

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF DELAWARE

VERSATA SOFTWARE, INC. and)
VERSATA DEVELOPMENT)
GROUP, INC.,)

Plaintiffs,)

v.)

CALLIDUS SOFTWARE INC.,)

Defendant.)

Civ. No. 12-931-SLR

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Arthur G. Connolly, III, Esquire of Connolly Gallagher LLP, Wilmington, Delaware. Counsel for Defendant. Of Counsel: Deborah E. Fishman, Esquire, Assad H. Rajani, Esquire, and Michael S. Tonkinson, Esquire, of Dickstein Shapiro LLP.

MEMORANDUM OPINION

Dated: May 16, 2013
Wilmington, Delaware

Callidus Ex. 1024
CBM2013-00054
Callidus v. Versata

I. INTRODUCTION

On July 19, 2012, Versata Software, Inc. and Versata Development Group, Inc. (collectively, “Versata”) filed a complaint against defendant Callidus Software Inc.’s (“Callidus”) alleging that certain Callidus software, “including Callidus’ SPM Suite, and specifically including Callidus’ TrueComp and TrueProducer products” (collectively “the accused products”), infringe U.S. Patent Nos. 7,958,024 (“the ‘024 patent”), 7,908,304 (“the ‘304 patent”), and 7,904,326 (“the ‘326 patent”). (D.I. 1) Presently before the court are Callidus’ motions to transfer this action to the Northern District of California (D.I. 9) and to dismiss for failure to state a claim under Fed. R. Civ. P. 12(b)(6) (D.I. 14). The court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331 and 1338(a). For the reasons that follow, both motions are denied.

II. BACKGROUND

Plaintiffs Versata Software, Inc. and Versata Development Group, Inc. are both Delaware corporations with their principal place of business at 6011 West Courtyard Drive, Austin, Texas 78730. (D.I. 1 at ¶ 1-2) Versata has no offices or employees in California.

Callidus was incorporated in Delaware in 1996 and maintains its principal place of business at 6200 Stoneridge Mall Road, Suite 500, Pleasanton, California 94588. (D.I. 1 at ¶ 3; D.I. 2-3) Callidus avers that the accused products were primarily designed and developed in their California location and any continued maintenance is also conducted from there. (D.I. 10 at 3) Further, its internal company servers, which contain technical documents for the accused products, sales and marketing documents,

and other company documents, are located at its California headquarters. (D.I. 10 at 3) While 135 of Callidus' 494 employees work in the California headquarters, the balance work in sales and service facilities throughout the United States (but not in Delaware). Callidus also has international offices. (D.I. 10 at 3; D.I. 18 at 4)

III. VENUE

A. Standard of Review

Section 1404(a) of Title 28 of the United States Code grants district courts the authority to transfer venue “[f]or the convenience of parties and witnesses, in the interests of justice . . . to any other district or division where it might have been brought.” 28 U.S.C. § 1404(a). Much has been written about the legal standard for motions to transfer under 28 U.S.C. § 1404(a). See, e.g., *In re Link_A_Media Devices Corp.*, 662 F.3d 1221 (Fed. Cir. 2011); *Jumara v. State Farm Ins. Co.*, 55 F.3d 873 (3d Cir. 1995); *Helicos Biosciences Corp. v. Illumina, Inc.*, 858 F. Supp. 2d 367 (D. Del. 2012).

Referring specifically to the analytical framework described in *Helicos*, the court starts with the premise that a defendant's state of incorporation has always been “a predictable, legitimate venue for bringing suit” and that “a plaintiff, as the injured party, generally ha[s] been ‘accorded [the] privilege of bringing an action where he chooses.’” 858 F. Supp. 2d at 371 (quoting *Norwood v. Kirkpatrick*, 349 U.S. 29, 31 (1955)). Indeed, the Third Circuit in *Jumara* reminds the reader that “[t]he burden of establishing the need for transfer . . . rests with the movant” and that, “in ruling on defendants’ motion, the plaintiff’s choice of venue should not be lightly disturbed.” 55 F.3d at 879

(citation omitted).

The Third Circuit goes on to recognize that,

[i]n ruling on § 1404(a) motions, courts have not limited their consideration to the three enumerated factors in § 1404(a) (convenience of parties, convenience of witnesses, or interests of justice), and, indeed, commentators have called on the courts to “consider all relevant factors to determine whether on balance the litigation would more conveniently proceed and the interests of justice be better served by transfer to a different forum.”

Id. (citation omitted). The Court then describes some of the “many variants of the private and public interests protected by the language of § 1404(a).” *Id.*

The private interests have included: plaintiff’s forum of preference as manifested in the original choice; the defendant’s preference; whether the claim arose elsewhere; the convenience of the parties as indicated by their relative physical and financial condition; the convenience of the witnesses - **but only to the extent that the witnesses may actually be unavailable for trial in one of the fora**; and the location of books and records (**similarly limited to the extent that the files could not be produced in the alternative forum**).

The public interests have included: the enforceability of the judgment; practical considerations that could make the trial easy, expeditious, or inexpensive; the relative administrative difficulty in the two fora resulting from court congestion; the local interest in deciding local controversies at home; the public policies of the fora; and the familiarity of the trial judge with the applicable state law in diversity cases.

Id. (citations omitted) (emphasis added).

B. Analysis

With the above “jurisdictional guideposts” in mind, the court turns to the “difficult issue of federal comity” that transfer motions present. *E.E.O.C. v. Univ. of Pa.*, 850 F.2d 969, 976 (3d Cir. 1988). Versata has not challenged Callidus’ assertion that the

instant action could have been brought in the Northern District of California.¹ See 28 U.S.C. § 1404(a); (D.I. 18 at 2-3)

The parties have all chosen legitimate forums in which to pursue the instant litigation. In this regard, certainly a party's state of incorporation is a traditional and legitimate venue, as is the locus of a party's business activities. Given that "convenience" is separately considered in the transfer analysis, the court declines to elevate a defendant's choice of venue over that of a plaintiff based on defendant's convenience. Therefore, the fact that plaintiffs have historically been accorded the privilege of choosing their preferred venue for pursuing their claims remains a significant factor.

A claim for patent infringement arises wherever someone has committed acts of infringement, to wit, "makes, uses, offers to sell, or sells any patented invention" without authority. See generally 35 U.S.C. § 271 (a); *Red Wing Shoe Co., Inc. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1360 (Fed. Cir. 1998) (an infringement claim "arises out of instances of making, using, or selling the patented invention"). While Versata asserts that alleged infringing activities have taken place in Delaware as Callidus "makes, uses, licenses, sells, offers for sale, and/or imports the infringing products in Delaware," Callidus responds that Versata has not "identif[ied] any act of alleged infringement in Delaware, and Callidus is aware of none."

The Third Circuit in *Jumara* indicated that, in evaluating the convenience of the parties, a district court should focus on the parties' relative physical and financial

¹Versata requests, in the alternative, that the instant action be transferred to the Western District of Texas, where its headquarters are located. (D.I. 18 at 3)

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