NOTE: This order is nonprecedential.

United States Court of Appeals for the Federal Circuit

In re: APPLE INC.,
Petitioner

2018-151

On Petition for Writ of Mandamus to the United States District Court for the Eastern District of Texas in No. 2:17-cv-00516-JRG, Judge J. Rodney Gilstrap.

ON PETITION

Before PROST, *Chief Judge*, NEWMAN and LOURIE, *Circuit Judges*.

LOURIE, *Circuit Judge*.

O R D E R

Apple Inc. petitions for a writ of mandamus directing the United States District Court for the Eastern District of Texas to transfer this case for the convenience of the parties to the United States District Court for the Northern District of California under 28 U.S.C. § 1404(a). AGIS Software Development LLC ("AGIS Software") opposes the petition.

This petition arises out of a complaint by AGIS Software against Apple at the Eastern District of Texas in June 2017. AGIS Software is a subsidiary of AGIS Inc., which develops software solutions for enabling smartphone, tablet, and computer users to establish secure ad hoc digital networks. AGIS Inc. has offices in Austin, Texas, Kansas, and Florida. AGIS Software rents office space in Marshall, Texas. AGIS Inc. assigned the patents-in-suit to AGIS Software. Malcolm Beyer is the CEO of AGIS Software, the founder of AGIS Inc., and the first-named inventor of the patents.

Apple answered, asserting an affirmative defense of AGIS Software's alleged failure to mark under 35 U.S.C. § 287. Apple subsequently moved under section 1404(a) to transfer venue to the Northern District of California. Apple's motion noted that it had significant ties to the proposed transferee venue. Apple further argued that AGIS Software had no meaningful connection to the Eastern District of Texas, noting that it had registered to do business in Texas and rented its office space in the Eastern District of Texas only a month before filing this lawsuit. Apple additionally suggested that AGIS Software was created for the purpose of filing suits in a preferred forum, noting that AGIS Inc. previously had unsuccessfully asserted its patents against another company in another forum.

In its opposition to Apple's transfer motion, AGIS Software noted that it maintained its documents in the Eastern District of Texas. It also identified as a potential important non-party witness Eric Armstrong, a resident of the Eastern District of Texas, who consulted for AGIS Software and formerly worked as a software developer for AGIS Inc. AGIS Software also argued that its connections to the Eastern District of Texas were not merely to make that district appear more convenient. To that end, Mr. Beyer submitted a declaration attesting to the fact that the decision to establish AGIS Software was part of a

corporate restructuring that began as far back as 2013 and that the Eastern District of Texas was chosen because Mr. Beyer had preexisting connections to that area, including he and his family owning a large amount of property in the Eastern District of Texas.

In its order denying transfer, the district court analyzed the motion by considering the relevant public and private interest factors first enunciated in *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508 (1947). The district court found that two factors—the sources of proof and the willing witness factors—favored transferring the case to the Northern District of California. The district court found that two factors favored retaining the case in the Eastern District of Texas. The district court found that the court congestion factor favored the Eastern District of Texas because case statistics indicated the median time for cases to go to trial was shorter in the Eastern District of Texas than in the Northern District of California. The district court also found that the compulsory process factor favored retaining the case, finding that Mr. Armstrong had been shown to have relevant information relating to, among other things, Apple's marking defense. The district court found that the other factors favored neither venue. On balance, the court concluded that Apple had not shown that the Northern District of California was clearly more convenient and therefore denied the motion to transfer.

The court's review on mandamus of district court transfer orders is "only for clear abuses of discretion that produce patently erroneous results." *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 312 (5th Cir. 2008) (en banc); *In re TS Tech USA Corp.*, 551 F.3d 1315, 1318 (Fed. Cir. 2008). Apple has not shown such an abuse here. The district court could fairly find that a shorter time to trial in its district was worthy of some consideration here. *Cf. Parsons v. Chesapeake & Ohio Ry. Co.*, 375 U.S. 71, 73 (1963). Apple has also asserted a § 287 defense, which

implicates a non-party witness and information in that individual's possession located in the Eastern District of Texas.* Apple contends that AGIS Software's connections to the Eastern District of Texas should be disregarded given it only registered to do business and rented office space a month before filing this suit. But the district court itself weighed the factors concerning the location of relevant evidence and employee witnesses in favor of transfer, not in favor of retaining the case. Apple also contends that the convenience factors favoring transfer outweigh the factors against transfer. While a district court could have reached that result, we see no basis for saying that it must do so under these circumstances. Finally, considering the convenience of the parties, while the Eastern District of Texas may not be especially convenient for Apple, the Northern District of California would seem equally inconvenient for AGIS Software. No clear abuse of discretion therefore occurred.

Accordingly,

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* Contrary to Apple's contentions, this court cannot conclude that the district court erred in considering Mr. Armstrong an unwilling witness from the perspective of the Northern District of California because when there is no indication that a non-party witness is a willing witness, courts in the Fifth Circuit generally consider that witness under the compulsory process factor. *See AGIS Software Dev., LLC v. Huawei Device USA Inc.*, No. 2:17-cv-00513-JRG, 2018 WL 2329752, at *6 (E.D. Tex. May 23, 2018) ("Absent any indication that the third-party . . . witnesses are willing, the Court . . . must presume utilization of the Court's subpoena power will be required.").

IT IS ORDERED THAT:

The petition is denied.

FOR THE COURT

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

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