the Court is whether the *Gilbert* factors favor transfer. The Court holds they do and transfers the case to the Middle District of North Carolina.

A. The Private Interest Factors Favor Transfer

The Court first addresses the private interest factors. Three of the private interest factors weigh in favor of transfer, and one is neutral.

1. Relative Ease of Access to Sources of Proof. — The Court first examines whether the proposed transferee venue will allow more convenient access to the evidence. *Volkswagen*, 545 F.3d at 316. The events at issue in Plaintiffs' complaint – Ultra-Mek's development of the alleged infringing technology and the sale of that technology to other manufacturers – all took place at Ultra-Mek's place of business in North Carolina. *See* Am. Compl. ¶¶ 55, 56, 78, 82 [21]. In fact, Plaintiffs discovered the allegedly wrongful conduct at High Point Market, which is in North Carolina. *Id.* ¶¶ 78, 81. Thus, the majority of witnesses to the alleged infringing activities reside in North Carolina. *Compare* Reply 3 (identifying eight likely witnesses by name and American Leather's patent counsel who reside in North Carolina) *with* Resp. 4–5 [22] (identifying four likely witnesses by name who reside outside of North Carolina). And, because the underlying events took place in North Carolina, much of the "documents and physical evidence relating to" Plaintiffs' claims can

be found in North Carolina as well. *Volkswagen*, 454 F.3d at 316. In particular, the accused products, which are sofa beds, and the equipment used to manufacture them are located in North Carolina. *See* Reply 4–5. Thus, the Court concludes that the first private interest factor weighs in favor of transfer.

2. Availability of Compulsory Process. — Next, the Court considers whether the transferee court could exercise its subpoena powers in a manner that promotes convenience to the parties and witnesses. Ultra-Mek identifies several nonparty witnesses who are employees of Lazar or Lee, the competing vendors who purchased the accused product, and reside within North Carolina. *Id.* at 5. Thus, these nonparty witnesses would be within the subpoena power of the Middle District of North Carolina. In contrast, the only witnesses identified by American Leather are American Leather employees, who presumably will testify willingly. *See* Resp.4–5. This factor then weighs in favor of transfer.

3. Cost of Attendance for Willing Witnesses. — Third, the Court looks at whether transfer reduces the cost and inconvenience to witnesses. "[I]t is an 'obvious conclusion' that it is more convenient for witnesses to testify at home and . . . '[a]dditional distance means additional travel time; additional travel time increases the probability for meal and lodging expenses; and additional travel time with overnight stays increases the time which these fact witnesses must be away from their regular employment.'" *Volkswagen*, 545 F.3d at 317 (citation omitted).

This factor also weighs in favor of transfer. As noted already, the majority of witnesses reside in North Carolina. Though transfer will force Plaintiffs' witnesses to travel

to North Carolina, one of the plaintiffs, Tiffany, operates in Philadelphia, Pennsylvania, which is geographically closer to North Carolina than to Texas. *See* Reply 6. Keeping this action in Dallas would force the majority of witnesses, including those who reside in Pennsylvania and North Carolina, to expend otherwise unnecessary travel expenses and time.

4. Other Factors. — The last private-interest factor permits the Court to consider issues that relate to "mak[ing] trial of a case easy, expeditious and inexpensive." *Volkswagen*, 454 F.3d at 315 (quotation marks and citation omitted). Plaintiffs argue that the case has substantively progressed in this Court, which it argues weighs against transfer. *See* Resp. 9. But Plaintiffs primarily cite discovery motions as evidence of progress. *Id.* Discovery produced in this action will still be useful once transferred. Further, the Court has not ruled on any substantive motions in this action. Because the case has not advanced so far in this Court as to make transfer unduly costly, the Court finds that this factor is neutral.

B. The Public Interest Factors Favor Transfer

The Court next considers the public interest factors. Three factors are neutral, and one weighs against transfer.

1. Administrative Issues. — Plaintiffs cite court congestion in the Middle District of North Carolina as a reason for maintaining this case in Dallas. *See* Resp. 7. For example, as of June 2013, the median time from filing to disposition of civil matters in the Middle District of North Carolina was 11.4 months, in contrast to 6.7 months in the Northern District of Texas. *Id.* Ultra-Mek argues that these statistics are anomalous and that the Middle District of North Carolina, like this Court, has local patent rules regarding discovery

deadlines, which would speed up the litigation. *See* Reply 8–9. The Court cannot determine from the facts presented that this case will necessarily take longer in North Carolina than it would in Texas, particularly in light of the local patent rules in North Carolina. The Court therefore considers this factor neutral.

2. Local Interests. — The next factor – "[t]he local interest in having localized interests decided at home" – is also neutral. *Volkswagen*, 545 F.3d at 317. Residents in both the Northern District of Texas and the Middle District of North Carolina "have extensive connections with the events that gave rise to this suit." *Id.* at 318. Though the infringing conduct occurred in North Carolina, American Leather's principal place of business is in Texas, and Texas also has an interest in adjudicating the claims of its residents. *GeoTag, Inc. v. Starbucks Corp.*, 2013 WL 890484, at *6 (E.D. Tex. 2013). Thus, neither district has a clearly superior interest.

3. Familiarity with Governing Law. — The factor concerning familiarity with governing law weighs against transfer. The parties do not appear to dispute that Texas law governs the contract. Though both courts should have no difficulty interpreting the contract at issue or in applying Texas law, this Court may have more experience with these issues.

4. Conflict of Laws. — Finally, the Court considers whether this case presents "unnecessary problems of conflict of laws." *Volkswagen*, 545 F.3d at 315. Plaintiffs state claims for patent infringement, breach of contract, trade secret misappropriation, and tortious interference with prospective business relations. *See* Am. Compl. ¶¶ 88–139. Though Texas law applies to the latter three claims, the primary issue underlying each claim is whether

Ultra-Mek infringed Plaintiffs' patented technology. As patent claims are governed by federal law, this Court and the Middle District of North Carolina are "capable of applying patent law to infringement claims." *In re TS Tech USA Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008) (quotation marks and citation omitted). Further, the contract, trade secret misappropriation, and tortious interference claims do not present particularly complicated questions of state law. This factor is therefore neutral.

CONCLUSION

The Court finds that transfer is warranted. Three of the factors weigh in favor of transfer, and only one weighs against. The rest are neutral. The Court finds that Ultra-Mek has met its burden to show that the proposed venue would be more convenient than the current forum. The Court therefore grants Ultra-Mek's motion to transfer venue and transfers the case to the United States District Court for the Middle District of North Carolina.

Signed April 8, 2014.

David C. Godbey
United States District Judge