IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

UNIVERSAL SECURE REGISTRY, LLC, Plaintiff, v. APPLE INC., VISA INC., and VISA U.S.A., INC., Defendants.	)	Civil Action No. 17-585-CFC-SRF

REPORT AND RECOMMENDATION

I. INTRODUCTION

Presently before the court in this patent infringement action are the following motions: (1) a motion to dismiss for failure to state a claim upon which relief can be granted pursuant to Federal Rule of Civil Procedure 12(b)(6), filed by defendants Apple Inc., Visa Inc., and Visa U.S.A., Inc. (collectively "defendants") (D.I. 16); and (2) defendants' motion to transfer venue to the Northern District of California pursuant to 28 U.S.C. § 1404 (D.I. 21). For the following reasons, I recommend that the court deny defendants' motions to dismiss and transfer.

II. BACKGROUND

A. Parties

Plaintiff Universal Secure Registry, LLC ("USR") is a limited liability company organized and existing under the laws of Massachusetts with its principal place of business in Newton, Massachusetts. (D.I. 1 at ¶ 4) USR develops technological solutions for identity authentication, computer security, and digital and mobile payment security which allow users to securely authenticate their identity using technology built into a personal electronic device combined with the users' biometric information. (*Id.* at ¶ 21) USR is the owner by assignment

of United States Patent Nos. 8,577,813 ("the '813 patent"); 8,856,539 ("the '539 patent"); 9,100,826 ("the '826 patent"); and 9,530,137 ("the '137 patent") (collectively, the "patents-in-suit"). (*Id.* at ¶¶ 2-3) The patents-in-suit allow a user to employ an electronic device as an "electronic wallet" capable of interacting with point-of-sale devices to authorize payments. (*Id.* at ¶ 22)

Apple Inc. ("Apple") is incorporated in California and maintains its headquarters in Cupertino in the Northern District of California. (*Id.* at ¶ 5) Apple maintains a retail store in Delaware. (*Id.* at ¶ 13) Visa Inc. and Visa U.S.A., Inc. ("Visa") are Delaware corporations maintaining a principal place of business in Foster City, California. (*Id.* at ¶¶ 6-7) USR accuses defendants of infringing the patents-in-suit by providing the Apple Pay service. (*Id.* at ¶¶ 8-9) Specifically, USR identifies the following allegedly infringing devices which support Apple Pay:

> Apple iPhone 7, iPhone 7 Plus, iPhone 6s, iPhone 6s Plus, iPhone 6, iPhone 6 Plus, iPhone SE, iPhone 5, 5s, and 5c (paired with Apple Watch), iPad (5th generation), iPad Pro (12.9 inch), iPad Pro (9.7 inch), iPad Air 2, iPad mini 4, iPad mini 3, Apple Watch Series 2, Apple Watch Series 1, Apple Watch (1st generation), MacBook Pro with Touch ID, and all Mac models introduced in 2012 or later (with an Apple Pay-enabled iPhone or Apple Watch) (collectively, the "Accused Products") . . . .

(*Id.* at ¶ 39)

B. Patents-In-Suit

USR filed this patent infringement action on May 21, 2017, asserting claims for infringement regarding the patents-in-suit. (D.I. 1 at ¶ 2) The '813 and '539 patents are both entitled "Universal Secure Registry" and list Dr. Kenneth P. Weiss as the sole inventor. (*Id.* at ¶¶ 25-26) The '813 patent issued on November 5, 2013, and the '539 patent was granted on October 7, 2014. (*Id.*) The '826 and '137 patents are both entitled "Method and Apparatus for Secure Access Payment and Identification," and list Dr. Weiss as the sole inventor. (*Id.* at ¶¶ 27-

28) The '826 patent issued on August 14, 2015, and the '137 patent issued on December 27, 2016. (*Id.*)

C. Procedural History

In 2010, USR sent Apple multiple letters describing its patented technology and seeking to partner with Apple to jointly develop a payment method involving a software-modified payment phone and the use of biometric identity authentication. (D.I. 1 at ¶ 33) USR also pursued a partnership with Visa during this time, engaging in a series of confidential discussions with senior Visa representatives which included detailed presentations of the patented technology under the protection of a non-disclosure agreement. (*Id.* at ¶ 34) Instead of partnering with USR, Apple and Visa ultimately partnered with each other and other payment networks and banks as early as January 2013 to allegedly incorporate the patented technology into the Apple Pay service. (*Id.* at ¶ 35) Apple publicly launched Apple Pay on September 9, 2014. (*Id.* at ¶ 36)

III. DISCUSSION

A. Venue

1. Legal standard

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).

Considering these "jurisdictional guideposts," the court turns to the "difficult issue of federal comity" presented by transfer motions. *E.E.O.C. v. Univ. of Pa.*, 850 F.2d 969, 976 (3d Cir. 1988). USR has not challenged defendants' assertion that venue would also be proper in the Northern District of California. (D.I. 31 at 3) As such, the court does not further address the appropriateness of the proposed transferee forum.[1] *See* 28 U.S.C. § 1404(a).

2. Private Interests

(a) Plaintiff's forum preference

Plaintiffs have historically been accorded the privilege of choosing their preferred venue for pursuing their claims. *See C. R. Bard, Inc. v. AngioDynamics, Inc.*, 156 F. Supp. 3d 540, 545 (D. Del. 2016). "It is black letter law that a plaintiff's choice of a proper forum is a paramount consideration in any determination of a transfer request, and that choice 'should not be lightly disturbed.'" *Shuttle v. Armco Steel Corp.*, 431 F.2d 22, 25 (3d Cir. 1970) (internal citation omitted). However, the Federal Circuit has recognized that "[w]hen a plaintiff brings its charges in a venue that is not its home forum . . . that choice of forum is entitled to less deference, *In re Link_A_Media Devices Corp.*, 662 F.3d 1221, 1223 (Fed. Cir. 2011), and judges within this district have defined a party's "home forum" as its principal place of business, *see Mitel Networks Corp. v. Facebook, Inc.*, 943 F. Supp. 2d 463, 469-70 (D. Del. 2013).

In the present action, USR does not allege that it has facilities, employees, or operations in Delaware. USR's choice of Delaware as a forum weighs in USR's favor, but not as strongly

[1] The first step in the transfer analysis is to determine whether the movant has demonstrated that the action could have been brought in the proposed transferee venue in the first instance. *See Mallinckrodt, Inc. v. E-Z-Em, Inc.*, 670 F. Supp. 2d 329, 356 (D. Del. 2009). This issue is not disputed. (D.I. 31 at 3)

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